

SECTION 251 BUDGET STATEMENT 2013/14

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PART A

**Section 251 Budget Statement
2013/2014**

Introduction

1. Introduction

Local Authorities are required under Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009 to prepare and submit an education and children's social services budget statement not later than 31st March 2013 for the prescribed period to the Secretary of State for Children, Schools and Families. This document is the 2013/2014 Section 251 Budget Statement for Lambeth Children and Young People's Service.

The purpose of the statement is to provide information on the Authority's planned spending for 2013/14 and illustrates:

- How much the LA intends to spend on the local authority Budget outside the Schools Block;
- How much the LA is proposing to retain centrally within the Schools Block for school services;
- How the local formula is working to produce budget shares for each school in the LA's area.

2. Format of the Statement

Table 1 - LA level information:

This table provides an overall picture of the funding being allocated direct to schools, the amount being spent on education centrally and the amount being spent on children's services provision.

Table 2 – School table high needs & AP settings

This shows the total per place funding and the budget share in each school.

Table 3 – Early Years Funding Formula

This table shows in detail how the LA's funding formula elements for early years has been derived to calculate its budget share, including all the relevant factors and lump sums, and the per hour rates.

3. Definitions

The Dedicated Schools Grant will provide for the same items that were previously resourced through the Schools Formula Spending Share within the local government finance system, and covered by the Schools Budgets set by local councils.

The Schools Budget consists of:

- delegated budgets allocated to individual schools, and
- a budget for other provision for pupils which local authorities fund centrally, such as some Special Educational Needs provision and

Pupil Referral Units.

The DSG will therefore provide the funding for the Schools Budget and all of the DSG will need to be spent on the Schools Budget.

4. Contacts

If you require further information relating to this statement, please contact:-

Charlene Whyte; Senior Accountant or Nicola Drito-Andi; Accountant via email: schfinance@lambeth.gov.uk

2013/2014
Section 251 Budget Statement

Table 1

LA Level Information

LAMBETH - Table 1 : FUNDING PERIOD (2013-14)

Department for Education Section 251 Financial Data Collection

Local Authority 208 Lambeth

Description	Early Years	Primary	Secondary	Special/AP	Post School	Gross	Income	Net
1.0.1 Individual Schools Budget (before Academy recoupment)	17,523,015	117,638,655	58,419,833	6,630,000		200,211,503		200,211,503
1.1.1 Contingencies		355,225	645,187			1,000,412	0	1,000,412
1.1.2 Behaviour support services		0	95,917			95,917	0	95,917
1.1.3 Support to UPEG and bilingual learners		0	0			0	0	0
1.1.4 Free school meals eligibility		0	0			0	0	0
1.1.5 Insurance		0	0			0	0	0
1.1.6 Museum and Library services		0	0			0	0	0
1.1.7 Licences/subscriptions		0	0			0	0	0
1.1.8 Staff costs supply cover		0	0			0	0	0
1.2.1 Top up funding - maintained providers	614,622	6,677,856	2,309,588	8,945,455	141,761	18,689,282	0	18,689,282
1.2.2 Top up funding - Academies and Free Schools	0	79,371	178,509	0	1,221,329	1,479,209	0	1,479,209
1.2.3 Top up funding - independent providers	0	0	0	4,275,602	0	4,275,602	0	4,275,602
1.2.4 Other AP provision	0	0	0	111,683	0	111,683	0	111,683
1.2.5 SEN support services	0	0	0	0	0	0	0	0
1.2.6 Support for inclusion	285,241	2,103,649	1,069,652	106,965	0	3,565,507	0	3,565,507
1.2.7 Hospital education services				152,000		152,000	0	152,000
1.2.8 Special schools and PRUs in financial difficulty				0		0	0	0
1.2.9 PFI and BSF costs at special schools				0		0	0	0
1.2.10 Direct payments (SEN and disability)	0	0	0	0	0	0	0	0
1.3.1 Central expenditure on children under 5	10,245,702					10,245,702	0	10,245,702
1.4.1 Contribution to combined budgets	0	0	0	0		0	0	0
1.4.2 School admissions	0	191,455	86,141	0		277,596	0	277,596
1.4.3 Servicing of schools forums	0	0	0	0		0	0	0

Description	Early Years	Primary	Secondary	Special/AP	Post School	Gross	Income	Net
1.4.4 Termination of employment costs	0	0	0	0		0	0	0
1.4.5 Carbon reduction commitment allowances	2,032	107,468	84,332	11,671		205,503	0	205,503
1.4.6 Capital expenditure from revenue (CERA)	0	0	0	0		0	0	0
1.4.7 Prudential borrowing costs	0	0	0	0		0	0	0
1.4.8 Fees to independent schools without SEN	0	0	0	0		0	0	0
1.4.9 Equal pay - back pay	0	0	0	0		0	0	0
1.4.10 Pupil growth/ Infant class sizes	0	1,608,011	0	0		1,608,011	0	1,608,011
1.4.11 SEN transport	0	0	0	0	0	0	0	0
1.4.12 Exceptions agreed by Secretary of State	0	0	0	0	0	0	0	0
1.5.1 Other Specific Grants	0	30,293	12,983	0	0	43,276	0	43,276
1.6.1 TOTAL SCHOOLS BUDGET (before Academy recoupment)	28,670,612	128,791,983	62,902,142	20,233,376	1,363,090	241,961,203	0	241,961,203
1.7.1 Estimated Dedicated Schools Grant for 2013-14						236,134,278		
1.7.2 Dedicated Schools Grant brought forward from 2012-13						0		
1.7.3 EFA funding						5,738,783		
1.7.4 Local Authority additional contribution						0		
1.7.5 Total funding supporting the Schools Budget (lines 1.7.1 to 1.7.4)						241,873,061		
1.8.1 Academy: recoupment from the Dedicated Schools Grant (please show any recoupment from the DSG as a negative in the cell)						-26,990,000		
2.0.1 Therapies and other health related services						0	0	0
2.0.2 Central support services						1,118,821	504,169	614,652
2.0.3 Education welfare service						0	0	0
2.0.4 School improvement						1,390,171	0	1,390,171

Description	Early Years	Primary	Secondary	Special/ AP	Post School	Gross	Income	Net
2.0.5 Asset management - education						494,462	98,179	396,283
2.0.6 Statutory/ Regulatory duties - education						2,870,684	1,170,437	1,700,247
2.0.7 Premature retirement cost/ Redundancy costs (new provisions)						620,000	0	620,000
2.0.8 Monitoring national curriculum assessment						0	0	0
2.1.1 Educational psychology service						612,200	438,748	173,452
2.1.2 SEN administration, assessment and coordination and monitoring						0	0	0
2.1.3 Parent partnership, guidance and information						180,165	0	180,165
2.1.4 Home to school transport: SEN transport expenditure(0 - 25)	0	0	0	3,526,351	0	3,526,351	520,463	3,005,888
2.1.5 Home to school transport: other home to school transport expenditure	0	0	0	0	0	0	0	0
2.1.6 Supply of school places						347,841	142,595	205,246
2.2.1 Young people's learning and development			0	0		0	0	0
2.2.2 Adult and Community learning						410,660	0	410,660
2.2.3 Pension costs						1,436,000	0	1,436,000
2.2.4 Joint use arrangements						0	0	0
2.2.5 Insurance						164,477	0	164,477
2.3.1 Other Specific Grant						0	0	0
2.4.1 Total Other education and community budget						13,171,832	2,874,591	10,297,241
3.0.1 Funding for individual Sure Start Children's Centres						5,563,738	0	5,563,738
3.0.2 Funding for local authority provided or commissioned area wide services delivered through Sure Start Children's Centres						1,850,701	0	1,850,701
3.0.3 Funding on local authority management costs relating to Sure Start Children's Centres						107,177	0	107,177

Description	Early Years	Primary	Secondary	Special/ AP	Post School	Gross	Income	Net
3.0.4 Other early years funding						0	0	0
3.0.5 Total Sure Start Children's Centres and Early Years Funding						7,521,616	0	7,521,616
3.1.1 Residential care						10,001,894	0	10,001,894
3.1.2 Fostering services						14,329,385	0	14,329,385
3.1.3 Adoption services						1,351,563	0	1,351,563
3.1.4 Special guardianship support						1,700,217	0	1,700,217
3.1.5 Other children looked after services						4,689,146	0	4,689,146
3.1.6 Short breaks (respite) for looked after disabled children						0	0	0
3.1.7 Children placed with family and friends						0	0	0
3.1.8 Education of looked after children	0	104,147	46,858	0		151,005	0	151,005
3.1.9 Leaving care support services						1,103,986	0	1,103,986
3.1.10 Asylum seeker services children						0	0	0
3.1.11 Total Children Looked After	0	104,147	46,858	0		33,327,196	0	33,327,196
3.2.1 Other children and families services						0	0	0
3.3.1 Social work (including LA functions in relation to child protection)						12,577,022	1,244,855	11,332,167
3.3.2 Commissioning and Children's Services Strategy						5,641,550	906,145	4,735,405
3.3.3 Local Safeguarding Children Board						330,962	73,400	257,562
3.3.4 Total Safeguarding Children and Young People's Services						18,549,534	2,224,400	16,325,134
3.4.1 Direct payments						529,442	0	529,442
3.4.2 Short breaks (respite) for disabled children						996,145	0	996,145
3.4.3 Other support for disabled children						0	0	0
3.4.4 Targeted family support						840,838	0	840,838
3.4.5 Universal family support						0	0	0

Description	Early Years	Primary	Secondary	Special / AP	Post School	Gross	Income	Net
3.4.6 Total Family Support Services						2,366,425	0	2,366,425
3.5.1 Universal services for young people						2,518,218	0	2,518,218
3.5.2 Targeted services for young people						2,436,026	0	2,436,026
3.5.3 Total Services for young people						4,954,244	0	4,954,244
3.6.1 Youth justice						2,086,406	942,583	1,143,823
4.0.1 Capital Expenditure from Revenue (CERA) (Non-schools budget functions and Children's and young people services)						0	0	0
5.0.1 Total Schools Budget and Other education and community budget (excluding CERA) (lines 1.6.1 and 2.4.1)						255,133,035	2,874,591	252,258,444
5.0.2 Total Children and Young People's Services and Youth Justice Budget (excluding CERA)(lines 3.0.5 + 3.1.11 + 3.2.1 + 3.3.4 + 3.4.6 + 3.5.3 + 3.6.1)						68,805,421	3,166,983	65,638,438
6 Total Schools Budget, Other education and community budget, Children and Young People's Services and Youth Justice Budget (excluding CERA) (lines 5.0.1 + 5.0.2)						323,938,456	6,041,574	317,896,882
7 Capital Expenditure (excluding CERA)	0	0	0	0		0	0	0
8a.1 Substance misuse services (Drugs, Alcohol and Volatile substances) (included in 3.5.1 and 3.5.2 above)						441,754	0	441,754
8a.2 Teenage pregnancy services (included in 3.5.1 and 3.5.2 above)						223,000	0	223,000

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Table 2

School table high needs & AP settings

S251 Budget 2013-14 - School Table Report

S251 Budget 2013-14 Table 2: School table high needs & AP settings

Report produced on 15/08/2013 09:26:47

Local Authority 208 Lambeth

School Name	School Name	School Opening Closing	Date Opening Closing	Type of Establishment	Total Number of Places	Total Place Funding	Total £ per Place
Special School							
Elm Court School	7115			SPE	125	1,250,000	10,000
Lansdowne School	7001			SPE	95	950,000	10,000
Turney Primary and Secondary Special School	5950			SPE	155	1,550,000	10,000
The Livity School	7194			SPE	95	950,000	10,000
The Michael Tippett School	7195			SPE	70	700,000	10,000
Pupil Referral Unit							
Kennington Park Bridge To School	1102			PRU	40	320,000	8,000
Park Campus	1106			PRU	120	960,000	8,000

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Table 3

Early Years Funding Formula

	Description	Unit Value (£)			Unit Applied	Number of Units			PVI
		PVI	Nursery School	Primary Nursery Class		Unit Type	PVI	Nursery School	
1. EYSFF (three and four year olds) Base Rate(s) per hour, per provider type	Base Rate(s) per hour, per provider type	4.1	8.35	4.08	Per Hour	1,292,163	275,873	1,405,231	5,272,025
2a. Supplements: Deprivation	Deprivation factor based on pupils IDACI score; IDACI score for each nursery x free hours provided	0	0.02	0.02	Per Hour	12,476,488	11,232,844	32,365,530	249,530
2b. Supplements: Quality	Weighted Quality factor based on Early years OFSTED rating as at 05/12/2012 (weighting of 1 for Good and weighting of 2 for Outstanding)	0.1	0.09	0.09	Per Hour	1,176,479	551,745	1,665,928	105,883
2c. Supplements: Flexibility	No budget lines entered								
2d. Supplements: Sustainability	No budget lines entered								
3. Other formula	Maintained nursery school and primary class Minimum Funding Guarantee top-up	0	1	1	Lump Sum	0	0	60,135	
	Nursery School transitional arrangements: 5% cap on increase on 2012-13 budget and 6% floor on decrease on 2012-13 budget	0	1	0	Lump Sum	0	-110,364	0	
4. Additional funded free hours	Vulnerable pupil Full-Time places in maintained nursery schools and classes	0	8.35	4.08	Per Hour	0	123,120	434,910	
TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (3s AND 4s)									5,627,438
5. Two year old Base Rate(s) per hour, per provider type	No budget lines entered								
6a. Two year old supplements Quality	No budget lines entered								
6b. Other supplements	No budget lines entered								
TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA FOR 2 YEAR OLDS									
7. Early years contingency funding	Contingency to fund new early years providers in-year or increased in-year take-up								
8. Early years centrally retained spending	Central expenditure on children under 5 included unallocated 2 year old free entitlement funding								
TOTAL FUNDING FOR CENTRAL EXPENDITURE									

	Description	Anticipated Budget (£)			
		Nursery School	Primary Nursery Class	TOTAL	Proportion of funding
1. EYSFF (three and four year olds) Base Rate(s) per hour, per provider type	Base Rate(s) per hour, per provider type	2,303,535	5,733,342	13,308,903	47.99
2a. Supplements: Deprivation	Deprivation factor based on pupils IDACI score; IDACI score for each nursery x free hours provided	224,657	647,311	1,121,497	4.04
2b. Supplements: Quality	Weighted Quality factor based on Early years OFSTED rating as at 05/12/2012 (weighting of 1 for Good and weighting of 2 for Outstanding)	49,657	149,934	305,474	1.1
2c. Supplements: Flexibility	No budget lines entered				0
2d. Supplements: Sustainability	No budget lines entered				0
3. Other formula	Maintained nursery school and primary class Minimum Funding Guarantee top-up		60,135	60,135	0.22
	Nursery School transitional arrangements: 5% cap on increase on 2012-13 budget and 6% floor on decrease on 2012-13 budget	-110,364		-110,364	-0.4
4. Additional funded free hours	Vulnerable pupil Full-Time places in maintained nursery schools and classes	1,028,052	1,774,433	2,802,485	10.1
TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (3s AND 4s)		3,495,538	8,365,154	17,488,130	63.06
5. Two year old Base Rate(s) per hour, per provider type	No budget lines entered				
6a. Two year old supplements Quality	No budget lines entered				
6b. Other supplements	No budget lines entered				
TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA FOR 2 YEAR OLDS					
7. Early years contingency funding	Contingency to fund new early years providers in-year or increased in-year take-up			150,000	0.54
8. Early years centrally retained spending	Central expenditure on children under 5 included unallocated 2 year old free entitlement funding			10,095,702	36.4
TOTAL FUNDING FOR CENTRAL EXPENDITURE				10,245,702	36.94



Lambeth

PART B

Fair Funding: The 2013/2014 Resource Allocation Formulae for Primary, Secondary and Special Schools and Nursery, Independent, Private & Voluntary Early Years providers

FOREWORD

This booklet sets out the formula funding allocations for each nursery, primary, secondary and special schools for the financial year 2013/14.

SCHOOL FUNDING ARRANGEMENTS 2013-14

On the 26 March 2012, the Secretary of State laid before the House of Commons a written ministerial statement on school funding reform from April 2013. The Department for Education also published its consultation on school funding reform, which closed on 21 May 2012.

Local authorities will continue to be allocated amounts for each pupil through the Dedicated Schools Grant (DSG) based on previous funding levels. The difference will be that the DSG funding will be allocated in three notional blocks that will not be ringfenced: Schools Block, Early Years Block and High Needs Block.

CHANGES TO THE SCHOOLS BLOCK

From 2013/14 we have operated a much simpler formula funding model using less than 10 factors that are consistent with other Local Authorities throughout England. Details of which have been agreed by the Schools Forum in October 2012

DSG will continue to be a ring fenced grant in 2013-14 but will now be based on using the earlier October census pupil data, enabling maintained schools receiving indicative budgets for the following financial year earlier during January (rather than the end of March).

The Minimum Funding Guarantee (MFG) will continue, and has been set at minus 1.5% for 2013/14. The level of exclusions from MFG has been heavily reduced; meaning a far greater proportion of the formula funding is protected.

As there could be significant amounts of protection required in some areas as a result of the formula simplification, funding gains for individual schools will be capped as well as scaled back to ensure sufficiency of funding.

The purpose of these arrangements is to guarantee the delivery of the government's commitment to maintain spending on schools in every local authority area, to provide schools with the tools to take a strategic approach to their financial planning, to reduce bureaucracy, to ensure stability and to enable schools to focus on raising standards and achievement for all pupils.

Finally, I would like to thank all Headteachers and Governors who have contributed to the funding process for the new financial year. This includes the School Revenue Funding Working Group, Lambeth Schools Forum and other Headteachers who have contributed individually.

Debbie Jones
Executive Director of Children and Young Peoples' Service

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Part C

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10. SECTION 48 - Scheme for Financing Schools

Fair Funding in Lambeth

The Resource Allocation Formulae for Schools for 2013-14

1. INTRODUCTION AND CONTEXT

1.1 This document sets out the funding formula arrangements for Primary, Secondary and Special schools through the Lambeth Fair Funding Formula and funding arrangements for maintained Nurseries, Private, Voluntary and Independent (PVI) early years providers. It should be read in conjunction with the revised Authority's Section 48 Scheme for Financing Schools, which will be available for reference at the end of this document.

1.2 These funding formulae arrangements build on the Department of Education (DfE) vision for schools as set out in the Five Year Strategy for Children and Learners and include:

- **The ring-fenced Dedicated Schools Grant (DSG):**
This grant will be given by the DfE to each local authority. The DSG is the Schools Budget which is divided into the Individual Schools Budget (ISB) and the Centrally Retained Items (CRI). The ISB covers expenditure on direct educational provision for pupils and is distributed to all maintained schools in the Borough via the funding formula. The CRI covers expenditure spent by the LA on behalf of maintained schools or funding held centrally by the LA which is devolved to schools during the year – for example, Growth Fund funding for significant in-year pupil growth

1.3 The Minimum Funding Guarantee (MFG) per pupil has been set as a negative figure nationally. The MFG has been set as follows:

Sector	2013-14
Nursery and Primary Schools	-1.5%
Secondary Schools (excluding sixth forms)	-1.5%
Special Schools	-1.5%

1.4 The arrangement for the funding of maintained schools is set out in the School Standards and Framework Act 1998 (SSFA) Chapter IV as amended by the Education Act 2005 and all relevant regulations. All Local Authorities (LAs) are required to determine school budget shares to be allocated to schools each financial year by a resource allocation formula which must be developed following consultation with all governing bodies and headteachers. The formula used must be objective, measurable and predictable in effect, clearly expressed and simple to understand. Budget shares must be determined in advance of the financial year to which they apply.

- 1.5 The Fair Funding Resource Allocation Formula for Lambeth maintained schools (primary, secondary and special) for 2013-14 has been prepared in line with the new Revenue Funding Arrangements and has been developed in consultation with the Schools Forum (SF) and in a consultation exercise with governing bodies and Headteachers. Similarly the Early Years Funding Formula (EYFF) for Lambeth maintained nursery provision, Private, Voluntary & Independent (PVI) providers for 2013-14 has been developed in consultation with the Schools Forum and Early Years Sub-group (EYSG).
- 1.6 The new funding formulae will be used to determine the budget shares of all primary, secondary, special schools and nurseries from 1 April 2013. These formulae will continue to be reviewed annually in consultation with the Schools Forum and all schools will be consulted prior to any changes in 2013-14.
- 1.7 As of the 1st April 2013 Pupil Referral Units are have been re-classified as schools however remain outside the scope of the main resource allocation formula as they are funded on the basis of Place-Plus methodology used for funding Special Schools.

2. GENERAL DESCRIPTION

- 2.1 The resource allocation formula is a method of dividing the available budget between schools by means of agreed rules and criteria, which are applied to relevant and objective factors. The overall sum is known as the Individual Schools Budget (ISB) and is broken down across a number of different allocation factors, each of which has its own specific allocation basis.
- 2.2 For 2013-14, the DfE have decided not to set a minimum percentage to be allocated through the pupil-led factors to be delegated to the schools by the Individual Schools Budget (ISB) but this could be reviewed in the future years. However, this authority has delegated around 80% of funds via the pupil related factors in 2013-14
- 2.3 In addition to pupil-related and place-related funding, the SSFA as amended defined Regulations prescribe other factors those Authorities may include in a resource allocation formula. They must not make use of any factors other than those prescribed.
- 2.4 Schools receive funding via allocations under various formula headings (e.g. Additional Education Needs or Lump Sum). These separate allocations are added together to form the school's Budget Share. Generally, funds under each heading are allocated in accordance with a school's position relative to other schools. So, for example, a school which has 5% of the total Key Stage 2 pupils in the overall system will receive 5% of the funding allocated in relation to Key Stage 2 pupils. The usual mechanism for this is to calculate a 'unit value' (cash amount per pupil) under each formula factor by dividing the overall budget for the factor by the overall number of units (pupils). Each school's allocation is then determined by multiplying the overall unit value by the number of units at the school.

- 2.5 Unit values may change from year to year as a result of variations in either the budget or the number of relevant units to be funded. However, the formula is capable of maintaining the relative levels of funding for the constituent elements of some factors even where actual cash values may change. So, for example, in the absence of any policy changes the funding for pupils at Key Stage 1 relative to those at Key Stage 2 will be held constant through any change in budgets or pupil numbers. This is done by applying a 'weighting' to unit values to calculate allocations.
- 2.5 In a small number of cases (for example, NNDR rates) the Regulations permit the Authority to allocate funds on the basis of the actual or estimated costs falling on individual schools. Any under or over allocations in related to these factors can be adjusted in the following financial year.
- 2.6 Data for the formula calculations are collected each year, partly through the DfE Pupil Level Annual School Census (PLASC) in October or Early Years Census (EYC) data each January and partly through other special returns. As each allocation can only be finally derived once complete data is available it is essential that all schools and PVI's co-operate to ensure that deadlines for submission of data are met. Otherwise the calculation and issuing of budget shares is unavoidably delayed.
- 2.6 The remainder of this document sets out in detail the different factors in the formula and the way in which allocations are calculated under each factor. It also makes provision for contingency payments in exceptional circumstances.

3. INDIVIDUAL SCHOOLS BUDGET

In determining the 2013-14 Individual School Budget the Local Authority applied the Dedicated Schools Grant to the October 2012 Pupil Roll census data against the following formula factors to determine the schools Individual Budgets:

- 3.1 Basic entitlement
- 3.2 Deprivation
- 3.3 Additional Educational Needs
- 3.4 SEN Notional
- 3.5 School Specific Factors
- 3.6 Budget Adjustments
- 3.7 Planned Places
- 3.8 De-delegated

3.1 BASIS ENTITLEMENT

The LA has allocated a basic per-pupil entitlement i.e. the **Age Weighted Pupil Unit, (AWPU)** which is the sum of money allocated to the school for each pupil according to age.

Primary Schools

- 3.1.1 For primary schools the DfE has specified that there will be a single AWPU for primary schools for 2013/14. This has been calculated to be £4,058. The AWPU has been applied to the October 2012 Pupil Roll census data to determine the total AWPU funding for each school level.

Secondary

- 3.1.2 For Secondary schools the DfE has specified that there will be a single AWPU for each of the Key Stage 3 and Key Stage 4. The AWPU for Key Stage 3 and Key Stage 4 has been calculated to be £6,060 and £6,240 respectively. The relevant Pupil Roll data (October 2012) has been applied to AWPU to determine the total AWPU funding for each Key Stage and school level.

3.2 DEPRIVATION

- 3.2.1 The LA has opted to use Ever 6 Free School Meals (Ever 6 FSM) deprivation indicator. This indicator details the number of pupils who have been registered for free school meals at any point in the last six years. The weighted average deprivation per pupil has been calculated at £780 for both primary and secondary phases. This has been applied to the eligible pupil level data taken from the October 2012 School Census and aggregated to school level

3.3 ADDITIONAL EDUCATIONAL NEEDS (AEN) REGISTER

3.3.1 In calculating funding to support Additional Educational Needs, the LA has used the factors relating to English as an Additional Language and Mobility. AEN is distributed via the formula on the basis as agreed with the School Forum and SRF Working Group

English as an Additional Language (EAL)

3.3.2 Schools receive an allocation related to the number of pupils eligible for EAL. This will be available for a maximum of three years after a pupil enters the statutory school system. There can be separate unit values for primary and secondary schools.

Primary

3.3.3 The weighted average EAL per pupil has been calculated at £682.05. This has been applied to the eligible pupil level data taken from the October 2012 School Census and aggregated to school level.

Secondary

3.3.4 The weighted average EAL per pupil has been calculated at £2,309. This has been applied to the eligible pupil level data taken from the October 2012 School Census and aggregated to school level.

Mobility

3.3.5 Schools receive an allocation related to the numbers of inwardly mobile pupils who joined the school other than at the start of the Autumn and Spring terms. Data used is per information submitted by schools to the Research and Statistics Unit for the previous academic year. The average unit value is determined each year in accordance with the available budget and the number of qualifying pupils.

3.3.6 The average unit value for 2013/14 have been determined to be £227 for both primary and secondary phases.

3.4 SPECIAL EDUCATIONAL NEEDS (SEN) NOTIONAL

3.4.1 The LA has allocated a notional SEN budget from the Schools Block. It is from this notional budget that schools are expected to:

- Meet the needs of pupil with low cost, high incidence SEN; and

- Contribute towards the first £6,000 pa of cost of provision for pupils with SEN needs (including those with high cost; low incidence SEN)

Primary – Low Cost High Incidence SEN

- 3.4.2 The weighted average SEN notional per pupil unit has been calculated at £739. The Lower Attainment Primary Pupil-Led factor pupil data has been applied to the pupil data taken from the October 2012 School Census and aggregated to school level
- 3.4.3 The primary indicator is based on the Early Years Foundation Stage Profile (EYFSP) for the number of pupils achieving below 78 points.

Secondary – Low Cost, High Incidence SEN

- 3.4.4 The weighted average SEN notional per pupil unit has been calculated at £1,894. The Lower Attainment Secondary Pupil-Led factor pupil data has been applied to the pupil data taken from the October 2012 School Census and aggregated to school level
- 3.4.5 The secondary indicator is based on the number of pupils not achieving level 4 in English **and** Maths at Key Stage 2.

Formula Funding - Pre 16 Mainstream Settings

- 3.4.6 Schools receive Pre 16 mainstream through the funding formula, which includes a notional SEN budget; to meet the needs of pupils with high incidence, low need SEN and to contribute up to a certain level to the needs of high needs, low incidence SEN pupils. Therefore, nationally, schools must contribute the first £6,000 pa of the additional support costs of SEN pupils. Costs above this level will be paid by pupil's resident LA in the form of a top-up funding from its High Needs Block.

Formula Funding - Post 16 Mainstream Settings

- 3.4.7 Post 16 providers receive a per-student funding through the national 16-19 funding formula and an allocation of £6,000 per high needs student on roll. The allocation is based on the student data from the last full academic year. The LA will provide top-up funding from its High Needs Block above the £6,000pa threshold. This will mean that further education colleges will now discuss funding directly with the LA (commissioners)

Funding for specialist SEN settings

- 3.4.8 The LA adopted the new national high needs funding methodology; Place-Plus approach for 2013-14 for special schools and SEN resource units. Place-Plus funding for specialist SEN settings is outside of the funding formula for primary and secondary schools.

3.5 SCHOOL SPECIFIC FACTORS

- 3.5.1 Lumpsum
- 3.5.2 Split-sites Budgets
- 3.5.3 Non-National Domestic Rates (NNDR)
- 3.5.4 Private Finance Initiative (PFI)
- 3.5.5 Exceptional circumstances

3.5.1 Lumpsum

All schools have been allocated a flat rate lumpsum of £170,000. In 2013-14 the LA is not able to a differential rate between school.

3.5.2 Split-Site Budgets

- 3.5.2.1 Schools whose accommodation is on two or more sites separated by a main road and necessitating movement between sites of staff and/or pupils during the school day receive a supplementary allocation related to a points score.
- 3.5.2.2 Federated schools will not be eligible to receive funding individually for each participating school but jointly on the basis of 1 point between two schools, 2 points between three schools. Only the supported federated school will receive the allocation as part of their budget share. Federated schools will be eligible for split-site funding for the duration of the federation. Funding will be provided on a flat rate basis of one point regardless of distance between the two sites.
- 3.5.2.3 Split-Site points scores for 2013/14 are as follows:

Primary school on two sites less than 1/4 mile apart	1 point
Primary school on two sites more than 1/4 mile apart	3 points
Secondary school on two sites less than 1/4 mile apart	3 points
Secondary school on two sites more than 1/4 mile apart	5 points
Federation between two schools	1 point
Federation between three schools	2 point

3.5.3 National Non Domestic Rates (NNDR)

- 3.5.3.1 Schools receive an allocation related to their estimated liability for NNDR. The NNDR allocation is calculated by multiplying the rateable value of the school property by the appropriate years' 'multiplier' as supplied by Revenue Services (Revenue Services are responsible for Business Rates and Council Tax). This is the same calculation used to calculate the actual rate demand value.
- 3.5.3.2 Where schools receive NNDR bills significantly different than that allocated to them through the formula, then they will either be liable to pay back the difference to the authority or the LA will provide additional funding.
- 3.5.3.3 However the DfE have instructed that LAs not make in-year adjustments for NNDR from April 2013 and instead make the backdated adjustments in the next funding year. This arrangement will continue for 2014-15 as per page 5 of the 2014-15 Revenue Finding Arrangements: Operational Information for Local Authorities document issued 8 July 2013.
- 3.5.3.4 Therefore schools which have been under allocated NNDR funding for 2013-14, as a result of in-year revaluations to property, will receive the backdated funding in their 2014-15 budget share.

3.5.4 Private Finance Initiative

This factor is not applicable to Lambeth in 2013-14 following Schools Forum consultation and recommendations.

3.5.5 Exceptional Circumstances

This factor is not applicable to Lambeth in 2013-14 following Schools Forum consultation and recommendations.

3.6 BUDGET ADJUSTMENTS

There are some budgets, which were previously retained centrally by the LA which have been delegated through the formula from 2013-14, but schools can elect to have these budgets de-delegated to the LA via the Schools Forum. It is not possible for academies to de-delegate funding to the LA, however academies can opt to buy services offered by the LA that are primarily funded from de-delegated funds.

For 2013-14 the newly delegated budgets for primary schools are for:

- School Meals subsidy & Milk
- Schools Kitchen Repairs & Maintenance.

For secondary schools only the Behaviors Support Services budgets has been newly delegated.

Additionally the Schools Specific Contingency has been delegated to all sectors, however for both the primary and secondary schools the Schools Forum has opted to de-delegate the Maternity element of the Contingency budget.

- 3.6.1 Delegated School Meals Subsidy & Milk (*Primary*)
- 3.6.2 Delegated Schools Kitchen repairs and maintenance (*Primary*)
- 3.6.3 De-Delegated Behaviour Support Services (*Secondary*)
- 3.6.4 De-Delegated of Maternity (*Primary and Secondary*)
- 3.6.5 Minimum Funding Guarantee (MFG) level of funding (*Primary and Secondary*)

3.6.1 Delegated School Meals Subsidy & Milk

- 3.6.1.1 The 2013-14 per school allocation is based on an average per pupil number of the total available budget multiplied by the total pupil number for each school.

3.6.2 Delegated Schools Kitchen repairs and maintenance

- 3.6.2.1 The 2013-14 per school allocation is based on an average per pupil number of the total available budget multiplied by the total pupil number for each school

3.6.3 Behaviour Support Services

The school level allocation has been determined by applying the annual budget to the total secondary Full Time Equivalent (FTE)

3.6.4 De-delegated Maternity

- 3.6.4.1 The school level allocation has been determined by applying the annual budget to the total FTE. Therefore Maternity cover in schools in maintained schools for 2013-14 will be subsidised from the DSG.
- 3.6.4.2 Maternity claims will continue to be processed by Human Resources and Schools Finance. Schools are required to submit claims by the end of January. In the event that the maternity budget is over subscribed then all claims will be paid on a pro-rata basis. Schools will have to plan to meet any shortfall for maternity payments from within their delegated budget.

3.6.5 Minimum Funding Guarantee

- 3.6.5.1 The MFG per pupil for all schools will continue to be negative figure in 2013-14. The consequence is that some schools will receive less funding. Nationally the MFG has been set as follows:

Sector

2013-14

Nursery and Primary Schools	-1.5%
Secondary Schools (excluding sixth forms)	-1.5%
Special Schools	-1.5%

- 3.6.5.2 As schools budgets are now based on the October pupil count, the MFG will also need to reflect this date instead of the January count as at present. The MFG, like the schools 2012/13 budget, has been rebased against which its 2013/14 budget is compared
- 3.6.5.3 The total DSG allocated take into account all maintained schools and academies (excluding non-recoupment Academies). To calculate the MFG for maintained schools recoupment academies has been treated like maintained schools to calculate the school budget share.

MFG Top-up or Capping

- 3.6.5.4 A ceiling of 1.5% and a scale factor of 100% as been applied to the MFG. Schools with gains will keep all gains below the ceiling of 1.5% and above the ceiling the scale factor applies. A scale factor of 100% scales back gains above the ceiling allowing schools to retain 0% of the total gains above the ceiling.

3.7 GROWTH FUND

- 3.7.1 The LA, with the approval of the Schools Forum, has created a growth fund from the DSG in advance of allocating the schools budget shares. This is ring fenced and will only be used for the purposes of supporting growth in pupil numbers (statutory year groups only). Any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to the maintained schools and academies through the local formula.
- 3.7.2 The set up, criteria for allocation and the amount to be top-sliced from each phase must be done in agreement with the Schools Forum. The Lambeth 2013-14 Growth Fund criteria is published here:
<http://www.lambeth.gov.uk/Services/EducationLearning/SchoolsColleges/SchoolFairFundingFormula.htm>

3.8 SIXTH FORM FUNDING

In March of each year Education Funding Agency (EFA) advise the LA of the schools individual sixth form allocation. This is then passported directly to the schools.

4. PLACE-PLUS FUNDING

4.1 Alternative Provision

4.1.1 From 1st April 2013, Pupil Referral Units (PRUs) will have a delegated budget based on the number of planned full-time equivalent (FTE) places expected to be provided to young people requiring alternative education during the year. Each planned place is funded at £8,000 pa.

4.1.2 In addition to the place-led element of funding, the PRU will also attract top-up funding in relation to each pupil actually placed in the PRU by a commissioner:

4.1.2.1 For permanently excluded pupils, the commissioner will be the pupil's resident LA.

4.1.2.2 For fixed term exclusions the commissioner will be the pupil's current school or academy.

4.1.2.3 For Children Missing Education (CME) the commissioner will be the pupil's resident LA.

4.1.2.4 For Managed Move pupils, the commissioner will be the pupil's current school or academy with assistance from the pupil's resident LA. Managed Move pupils are defined as pupils who are at high risk of permanent exclusion and are phased into an alternative education setting, such as a PRU in order to provide specialist education support for the pupil and avoid permanent exclusion.

4.1.3 In 2013-14 the LA delegated funding of 130 planned places across the two LA maintained PRUs; the Park Campus and the Kennington Park to Bridge school. Therefore the delegated budget for the PRUs total £1.2m in 2013-14.

4.1.4 In addition, the LA will devolve top-up funding for each pupil actually placed at the PRUs via the commissioning process. For 2013-14 the average top-up rate is £9,959.26 pa. Top-up funding is paid on a monthly basis based on pupil roll data returns to the LA from the PRU.

4.1.5 In 2013-14 the LA has also commissioned the PRUs to provide the following services, which have been funded from the LA's High Needs Block budget and total £894,304:

- Management of the Inclusion function
- Management of the Hospital Education Service
- Delivery of the Primary and Secondary Outreach services

4.2 Special Schools

4.2.1 Planned places are the mechanism by which specialist schools receive funding they require to enable them to discharge their duties. Under the Place-Plus methodology, the planned places for 2013-14 at each Special school have been determined on the following basis:

4.2.1.1 The planned place of a special school has been linked to its **current** approved designation to ensure that schools admit pupils they are approved to admit (unless there are other relevant circumstances that have been agreed with the LA).

4.2.1.2 Subsequently, each special school has received 2013-14 delegated funding, at £10,000pa, based on its approved place designation.

4.2.2 In addition, the LA will devolve top-up funding for each pupil actually placed at the Special school based upon the number of pupils on roll. Pupils are admitted via the LA SEN referral process (e.g. Section S322's).

4.2.3 Each Special school has a unique average top-up rate based on the average resourcing cost of SEN need and provision at the school. For 2013-14 these are as follows:

DfE No.	Special Schools	Number of places	Delegated budget	Top-Up per Pupil (pa)
7115	Elm Court	90	£900,000	£10,774
7001	Lansdowne	125	£1,250,000	£7,875
7194	The Livity	95	£950,000	£16,613
7195	The Michael Tippett	70	£700,000	£16,572
5950	Turney	155	£1,550,000	£6,964

4.3 Hospital Education

The LA does not have a registered hospital school but provides a Hospital Education Service based at Kings College & St Thomas hospital. This service is accessible to pupils admitted to hospital and is free at the point of use.

The cost of providing this service is fully funded from the DSG and is budgeted at £192,394 for 2013-14.

5. FUNDING PROVISION FOR EARLY YEARS

5.1 EARLY YEARS HOURLY RATE

- 5.1.1 There is a basic rate per child per hour available to providers for providing the early years free-entitlement. The basic hourly rate has been determined based on cost analysis of provider costs conducted in 2009. It is deemed that the basic rate should be sufficient for a provider to deliver the free entitlement in a manner that meets acceptable quality levels to a child who has minor additional educational needs, such as school action or school action plus.
- 5.1.2 Our cost analysis, together with DfE guidance recognized the higher cost per hour provision within maintained Nursery schools due to their unavoidable statutory costs. Therefore the funding ratio funding Nursery schools is 2:1 in comparison to all other early years providers.

Early Years provider	2013-14 Hourly rate
Nursery School	£8.35
Primary Nursery class	£4.08
PVI	£4.08
Childminder	£4.08

5.2 FULL-TIME NURSERY PLACES

- 5.2.1 From September 2010, a limited number of full-time nursery places will be available to vulnerable pupils within maintained schools. Each school is allocated a maximum full-time place quota and is able to allocate these full-time places, up to their quota, to pupils who meet the Lambeth full-time place criteria below:
1. Children who are looked after, or who have an allocated social worker who has provided written support of the need for a full-time place as part of the Child's Plan at that school.
 2. Children who are recommended full a full-time place by a Team around the Child (TAC) Locality or Disability Panel.
 3. Children in circumstances where the Headteacher considers a full-time place should be provided and where the child is eligible for FSM or is newly arrived or asylum seeker and there is evidence to demonstrate that home circumstances could significantly affect a child's well-being
- 5.2.2 Funding for full-time nursery places is determined at 30 hours of the school hourly rate based on the number of full-time places recorded on the January pupil census.

School type	2013-14 Hourly rate
Nursery school	£4.08
Primary nursery class	£8.35

5.3 EARLY YEARS DEPRIVATION

5.3.1 Meeting the needs of deprived children is a key part of the Government's objective of narrowing the gap between children from different backgrounds. Therefore, funding for deprivation is a mandatory part of the Early Years Funding Formula

5.3.2 Funding for deprivation is allocated to early years providers based on the Income Deprivation Affecting Children Indicator (IDACI) score of the children at the setting. The IDACI score of each child is determined by their household postcode as recorded on the January pupil census.

5.3.3 Early years setting are able to determine their individual IDACI score by using the DfE IDACI tool available here: <http://www.education.gov.uk/cgi-bin/inyourarea/idaci.pl>

5.3.4 The total deprivation funding is determined by taking total IDACI score for the setting, multiplying it by the number of free-entitlement hours provided by the setting per week (as per the January census) , multiplying this by 38 weeks and then by deprivation unit value outlined below:

Unit value 2013/14	
Deprivation unit	£0.02

5.4 EARLY YEARS QUALITY

5.4.1 Quality of education and care is the key driver for improving children's outcomes and narrowing attainment gaps, and that it is particularly crucial for children from disadvantaged backgrounds. Therefore the Early Years Funding Formula incentivises high quality by awarding additional fund to early years providers with Outstanding and Good OFSTED ratings in early years provision.

5.4.2 Funding for quality is allocated to early years providers based on the multiplying the number of free-entitlement hours provided by the setting per week (as per the January census) , multiplying this by 38 weeks and then by quality unit value outlined below:

Unit value 2013/14	
Quality unit	£0.09

5.5 MINIMUM FUNDING GUARANTEE – EARLY YEARS

- 5.5.1 In the case of primary and infant schools with nursery classes, the MFG, is applied to the early years element of their budget. Private Voluntary Independent (PVI) providers are **not** covered by the MFG.
- 5.5.2 However there is a separate MFG in operation for early years providers such as PVIs, this has been set at the same level as the school MFG, meaning that Early Years Funding Formula (EYFF) base rates cannot be reduced more than 1.5%. Only the per hour 'base rate will be included in the MFG baseline. All other funding such as lumpsums has been excluded.

6. NEW OR SIGNIFICANTLY REORGANISED SCHOOLS AND SCHOOL CLOSURES

- 6.1 When a new or significantly reorganised school is opened, pupil numbers for the first two full financial years of operation will be based on an estimate by the Authority in consultation with the school, rather than on actual DfE PLASC data census totals. The budget shares for these years will not be redetermined downwards if actual numbers do not match the estimate.
- 6.2 Where a school phases in new cohorts, each new cohort will be funded on planned places until PLASC data is available
- 6.3 Schools have been funded on the basis of those open at 1 April 2013. Where a school closes during the financial year, the budget share will be reduced pro rata to the number of months of operation. Details will be provided directly to the schools concerned

7. CONTINGENCY

- 7.1 The Authority may make a supplementary payment in respect of expenditure at a school if, in the opinion of the Executive Director of Children & Young Peoples' Service, it is expenditure without which the education of pupils at the school would be seriously impaired and which because of both its size and unexpectedness it would not be reasonable to expect the governing body to meet from the school's budget share.
- 7.2 Historically, additional payments in relation to pupil adjustments have been made from Contingency budget. On precedence, the calculation method, in making pupil adjustment payments to schools, was based on AWPUs only amounts and does not include funding for other formula factors such as SEN and Premises. However the Contingency budget has been delegated to schools in 2013-14.

8. OCTOBER PLASC

- 8.1 Schools are required to give access to any and all records in relation to school resourcing including October PLASC for verification as requested by the Authority.
- 8.2 All nursery providers are required to give access to any and all records in relation to early years resourcing including Early Years Census data for each term.

9. MAINSTREAMED GRANTS

- 9.1 The majority of targeted grants have been mainstreamed into the DSG since 2010 and are now included within the schools budget share; distributed on the basis of pupil related factors. The exception of this would be grants such as the Pupil Premium Grant and Additional Grants for Schools (AGS) which are outside of the DSG and are directly passported to schools.

PART C

Section 48 Scheme for Financing Schools 2013-2014

LAMBETH SCHOOLS FINANCE

L.B.LAMBETH SCHEME FOR FINANCING SCHOOLS

FOREWORD

Lambeth Council is committed to working in partnership with schools, parents, the community and other stakeholders to raise the standards of educational achievement. This scheme for the Financing of Schools contributes to the objective by setting out the framework for resourcing of schools and the Council. The scheme, and the associated Funding Formula, have been compiled in conjunction with school governors, headteachers and other interested parties and has been the subject of a consultation process. The scheme and formula are based on the following principles:

The Council recognises that each school is a self-managing organisation working within a policy framework set by the government and the Council. Our aim is to raise standards of achievement, not to control day to day management and activity within schools.

The Council takes into account the social and economic factors presented by the nature of Lambeth as an inner city borough with a multi-ethnic population in determining its approach to school improvement and the planning and resourcing of the education service.

The Council intends to concentrate on the following educational functions:

- Strategic management and planning of the service and the provision of school places.
- Supporting school improvement as exemplified in the Education Development Plan.
- Monitoring and evaluating the performance of schools.
- Intervening and supporting schools where schools are not meeting the educational needs of their pupils.
- Addressing issues of social exclusion.
- Providing opportunities for learning including pre school (under fives), youth service, supplementary schools and holiday activities.

The Council will deliver its core functions at a level that aims to achieve best value and to maximise resources available to schools. Where appropriate the Council will seek to enable other agencies to provide services to schools. The Council will offer support services to schools where these can demonstrate that they add value and are delivered in a cost-effective manner.

L.B.LAMBETH SCHEME FOR FINANCING SCHOOLS

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THE OUTLINE SCHEME

References throughout this statutory guidance to:

“the Act” are to the School Standards and Framework Act 1998;

“the authority” means the local authority; and

“the Regulations” are to the School and Early Years Finance (England) Regulations 2012 made under the Act.

The Regulations state that schemes must deal with the following matters:

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares.
2. Amounts which may be charged against schools’ budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the authority for schools maintained by them.
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.
8. The virement between budget heads within the delegated budget.
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15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.
21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

L.B.LAMBETH SCHEME FOR FINANCING SCHOOLS

SECTION 1: INTRODUCTION

1.1 The Funding Framework Main Features

- 1.1.1 The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998. Under this legislation, local authorities determine for themselves the size of their Schools Budget and Local Authority Budget – although at a minimum a local authority must appropriate all of its Dedicated Schools Grant to their Schools Budget.
- 1.1.2 The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act.
- 1.1.3 The amounts to be retained centrally are decided by the authority, subject to any limits or conditions (including gaining the approval of their School 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 centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the local authority's budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.4 Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with 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 revisions to the scheme must also be approved by the Secretary of State, who has power to modify schemes or impose one.
- 1.1.5 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.
- 1.1.6 The Authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary

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

- 1.1.7 The Authority is obliged to publish each year a statement setting out details of its planned Schools Budget and Local Authority Budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.1.8 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.
- 1.1.9 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.

1.2.1 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. Annex E lists school maintained by The Authority.

Pupil Referral Units are not maintained schools within the meaning of S20 of the Act and are not covered by this scheme.

1.3 Publication of the Scheme

A copy of the scheme will be supplied to the governing body and the headteacher of each school covered by the scheme and will be placed on a publicly accessible website, and any approved revisions will be notified to each such school.

1.4 Revision of the Scheme

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.

1.5 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.

This should include the responsibilities of the head teacher and governing body in respect of the annual budget plan. However, the first formal budget plan of each financial year must be approved by the governing body or by a committee of the governing body. The Authority considers that it would be appropriate to review the level of delegation as part of the approval process for the annual budget.

1.6 Maintenance of Schools

The Authority is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary 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 Act¹

¹ The School Standards and Framework Act 1998.

SECTION 2: FINANCIAL REQUIREMENTS: AUDIT

2.1.1 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.

2.1.2 Provision of Financial Information and Reports

Schools are required to provide the Authority with details of expected and actual expenditure and income, in a form and at times determined by the Authority, consistent with ensuring that the local authority's role in ensuring proper use of public funds is achieved. Information will normally be required on a quarterly basis. However, if, in the view of the Authority, a school's financial position and/or its financial systems are weak, or the school is in its first year of operation, submission of information on a monthly basis may be required. The Business Partner for Place and Environment (Schools) or his/her nominated representative will inform such schools in writing of this requirement.

All schools may submit information for reimbursement of VAT on a monthly basis. (See Section 7).

2.1.3 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 the 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.

2.1.4 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.

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.

2.1.5 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.**

2.1.6 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 Authority's Chief Finance Officer through the Executive Director, Children and Young People's Service or his/her nominated representative.

2.2 Basis of accounting

Reports and accounts furnished to the Authority must be on an accruals basis and in line with UK Generally Accepted Accounting Practice (GAAP).

2.3 Submission of budget plans

Each school is required to submit a final budget plan, approved by the governing body to the Authority by the 1st of June 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 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 governing body or a committee of the governing body.

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.

2.3.1 Submission of Financial Forecasts

The authority may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.

The LAs will consider the extent to which such forecasts may be used for more than just confirming schools are undertaking effective financial planning or not. For instance: they could be used as evidence to support the LA's assessment of Schools Financial Value Standards and/or used in support of the LA's balance control mechanism. However, the requirement to submit a financial forecast should not place undue burdens on schools and should be proportionate to need. In

requesting such forecasts LAs should state the purposes for which they intend to use this forecast: such a forecast may be used in conjunction with a LA's balance control mechanism.

2.4 Efficiency and Value for Money

- 2.4.1 Schools must seek to achieve efficiencies 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.
- 2.4.2 It is for heads and governors to determine at school level how to secure better value for money.
- 2.4.3 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.

2.5 Virement

- 2.5 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.

2.6 Audit: General

- 2.6.1 Schools are required to co-operate both with auditors employed by the Authority (internal audit) and auditors appointed by the Audit Commission to audit the local authority itself (external audit). Schools are required to give access to any and all records as requested by the auditors.
- 2.6.2 With regard to internal audit, all schools fall within the audit regime determined by the Authority. Price Waterhouse Coopers (PWC) largely carry out the Council's internal audit function under contract. PWC carry out school audits on a cyclical basis.

In relation to external audit all schools come within the Authority external audit regime as determined by the Audit Commission.

2.7 Separate External Audits

- 2.7.1 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 local authority 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 cooperate with the Authority's internal and external auditors.
- 2.7.2 There is no expectation by the Secretary of State that routine annual external audit at school level of budget share expenditure should be a usual feature of

the funding system; merely that schools should not be prevented from seeking an additional source of assurance at their own expense.

2.8 Audit of Voluntary and Private Funds

2.8.1 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 procedures for furnishing these audit certificates and advice on the handling of such voluntary and private funds will be set out in a supplement to the School Financial Procedures Manual.

2.9 Register of Business Interests

2.9.1 The governing body of each school is required to maintain a register which lists for each member of the governing body and the headteacher, any business interests they or any member of their immediate family have. Schools are required to keep the register up to date with notification of changes and through annual review of entries, and to make the register available for inspection by governors, staff and parents and the Authority. More detailed guidance on the maintenance of such a register will be made available to schools.

2.10 Purchasing, Tendering and Contracting requirements

2.10.1 Schools are required to abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters². 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.

2.11 Application of Contracts to Schools

2.11.1 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). Schools may not opt out of:

2.11.2 Local Authority arranged contracts where they have agreed to be covered by in respect of services for which funding was delegated to the Authority prior to 1st April 1999

² 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 any EU Procurement Directive; b). to seek LEA 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.

- 2.11.3 Local Authority arranged contracts where they agree to be covered by in respect of services for which funding is delegated by the Authority after 1st April 1999 and for
- 2.11.4 Certain contracts listed in the scheme as approved by the Secretary of State for services for which funding is delegated after 1st April 1999, irrespective of the agreement of schools.
- 2.11.5 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.
- 2.11.6 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.

2.12 Central funds and earmarking

- 2.12.1 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 (the Standards Fund regulations will require local authority's to do this with many grants).
- 2.12.2 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.
- 2.12.3 The Authority will not make any deduction in respect of interest costs incurred by the Authority from payments of devolved specific or special grant.
- 2.12.4 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.
- 2.12.5 To assist schools to demonstrate compliance with this requirement specific accounting guidance will be issued.

2.13 Spending for the purposes of the school

- 2.13.1 Governing bodies are free³ 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.
- 2.13.2 Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools.

2.14 Capital spending from budget shares

- 2.14.1 Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises⁴, and from 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 purpose of the school.
- 2.14.2 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 Business Partner of Place and Environment as to the merits of the proposed expenditure.
- 2.14.3 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.

2.15 Notice of Concern

- 2.15.1 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 Chief Education Officer/Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

³ In accordance with s.50(3) of the School Standards and Framework Act 1998 (the SSAF Act 1998). Under s.50(3) (b) the Sof S may prescribe additional purposes for which expenditure of the budget share may occur. This has been done 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) (Amendments) Regulations 2004 (SI 2004/444)

⁴ 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 SSAF Act 1998.

2.15.2 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.

2.15.3 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.

2.15.4 The purpose of this provision is to enable a 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.

2.15.5 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.

2.15.6 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.

2.15.7 In placing this provision in their scheme, a local authority may wish to consider the way in which a dispute between it and the school it is issuing a notice to regarding any aspect of the notice may be resolved.

2.16 Schools Financial Value Standard (SFVS)

- 2.16.1 All maintained schools (including nursery schools and pupil referral units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at which time of the year they wish to complete the form.
- 2.16.2 Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

2.17 Fraud

- 2.17.1 All Schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.
- 2.17.2 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

3.1 Frequency of Instalments

3.1.1 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 (either BACS or CHAPS).

3.1.2 Place-led funding is included in arrangements for payment by instalments. Top-up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

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 Annex D.

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.

3.3.1 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.

3.4 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.

3.5 Bank and Building Society 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 an

adjusted when the accounts for the relevant financial year are closed and the final amount is known.

3.5.1 Restrictions on Accounts

- Accounts may only be held for the receipt of budget share payments, at the following banks or building societies:
- National Westminster, Lloyds TSB, HSBC(Midland), Co-operative Bank, Bank of Scotland, Barclays, Halifax, Royal Bank of Scotland, Woolwich, Santander (formally Abbey National), Nationwide, Bradford and Bingley BS, Britannia BS, Yorkshire BS, Birmingham & Midlands BS, Coventry BS, Skipton BS, Chelsea BS or Leeds & Holbeck BS⁵.
- 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.
- 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.

3.6 Borrowing by schools

3.6.1 Governing bodies may borrow money only with the written permission of the Secretary of State⁶. 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. Borrowing will include:

- Bank Overdraft
- Finance Leases
- Credit Arrangements
- Hire Purchase

⁵ Former GM schools and special schools are allowed to nominate as the account for budget share payments the account used in 1998-99 for payments of AMG by the FAS, even if it is not on the above list.

⁶ 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 budgets, 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.

3.7 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.

3.8 Credit Cards:

Schools are explicitly barred from using credit cards. However this restriction does not apply to debit cards, Government Procurement Cards or Purchasing Cards.

If the Governing Body or Head teacher is in any doubt as to the effects of any financial arrangement they must contact the Business Partner for Place and Environment (Schools) or his/her nominated representative.

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 year⁷.

4.2 Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2007:

- a. the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b. the authority may deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;
- c. the authority may then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
 - The condition outlined here is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely. In deciding whether a sum is properly assigned a scheme may make explicit the right of an Authority to take account of a school's previous plans for any surplus balances in the event that such plans have changed. However, an Authority may not take a change in the plans of a school as the only criterion by which it can consider a sum to be properly assigned or not.
- d. if the result of steps a-c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the authority may deduct from the current year's budget share an amount equal to the excess.

⁷ A school's surplus or deficit balance at 1 April shall be equal to that at the preceding 31 March

- The thresholds set out in paragraph (d) above are the maximum permitted. The department will accept (a) lower thresholds or (b) higher thresholds for particular types of schools where local authorities can justify them.
- Funds deriving from sources other than the authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.
- Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the authority.
- The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the Schools Budget of the authority.

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 (see also 4.9).

The Authority has the power to schedule repayments of deficits that already existed at schools maintained by the Authority on 31 March 1999.

4.5 Planning for deficit budgets

4.5.1 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

4.6.1 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%. This provision does not apply to deficits of former Grant maintained Schools if the deficit was incurred prior to April 1st 1999.

4.7 Writing off deficits

4.7.1 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.

4.7.2 Funding to support schools in financial difficulty can only come from a de-delegated contingency for mainstream schools, or a centrally held budgets for special schools and PRUs in financial difficulty where it has been agreed by Schools Forum.

4.8 Balances of closing (and replacement) schools

4.8.1 When a maintained school closes any balance (whether surplus or deficit) shall revert to the Authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

4.9 Licensed deficits

4.9.1 The Authority will permit schools to plan for a deficit budget in particular circumstances. 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 schools⁸.

4.9.2 The maximum length over which schools may repay the deficit (i.e. reach at least a zero balance) is three years. The Business Partner of Place and Environment (Schools) or his/her 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.

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

4.9.4 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 £3,000 – 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

4.9.5 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.

4.9.6 The detailed arrangements applying to this scheme are set out in the School Financial Procedures Manual. The above provisions do not apply in respect of deficits held prior to April 1999. These will be reviewed and brought into balance as agreed with individual schools.

4.9.7 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,

⁸ 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

the Authority will agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.

4.10 Loan Schemes

The Authority does not offer loan arrangements for schools such actual payments to individual schools or expenditure by the authority, in respect of a particular school, are made on condition that a corresponding sum is repaid from the budget share

4.10.1 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.

1) 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 education authority.

2) Voluntary Controlled Schools

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 of 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.

3) Voluntary Aided Schools

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.

4) Control Agreements

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 Fund-Raising Activities

Schools may retain income from fund-raising activities.

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, fund raising 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 6.2 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.

6.1.1 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 so 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.

6.2 Circumstances in which charges may be made

- 6.2.1 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).
- 6.2.2 Other expenditure incurred to secure resignations and redundancies where the school had not followed Authority advice.
- 6.2.3 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 fall 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.
- 6.2.4 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.

- 6.2.5 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.
- 6.2.6 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.
- 6.2.7 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.
- 6.2.8 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.
- 6.2.9 Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions).
- 6.2.10 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.
- 6.2.11 Legal costs which are incurred by the Authority because the governing body did not accept the advice of the Authority (see also section 11).
- 6.2.12 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.
- 6.2.13 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.
- 6.2.14 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;
- 6.2.15 Costs incurred by the Authority in securing provision specified in a statement of SEN 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.
- 6.2.16 Costs incurred by the Authority due to submission by the school of incorrect data;
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;

6.2.18 Costs incurred by the Authority as a result of the governing body being in breach of the terms of a contract.

6.2.19 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.

SECTION 7: TAXATION

7.1 VALUE ADDED TAX

- 7.1.1 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 (separate provisions apply to VAT incurred by voluntary aided schools on capital expenditure –see below)
- 7.1.2 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.
- 7.1.3 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.
- 7.1.4 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 CIS (Construction Industry taxation Scheme)

Schools are required to abide by procedures issued by the Authority in connection with CIS.

7.3 P11D

Schools are required to abide by procedures issued by the Authority in connection with personal taxation and taxable benefits.

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.

Funding for existing Premature Retirement Costs (PRC) and redundancy payments, which may not ordinarily be thought of as services, may be included in the provision of services from centrally retained budgets.

The Authority is debarred from discriminating in its provision of services on the basis of categories of schools except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

8.2 Provision of services 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 and 8.3 as to service supply, as the limitations envisaged may be impracticable for insurance purposes.
- The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the Authority shall be for a minimum of one year 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 46 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.

8.2.1 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.

8.3 Service Level Agreements

- 8.3.1 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 be in place by the end of January 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.
- 8.3.2 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.

- 8.3.3 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.

8.4 Teachers' Pensions

- 8.4.1 In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.
- 8.4.2 The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the Authority to provide payroll services.
- 8.4.3 A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate.
- 8.4.4 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.
- 8.4.5 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.

- 8.4.6 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: PFI/PPP

9.1 Private Finance Initiative (PFI) /Public Private Partnership (PPP) Regulations

- 9.1.1 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

10.1.1 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.

10.1.2 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.

10.1.3 They will also take into account the local authority Financial Guidance for schools issued by the Department in July 1999, where the following guideline cover levels were suggested for non-property insurance:

Business interruption: £100,000 to £250,000

Contract works: £500,000

Money: £25,000 but cheques £250,000

Fidelity guarantee: £250,000

Employers and public liability: at least £10m any one incident

Governors' liability: £500,000

Libel and slander £100,000 any one incident

Legal expenses: £100,000

These categories are not exhaustive.

Further guidance on insurance for schools can be found at:

<http://publications.teachernet.gov.uk/eOrderingDownload/DfES-0256-2003.pdf>

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

11.1.1 Governing bodies shall 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 (e.g. earmarked funds) on the school.

11.2 Liability of governors

11.2.1 Because the governing body is a corporate body⁹, 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.

11.3 Governors' expenses

11.3.1 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.

11.3.2 Only allowances in respect of purposes specified in regulations¹⁰ may be paid to governors from a school's delegated budget share. 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.

11.3.3 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

11.4.1 Legal costs (not the costs of legal advice) incurred by the governing body, although the responsibility of the Authority as part of the cost of maintaining the school unless they relate to the statutory responsibility of aided school governors for buildings, may be charged to the school's budget share unless the governing body acts in accordance with the advice of the Authority.

11.4.2 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

⁹ and because of the terms of s.50(7) of the SSAF Act

¹⁰ schedule 11 of the School Standards and Framework Act 1998,

- 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.

11.4.3 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

11.5.1 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

11.6.1 Governing bodies are required to permit the Executive Director, CYPS or his/her representative, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

11.6.2 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

11.7.1 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

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

11.9 'Whistleblowing'

11.9.1 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 Unit is the main point of contact for reporting an incident using the whistleblowing procedure.

11.10 Child Protection

11.10.1 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 Schools S251 budget share.

11.11 Redundancy/early retirement costs

11.11.1 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 S251 budget share. Further guidance is provided at Annex B.

11.12 School Meals

11.12.1 The Authority's produced a school meals policy briefing paper that sets out the responsibilities for governing bodies with regard to discharging their duties in relation to school meals where those have been delegated along with funding.

11.13 Suspension of Delegation – under Schedule 15 of the SSFA

11.3.1 Delegation may be suspended where it appears to the Authority that the governing body of a school with a delegated budget:

1) have been guilty of a substantial or persistent failure to comply with any delegation requirement or restriction, **or**

2) are not managing the school's budget share in a satisfactory manner

The Authority will

- give in normal circumstance not less than one month's notice of suspension as required in urgent cases specify a notice period of less than one month and will in that event state the reasons why the Authority considers a shorter period appropriate.

The notice will

- be in writing
- specify the grounds for suspension
- be sent to the school's governing body and head teacher
- inform the governing body of its right to appeal to the Secretary of State and of the limit for appeal

A copy of the notice will be sent to the Secretary of State

- The Authority may use its powers under Sections 14 –17 of SSFA 1998 to suspend delegation where a school has been found to have serious weaknesses or to require special measures, or where a school has failed to respond satisfactorily to a formal warning under Section 15.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 The attached Annex A sets out the categories of work which governing bodies must finance from their budget shares.

12.2 The Authority has delegated responsibility for repairs and maintenance to schools. Only capital expenditure is retained by the Authority¹¹. The current *de minimis* limit for capital expenditure is £10,000 for vehicles and equipment, £20,000 for land and buildings. Schools are responsible for setting their own *de minimis* for capital expenditure.

12.3 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.

¹¹ For these purposes, 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 actual interpretation of the Code is a matter for the local authority

SECTION 13 COMMUNITY FACILITIES

13.1-2 Introduction:

Schools, which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities, which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its local authority and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under s.28(1), the main limitations and restrictions on the power will be:

- a. those contained in schools' own instruments of government, if any; and
- b. contained within the maintaining local authority's scheme for financing schools; under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to 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 section 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.

13.2 The budget share of a school may not be used to fund community facilities – either start-up costs or ongoing expenditure - or to meet deficits arising from such activities. Mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

13.3-5 Consultation with the Local Authority:

13.3 Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the local education authority, and have regard to advice given to them by their local authority.

13.4 A written proposal should be submitted to the authority and the authority will respond and provide advice within six weeks of receipt of the proposal.

13.5 Governing Bodies must inform the local authority of the action they have taken following this advice. The local authority may not levy a charge to schools for such advice.

13.6-7 Funding Agreement:

- 13.6 The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part on the provision. A very wide range of bodies and organisations are potentially involved.
- 13.7 The Authority requires that any such proposed agreement should be submitted to the Authority for its comments, which 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.

13.8-9 Other prohibitions, restrictions and limitations:

- 13.8 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, it requires that in a specific instance of use of the community facilities power by a governing body.
- 13.9 The governing body concerned shall 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.

10.10-11 Supply of Financial Information

- 13.10 Schools which exercise the community facilities power (e.g. Extended Schools) are required to provide the Authority every six months with a summary statement, in a form determined by the Authority, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.
- 13.11 The Authority, on giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, may require such financial statements to be supplied every three months and, if the Authority sees fit, require the submission of a recovery plan for the activity in question.

1.3.12-13 Audit

- 13.12 The school must grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.
- 13.13 In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, schools 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.

13.14-15 Treatment of income

13.14 Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the local authority or some other person.

13.15 Such retained net income may be carried over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of each financial year, all or part of it may be transferred to the budget share balance. If the school is a community or community special school, and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority unless otherwise agreed with a funding provider.

13.16-17 Health and Safety Matters

13.16 Any health and safety provisions of the main scheme are extended to the community facilities power.

13.17 Responsibility is placed on the governing body for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies are free to pass on such costs to a funding partner as part of an agreement with that partner.

13.18-19 Insurance

13.18 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary and seeking the Authority's advice before finalising any insurance arrangement. Such insurance must not be funded from the school budget share.

13.19 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.

13.20-22 Tax

13.20 Schools must seek the advice of the Authority and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility.

- 13.21 If any member of staff employed by the school or the 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 – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.
- 13.22 Schools must follow Authority's advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

13.23-25 Banking

- 13.23 The Authority requires that the school either maintains separate bank accounts for budget share and community facilities, or has one account but with adequate internal accounting controls to maintain separation of funds.
- 13.24 The use of particular banks, the signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters all mirror those in earlier parts of this scheme, except that a provision requiring that a mandate show the Authority as owner of the funds in the account should exempt the community facilities funds from that if they are in the same account as the budget share.
- 13.25 Schools are reminded that they may not borrow money without the written consent of the Secretary of State

ANNEX A

RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

CAPITAL /REVENUE SPLIT - ILLUSTRATIVE EXAMPLES IN LINE WITH CIPFA CODE OF PRACTICE ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REPAIRS & MAINTENANCE
Roofs		
<u>Flat</u>	Structure. New (not replacement) structure.	Repair/replacement of small parts of an existing structure
Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure		Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed
Screed / insulation in a new building/extension		Repair/replacement of screed/ insulation where defective.
Screed / insulation. Replacement/repair of substantially all. Improve effectiveness of insulation		Work to improve insulation standards, during work to repair/ replace small areas of roof.
Finish on new build. Replacement of all/substantially all on existing roof		Replacement of roof finish on existing building, to under capital value limit. Re-coating chippings to improve life expectancy
Edge Trim/ Fascia on new build		Repairs/ replacement. (uPVC) Repainting.
Edge Trim/ Fascia, Replacement of all/substantially all on existing roof		Repairs/ replacement. (uPVC) Repainting.
Drainage on new build		Clearing out gutters and downpipes. Replacement/repair/ repainting of/ individual gutters/pipes
Other e.g. Flashings, Rooflights on new build Replacement of all/substantially all on existing roof		Repair/ Replacement/ cleaning of individual items
<u>Pitched</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure
Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure		Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses
Insulation in a new building/extension		Repair/replacement/ increasing thickness of insulation in an existing roof
Insulation. Replacement /repair of substantially all. Improve insulation to current standards		
Roof finish in a new		Replace missing/ damaged

ANNEX B

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 premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what 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 part of the Schools Budget 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.

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.

ANNEX C

APPLICATION OF SCHEMES FOR FINANCING SCHOOLS TO THE COMMUNITY FACILITIES POWER

Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its authority and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under s.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.

ANNEX D

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.

1. 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.**

2. 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.**

ANNEX E: LIST OF SCHOOLS WHICH THE AUTHORITY WILL BE MAINTAINING

DfE No.	SCHOOL	DfE No.	SCHOOL
PRIMARY SCHOOLS			
2808	Allen Edwards Primary School	3493	St Leonard's C E Primary School
3307	Archbishop <i>Sumner</i> CE Primary School	3499	St Luke's C E Primary School
2022	Ashmole Primary School	3502	St Mark's C E Primary School
2897	Bonneville Primary School	5208	St Mary's Roman Catholic Primary School
3324	Christ Church Brixton C E School	3589	St Saviours C E Primary School
3329	Christ Church Streatham C E School	3596	St Stephen's C E Primary School
2115	Clapham Manor School	2902	Stockwell Primary School
2783	Crown Lane Primary School	2895	Streatham Wells Primary School
2794	Elm Wood Primary School	2575	Sudbourne Primary School
2785	Fenstanton Primary School	2578	Sunnyhill Primary School
2836	Glenbrook Primary School	2591	Telferscot Primary School
2265	Granton Primary School	5206	The Reay Primary School
2292	Heathbrook Primary School	2617	Vauxhall Primary School
2295	Henry Cavendish Primary School	2626	Walnut Tree Walk Primary School
2901	Henry Fawcett Primary School	2657	Woodmansterne Primary School
2868	Herbert Morrison Primary School	2664	Wyvil Primary School
2898	Hillmead Primary School		
2900	Hitherfield Primary School	NURSERY SCHOOLS	
3621	Holy Trinity C E Primary School	1043	Effra Nursery
5205	Immanuel & St Andrew Primary School	1049	Ethelred Nursery
3643	Iqra Primary School	1058	Holmewood Nursery
2331	Jessop Primary School	1055	Maytree Nursery
3000	Jubilee Primary School	1027	Triangle Nursery
5209	Julians Primary School		
2903	King's Avenue Primary School	SECONDARY SCHOOLS	
2359	Kingswood Primary School	5403	Archbishop Tennison's CE
2371	Lark Hall Primary School	5402	Bishop Thomas Grant RC
2905	Loughborough Primary School	4509	St Gabriels
3375	Macauley C E Primary School	5400	La Retraite RC
3642	Orchard Primary School	4321	Lilian Baylis
2459	Paxton Primary School	5405	London Nautical
2504	Richard Atkins Primary School	4223	Norwood
2899	Rosendale Primary School	4731	The Elmgreen School
5204	St Andrew's Catholic Primary School		
3403	St Andrew's C E Primary School	SPECIAL SCHOOLS	
5201	St Anne's Catholic Primary School	7115	Elm Court
5203	St Bede's Catholic Infant School	7001	Lansdowne
5200	St Bernadette's Catholic Junior School	7194	The Livity
3641	St Helen's Catholic School	7195	The Michael Tippett
3457	St John The Divine C E Primary School	5950	Turney
3466	St John's (Angell Town) C E Primary School	1102	Kennington Park Bridge to School
		1106	Park Campus