

Members of the Schools Forum are asked to attend a meeting to be held on

Tuesday 14th January 2020

18:00pm – 20.00pm

@

Hitherfield Primary School

Leigham Vale,

Streatham,

SW16 2JQ

for the transaction of the business set out below.

Agenda

Time*	Item	
18.00	1.	Welcome & Apologies Verbal
	2.	Membership, Register of Interests and Declaration of Interests Verbal
	3.	Minutes from the Schools Forum meeting held 10 th December 2019 and matters arising Paper
	4.	DSG Overview 2019/20 and 2020/21 Paper
	5.	Growth Fund Paper
	6.	Schools Block 2020/21 Paper
	7.	Central School Services Block 2020/21 Paper
	8.	Early Years DSG 2020/21 Paper
	9.	High Needs Block 2019/20 and 2020/21 Paper
	10.	Scheme for Financing Schools Paper
	11.	Agree date of next meeting, location and likely agenda items: The next meeting will be on: Tuesday 24th March 2020 6-8pm CAJ kindly offered his school for the SF venue for the above date.

LONDON BOROUGH OF LAMBETH

SCHOOLS FORUM

Draft minutes of the meeting of the Schools Forum held at Hitherfield Primary School, Leigham Vale, Streatham, London SW16 2JQ on Tuesday 10th December 2019 at 18:00pm – 20.00pm

School Forum Members:

<u>Schools:</u>	Present, Apologies, Absent	<u>Governors:</u>	Present, Apologies, Absent
Chris Ashley–Jones (CAJ) Hitherfield	Present	Vacant	
Nick Butler (NB) St. Gabriel’s College	Apologies	Ray Smith (RS) Pre-School Alliance	Present
Alison Moller (AM) Julian’s Primary School	Present	Maksud Gangat (MG) Orchard Primary	Apologies
Rachel Hedley (RH) Lambeth Nursery Schools’ Federation	Present	Vacant	
David Boyle (DB) Dunraven School	Present	Charles Asher (CA) GHF	Absent
Mark Jordan (MJ) (PCA)	Absent	Michael Holland (MH) Sunnyhill Primary	Absent
Humaira Saleem (HS) Iqra	Present	Carena Hall (CH) Immanuel & St Andrews CE Primary	Apologies
Chris Toye (CT) Wyvern Federation	Present	Vacant	
Jayne Mitchell (JM) St. Andrew’s Primary	Absent	Vacant	
Kate Atkins (KA) Great North Wood Education Trust	Apologies		
Coral Hayes Ruskin House School	Absent		
<u>Officers:</u>	Present, Apologies, Absent	<u>Observers:</u>	Present, Apologies, Absent

Cathy Twist (CTw) Director - ELS	Present	Sarah Tomlinson (ST) NUT/NEU	Absent
Kathryn Shaw (KS) School Quality Improvement Lead	Present	Christine Golding (CG) GMB Union	Absent
Bunmi Idowu (BI) Early Years	Apologies	Vinay Gupta (VG) St. Gabriel's College	Absent
Tim Gibson (TG) Finance Consultant - Children's Finance	Present	Cllr Jenny Brathwaite	Absent
David Goldring (DG) Accountant- Finance	Absent	Rachel Harrison Assistant Director Children's Finance	Present
		David Tully (DT) Finance	Present

MINUTES

1. **Welcome & Apologies**

CAJ welcomed everyone to the meeting. A warm welcome was extended to Rachel Hedley – Executive Headteacher of the Lambeth Nursery Schools Federation.

Apologies were received and accepted from: Muksud Gangat, Carena Hall, Kate Atkins and Nick Butler.

CAJ informed SF members that there had been a late change to the Agenda. Item 6 was removed. A more comprehensive paper will be brought back to the meeting on the 14th January 2020.

2. **Membership and Register of Interests and Declaration of Business Interests**

CAJ informed members that Matthew Green had completed his second term of office. CAJ thanked Matthew for his time and commitment over the years.

CAJ informed members that Paul Steward had decided to withdraw his application.

It was noted that Charles Asher representing the GHF had not been attending SF meetings for over a year. CAJ will write to Charles regarding his attendance and disqualification. **ACTION: CAJ**

CAJ approached the Lambeth Schools Partnership (LSP) regarding the filling of vacancies, but with little success. CAJ will approach headteachers directly and the Governors' Forum for assistance in filling the SF vacancies. **ACTION: CAJ**

3. **Minutes from the Schools Forum meeting held on 13th November 2019 and matters arising**

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

Matters arising

- Page 2 There was little success with the LSP, so CAJ will approach the Governors' Forum. Any SF member that knows of any Governors who would be interested in joining the SF to please email CAJ.

4. **Growth Fund**

TG informed that £680K was put in the Growth Fund for 2019/20. Schools adding additional classes would get £20K per class from the Growth Fund.

The schools expanding next year are Paxton, Woodmansterne, St. Leonard's, Julian's, Dunraven and Harris Clapham. There is no proposal to keep a contingency for unforeseen growth as was the case in previous years.

Some schools have already expanded but have still not received their funding. TG asked that SF members review the criteria for expansion and clarified that one of the criteria is that schools must get agreement from the LA in order to expand.

Some schools are reducing their PAN formally or asking for a temporary reduction of Pan, whereas others are requesting that their PAN be raised. Therefore circumstances need to be viewed on a case by case basis. A suggestion was made that the criteria should include a condition that if a school's PAN is reduced then it should not be eligible for growth funding if it subsequently increases its PAN again within a 3 year period.

SF members voted and **agreed** the following recommendations:

- The Schools Forum **agreed** the Growth Fund criteria for 2020/2021 as contained at Appendix 2; subject to a proposed amendment for diseconomies of scale funding being brought to the next meeting
- The Schools Forum **agreed** that schools that are expanding for basic need will receive a fixed amount of £20,000 per additional class that is added. This is set out in para 2.3.

The third recommendation which was put to the SF members was postponed until the next meeting to reflect the financial impact of the amended diseconomies of scale funding criteria. The recommendation was:

- The Schools Forum was requested to agree the allocation of £240K and for the Growth Fund for 2020/21.

5. **Feedback about the consultation on changes to the funding formula**

TG informed that meetings of the sub-group had taken place to see how the Lambeth formula could be moved closer to the NFF. All schools were consulted, but a limited number of responses were received.

One of the SF members raised that only five working days were given to respond, however it was raised at the SF meeting that it would have been reasonable to give 10 working days for a response. For clarification, the consultation was open for 11 days in total of which 6 were full working days. The whole timetable was reviewed and found not to be ideal. It was agreed that things would be done differently in the future. It was pointed out that the reason for the shortened timetable was to allow officers to report to report back to this meeting and had had been set back when the DfE had changed some of the parameters at the time of the previous SF meeting.

There was feedback from one school. It was clarified that the Working Group has also met three times and the SF has reviewed the proposals on schools' behalf on several occasions and so it was felt that overall there had been sufficient consultation and scrutiny of the proposals. There is nothing from the process to suggest anything contrary to what the SF had decided previously.

There has been a response from the DfE which had been shared with the SF members and it does not go against anything that the SF has decided previously. The response is rather disappointing, but does not change anything that the SF has done.

The decisions on the previous recommendations remain the same. TG will report back to schools via the LSP on the outcome of the Consultation and the changes that have been agreed. Feedback will be given and the decisions taken will be reiterated.

7. **AOB**

- Support staff holiday pay – The Head of HR has shared the draft formula with union colleagues and GMB reps have concerns. Discussions are still ongoing. Schools will be informed when the new formula will come into effect and the likely impact.
The new formula will need to be used as of September 2019 and any back pay will need to be agreed. Negotiations are still ongoing. A number of LA are in the same position. Clarity will be sought around issues concerning current costs and fed back to the SF.
- A suggestion was made that SF meetings move to an earlier time of 4pm. SF Members voted and agreed on this proposal. It was agreed that SF meetings would start at the new time of 4pm after March 2020.

8. **Future Meeting Dates**

The next meeting will be on:

Tuesday 14th January 2020 6-8pm

Tuesday 24th March 2020 6-8pm

CAJ kindly offered his school for the SF venue for the above dates.

9. **Education Functions** (Maintained Schools Only)

The Education Services Grant has ceased now. The Grant looked at the cost requirements of services and the school's ability to pay for the services. Currently the LA funds some of the services. The amount agreed in 2019/20 to be contributed by maintained schools was £20.50 per pupil totalling £478K for primary and secondary schools. This changes according to how many students there are and how many academies. It was recommended that the rate be set at £41.00 per commissioned place for special schools (i.e. using a multiplier of 2x the mainstream school per pupil rate). There are 5 maintained Special Schools resulting in the total of £24K being deducted.

Q. Is there any benchmarking? Are Lambeth's costs cheaper or more expensive to other LA?

A. The costs are not formally benchmarked against other LA. Nobody has asked for this to be done before.

Q. Why is the funding the same per pupil for primary and secondary schools?

A. TG checked the regulations and reported that it was a requirement that a single rate be set.

SF Members were asked to consider the continuation of the status quo.

SF members voted and **agreed** the following recommendations:

- The Schools Forum (Maintained School Representatives only) **agreed** to continue to de-delegate £20.50 per pupil for Education Functions for 5-16 year old pupils in primary and secondary schools.
- The Schools Forum (Maintained School Representatives only) **agreed** to de-delegate £41.00 per commissioned place for Education Functions in maintained special schools.

There being no further business to discuss, the Chair closed the meeting at 7.05pm.

Signed: _____

Date: _____

Chris Ashley-Jones

Chair of the School Forum

Agenda Item 4**Title: Dedicated Schools Grant Overview****Date: 14th January 2020****Report to: Schools Forum****Report for: Information Decision Consultation Action****Author: David Tully****1. Background**

- 1.1 Schools Forum was advised at its meeting in November 2019 of the provisional details of the funding settlement for the Dedicated Schools Grant for 2020/21. The Department for Education announced in December 2019 the updated schools funding settlement, taking account of the October 2019 pupil census.
- 1.2 This report sets out the overall shape of that announcement in the context of the financial position of the DSG for 2019/20 and the decisions that are needed to allow Cabinet and Council to set the DSG budget for 2020/21 in February 2020.
- 1.3 This report is providing an overview of the whole DSG and it indicates whether Schools Forum's input in the process for individual components is to decide or to provide advice for Cabinet / Council before they formally decide. As such, this report is for information; the other reports on this agenda deal with the decision-making on individual blocks separately.

2. DSG 2019/20

- 2.1 The summary position for the DSG in 2019/20 is set out in Table 1 below. Appendix 1A provides more detail of the latest forecast DSG expenditure for 2019/20 and Appendix 1B indicates the level of anticipated DSG income for 2019/20. There are some changes that have occurred to the forecast since Quarter 2, which will be reflected in the position at Quarter 3 and are reflected in the explanations which follow about the risks associated with each of the four blocks.

Table 1: Summary forecast of DSG 2019/20 against funding by block

Block	b/f balances £'000	DSG 2019/20 £'000	Forecast spend £'000	Forecast variance £'000
Schools Block *		£210,553	£210,553	£0
Central School Services Block	£992	£1,042	£2,034	£0
Early Years Block		£29,936	£29,951	+£15
High Needs Block *	£345	£43,783	£44,409	+£281
De-delegated budgets**	£311	£0	£0	-£311
Total DSG 2019/20	£1,648	£285,314	£286,947	-£15

*Note *: £1.058m of Schools Block transferred to the High Needs Block, as agreed by Schools Forum.*

*Note **: £0.311m balance on the Vulnerable Schools Fund being applied and is ring-fenced because it was previously de-delegated.*

- 2.2 **Schools Block.** The vast majority of the funding for the Schools Block has been allocated in accordance with the Authority Proforma Tool exercise on the mainstream schools funding formula in January 2019. The DSG position has been accounted for in gross terms, but the LA only disburses funds directly to maintained schools; the ESFA deducts (recoups) funding from the DSG to provide funding for academies and sixth form High Needs provision more directly.
- 2.3 The Falling Rolls fund of £0.585m has been allocated in full for 2019/20 and no further changes are expected on that budget line.
- 2.4 The Growth Fund, as was advised to Schools Forum in December 2019, has some final items to resolve for schools with diseconomies of scale. It is expected that there will still be a modest underspend in this fund at the end of 2019/20, which would be rolled forward to 2020/21 to supplement the agreed Growth Fund for that year.
- 2.5 **Central School Services Block.** Lambeth's Central School Services Block is the smallest per pupil allocation in London, calculated by dividing the total CSSB allocation for each London Borough in 2019/20 with the number of primary and secondary school pupils used in the Schools Block. The Lambeth per pupil figure is £32, whereas the average for London Boroughs is £74.
- 2.6 This situation has meant that it has been difficult to contain the broad range of services that are covered by the Central Schools Services Block within the DSG allocation. For 2019/20 half of the expected spend of £2m is being supported by one-off reserves, a situation which will become more difficult to sustain for 2020/21.
- 2.7 **Early Years Block.** There is only a minor variance showing against the Early Years Block, but much of the variance at year-end will be driven by the January 2020 pupil census. One-third of the costs of early years provision and 7/12ths of the DSG income for Early Years are based on the participation levels in the January 2020 census. So, the minor variance could change significantly.
- 2.8 Officers still have some work to do in ensuring that actual funding allocations are adjusted to reflect actual participation levels during 2019/20. The May 2019 and October 2019 census information has been collated and efforts are currently being made to identify the adjustment necessary and to establish a sustainable process that will ensure that such adjustments are done routinely each term.
- 2.9 The work in progress to assess the early years position would suggest that if there was a variance, it would be an underspend against the expected Early Years DSG for 2019/20, but until the exercise is complete, it would be not be prudent to quantify that at this stage.
- 2.10 **High Needs Block.** The High Needs Block is under pressure. While it may appear to be heading for a small deficit position in 2019/20 (£0.3m 0.6%), this would have been a much larger deficit without the use of £0.3m of DSG reserves and £1m transferred from Schools Block. There are increasing numbers of EHC plans, putting pressure on available specialist provision places. There are also cost pressures which may need to be addressed during 2020/21. The underlying position is that of increasing costs.

- 2.11 The LA has been working with an organisation called SEND for Change to assist in reviewing the basis for calculating top-ups in individual institutions in Lambeth. Any recommendations they make may have a part-year impact on 2019/20, which has not been anticipated in these forecasts. It is more likely that any impacts will be felt in 2020/21.
- 2.12 The High Needs budget is complex and there may continue to be movements in the forecast for this financial year.
- 2.12 **Overall.** The analysis in Appendix 1 shows all the component parts of the DSG. These have been disaggregated in recent months to provide a more readily understandable format to improve transparency and financial control. This process has reinforced how complex a set of budgets the DSG supports and efforts will continue to improve the format and content of information provided to Schools Forum for future meetings.

3. DSG 2020/21

- 3.1 The Department for Education and the Education and Skills Funding Agency announced national increases for the DSG in October 2019. The implications for Lambeth were explained in a report to Schools Forum in November 2019.
- 3.2 In December 2019, the DSG allocations were refreshed to take account of the October 2019 pupil census numbers and the associated pupil characteristics relevant to individual schools.

Table 2: Comparison of December 2019 DSG announcement for 2020/21 with the Oct 2019 one

Block	DSG 2020/21 (October 2019 notification) £'000	Changes announced December 2019 £'000	Latest DSG for 2020/21 Financial year £'000
Schools Block	£213,648	-£823	£212,825
Central School Services Block	£1,062	-£7	£1,055
Early Years Block	£29,820	-£6	£29,814
High Needs Block	£46,896	+£205	£47,101
Total	£291,428	-£631	£290,795

- 3.3 The main reduction in the Schools Block arises because of the effect of 310 fewer primary pupils and 68 more secondary pupils. The High Needs Block has increased because there will be 43 more places in Lambeth Special Schools or Academies next financial year. The other more minor differences arise because of these pupil and place number changes: the funding rates are consistent with the announcements in October 2019.
- 3.4 The intention for 2020/21 is that the DSG budget overall is agreed by Cabinet and Council in February 2020. For this to happen, the reports to Schools Forum on this agenda will need to seek the appropriate decision from Schools Forum. This may be in the form of a specific decision or it may be in the form of comments about the LA's proposal (for Council ultimately to decide). The role of the local authority and the Schools Forum in the context of this is set out in Appendix 2.
- 3.5 There are separate reports on each of the 4 blocks, recognising that the available information may be more complete for some blocks, compared to others. Nonetheless, this meeting will

be the only opportunity for Schools Forum to advise Cabinet and Council on their views about the 2020/21 DSG prior to their determination of the budgets in February 2020.

4. Recommendations.

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

Appendix 1A**Summary of expenditure funded by DSG 2019/20 (Quarter 2)**

Block	Sub-division	SF Description	Forecast spend 2019/20
Schools Block	01 Schools Funding	Maintained mainstream budgets gross	£139,324
		Recouped mainstream academy funding	£69,964
	02 Other funds for schools	Falling Rolls	£585
		Growth Fund	£680
Schools Block Total			£210,553
Central School Services Block	01 School Admissions	School Admissions	£490
	02 Copyright licences	Copyright Licences	£167
	03 Education Welfare	Education Welfare Service	£217
	04 Statutory and Regulatory	Other Statutory and regulatory functions	£1,638
	05 De-delegation	Educational Responsibilities contribution from maintained schools	-£478
Central School Services Block Total			£2,034
Early Years Block	01 EY Settings Funding	2 Year Olds Early Years Provision	£3,447
		3 & 4 Year Olds Early Years Provision	£24,572
		EY Pupil Premium	£228
		Disability Access Fund	£69
		Early Years SEN Inclusion Fund	£350
	02 Central spend within 5%	Early Years and Educational Improvement	£771
		Children's Centres	£514
Early Years Block Total			£29,951

Block	Sub-division	SF Description	Forecast spend 2019/20
High Needs Block	01 Places	Places for maintained Special Schools	£5,610
		Recouped High Needs places for FE and Academies	£3,051
		Places - Resource Bases	£924
	02 Top-ups	Independent and non-maintained schools	£6,390
		Top-ups - Mainstream Lambeth	£7,166
		Top-ups - Mainstream Other LA	£1,586
		Top-ups - Special Schools Other LA	£2,877
		Top-ups - Post-16 FE and Specialist	£2,958
		Top-ups - Resource Bases Lambeth	£1,320
		Top-ups - Special Schools Lambeth	£8,295
		03 Other	ASD Outreach
	CENMAC		£55
	HN Fund to target pupils below EHCP Threshold		£500
	Sensory Support Outreach		£759
	Specialist Equipment		£91
	Disproportionate SEN in mainstream		£580
	Alternative Provision		£2,044
High Needs Block Total			£44,409
Grand Total			£286,947

Appendix 1B

Summary of latest 2019/20 DSG block allocations, including recoupment

Blocks	DSG received by LA £'000	DSG recouped by ESFA £'000	Gross DSG 2019/20 £'000
Schools Block	£141,648	£69,964	£211,612
Central School Services Block	£1,042	£	£1,042
High Needs Block	£39,672	£3,051	£42,724
Early Years Block	£29,781	£	£29,781
Total DSG 2019/20	£212,144	£73,015	£285,159
Backdated adjustment for Early Years DSG 2018/19	£155		£155
Total income to be received in 2019/20	£212,299	£73,015	£285,314

Appendix 2**Nature of decisions required for setting DSG budget for 2020/21**

Decision point	Schools Forum role	LA role
Schools Block – transfer of up to 5% to the High Needs Block	To decide, if the LA proposes such a transfer.	To agree the overall budget, taking account of such a decision.
Transfers between other blocks	To be consulted and to comment on the LA's proposals.	To decide whether any such transfers should take place.
Schools Block – formula allocation, including the level of the MFG.	To be consulted and to comment on the LA's proposals	To decide on the formula for 2020/21
Schools Block – Falling Rolls Fund	Decision already made about size of fund at November 2019 SF	To agree the overall budget, taking account of this decision.
Schools Block – Growth Fund	To decide the size of the fund (most of it already agreed in December, but one small element left on diseconomies of scale funding)	To agree the overall budget, taking account of this decision.
Central School Services Block	With the exception of the Copyright Licences, to agree each component of the proposed budget for Central School Services Block.	To agree the overall budget, taking account of these decisions.
Early Years Block – funding formula	To be consulted and to comment on the LA's proposals	To decide on the formula for 2020/21
Early Years Block – retained element of 5% for central services	To agree each component of the proposed budget for Central School Services Block.	To agree the overall budget, taking account of these decisions.
High Needs Block	To be consulted and to comment on the LA's proposals	To agree the overall budget, taking account of these decisions.

Agenda Item 5**Title: Growth Funding Criteria 2020/21****Date: 14th January 2020****Report to: Schools Forum****Report for:** Information **Decision X** Consultation Action**Author: Tim Gibson****1. Background**

- 1.1 A paper was brought to the last meeting of the Forum and provisional decisions were taken about the Growth Fund criteria for 2020/21.
- 1.2 The Forum requested that officers consider making a slight amendment to the criteria in order to give more clarity to the circumstances in which a primary school which is expanding into a newly expanded building and which is becoming an all-through school (as is the case at Woodmansterne) could be eligible for the diseconomies component of the growth fund.
- 1.3 The Forum had also been made aware that a submission had been made by St John's Angell Town, which was a one form entry primary school that had moved into expanded premises and which was planned to become a 3 form entry school. Although the PAN of the school had been increased from 30 to 90, the actual number of pupils in the school had not grown to exceed 30, i.e. the school is still operating as a one FE school and will in 2020 reduce its PAN back to 30. Had the pupil numbers in the school materialised as planned then these additional pupils would have meant that the school would have been eligible for growth funding and also would have generated an ongoing funding stream to the school. Due to the increased size of the school, the operating costs at the school have increased and the school has not yet determined a commercial use for the vacant space that will help to alleviate some of the operating costs. St John's Angell Town had been allocated funding from the Growth Fund in both 2017/18 and 2018/19 of £73,000 in each year.

2. Growth Fund Criteria

- 2.1 The following amendment is proposed to the Growth Fund criteria:

Where a primary school is expanding to become an all-through school it will be eligible for diseconomies of scale funding during the period of expansion by calculating the total number of unused KS3 and KS4 classes as a proportion of the total number of KS3 and KS4 classes that the school will have when full, until such time that more than 80% of these classes are operating. This proportion would then be applied to the value of the Lump-sum factor in the Lambeth Formula (presently £170,000).

- 2.2 Should this proposal be accepted, this would mean that Woodmansterne would be eligible for the following amounts of Diseconomies of Scale Growth Funding (note that the 2017/18 and 2018/19 amounts are included only for illustrative purposes):

Intake	academic year	financial year	Number of classes filled	Number of classes vacant	academic year	Proposed financial year Diseconomies Funding
					£	£
Sep-17	2017/18	2017/18	3	22	149600	87,000
Sep-18	2018/19	2018/19	6	19	129200	138,000
Sep-19	2019/20	2019/20	11	14	95200	109,000
Sep-20	2020/21	2020/21	16	9	61200	75,000
Sep-21	2021/22	2021/22	21	4	27200	0

3. 2019/20 Growth Fund considerations

- 3.1 Lambeth Schools Forum has been asked to consider whether to allocate a sum of funding from the Growth Fund to St John's Angell Town to reflect the additional costs of operating the expanded school. The email from the school to this effect is attached at Appendix 1.
- 3.2 The amount recommended is based on the same principles as in the previous two years, which is the primary AWPU value x 30 places x 7/12ths, giving a value of £74,000. This would be the final year that consideration would be given to advancing the growth funding to the school in this way. This amount will be treated as an advance of the funding that the school will receive when the planned expansion does materialise and as and when the school does expand beyond its current one form of entry.

4. Planned Growth Fund for 2020-21

- 4.1 Should the above proposal be accepted this would mean that an additional £75,000 would be required to be set aside in the Growth Fund in addition to the £240,000 that has already been agreed bring the total to £315,000.

5. Recommendations

- 5.1 The Schools Forum is requested to agree the amendment to the Growth fund criteria for 20/21 as set out in para 2.1.
- 5.2 The Schools Forum is requested to agree the allocation of £315k and for the Growth Fund for 2020/21.
- 5.3 The Schools Forum is asked to consider the request to allocate £74,000 from the Growth Fund to St John's Angell Town as set out in paras 3.1 to 3.2.

Appendix 1

From: Marcia Burke
Sent: 09 December 2019 17:30
To: Tim Gibson, Cathy Twist
Cc: Nicky Zeronian-Dalley; Sophia Bryan-Whyte; Chris Taylor; James Asfa
Subject: Growth Funding

Dear Tim,

Thank you for your email of 26th November 2019.

Whilst the school remains a one form entry school, our roll has fallen by 4 this year but our premises since expansion has grown by over 58%. The new building is a total of 3085 square metres , whilst the old building was a total of 1285; the new build ground floor is 10 square metres more than the entire old site at 1295.

It has been a financial catastrophe for St John's Angell Town that it was expanded from one form entry to three form entry at a time when pupil numbers, across not only Lambeth but the capital, were falling and are predicted to fall further. Whilst in the past we have had a few children on the waiting list, this has not been the case for some time. All other schools that have been expanded by two forms of entry have been popular first choice schools, with a waiting list and filled their places.

The building we now occupy is built to accommodate 3 forms of entry. We are currently one form entry with 17 vacant places across the year groups, further compromising our income. I am not aware of any other expanded school across the borough of Lambeth apart from St John's that through no fault of its' own has failed to realise it's new PAN and filled the building; increasing income year on year enabling successful expansion, as well as attracting growth funding. Until expansion, the school had never had a deficit.

As you are aware, in February 2019 we underwent a major support staff restructure to further reduce on-going costs. We are continually reviewing contracts and all expenditure, and are still in search of appropriate letting tenants for the top floor.

Currently the school PAN is 60, 30 more than the Reception numbers on the October 2019 census. From September 2020 the PAN will officially decrease to 30.

The growth funding income figure of £73,051 as received per annum via the cash summary since expansion has been included in our 2019/2020 budget. No notice has been given that this income will cease.

I respectfully ask that you reconsider ceasing the growth funding in this financial year, postponing it until 2020/2021, thereby allowing the school to make further provision to reduce expenditure, and continue to pursue letting opportunities.

I await your response.

Kind regards

Marcia Burke
School Business Manager
St John's Angell Town C of E Primary School

Agenda Item 6**Title: Schools Block 2020/21****Date: 14th January 2020****Report to: Schools Forum****Report for:** Information Decision **Consultation x** Action**Author: David Tully****1. Background**

- 1.1 A paper was presented to Schools Forum in November 2019 which outlined the main changes announced by the Department for Education earlier in the term. In December 2019, the DfE confirmed the final Schools Block allocations for 2020/21.
- 1.2 In September 2019 Schools Forum agreed that the minimum funding guarantee (MFG) should be at the lowest end of the permitted range (ie 0.5%). The LA consulted schools and Schools Forum in December 2019 about changes to the local funding formula. The final proposals on the Growth Fund for 2020/21 are elsewhere on this agenda.
- 1.3 The final arrangements for the funding formula for schools are for Cabinet and Council to determine in February 2020, but the proposals they will consider are set out in this report. Schools Forum is invited to comment on these proposals prior to final decisions by Members.

2. Updated funding available for 2020/21

- 2.1 The final Lambeth Schools Block DSG for 2020/21 has been confirmed at £212.825m. **Table 1** sets out the differences from the 2019/20 position.

Table 1: Comparison between Schools Block components 2019/20 and 2020/21

Component	2019/20			2020/21			Difference £m
	Pupil Nos	PUF / SUF*	Total 2019/20 £m	Pupil Nos	PUF / SUF*	Total £m	
Primary NFF	21,602	£5,471.45	£118.194m	21,292	£5,573.43	£118.669m	+£0.475m
Secondary NFF	11,471	£7,394.57	£84.823m	11,539	£7,530.92	£86.899m	+£2.076m
Premises NFF			£4.470m			£3.810m	-£0.660m
Funding protection			£0m			£0.381m	+£0.381m
Growth Factor			£4.124m			£3.066m	-£1.058m
Total Schools Block DSG	33,073		£211.612m	32,831		£212.824m	£1.212m

Note *: PUF = Primary unit of funding, SUF = Secondary unit of funding

- 2.2 Lambeth LA is the 4th highest funded per primary pupil in England and also the 4th highest funded per secondary pupil. The National Funding Formula, however, is expected to have a redistributive effect, particularly for LAs with very small per pupil funding allocations. The headline increases in funding for the Schools Block average 4% for England with the highest receiving 7.87%. For 2020/21, Lambeth was one of only three individual LAs whose Schools Block allocation had to be protected to ensure that the 1.84% minimum increase was provided.
- 2.3 The number of pupils decreased by 242 overall. There were 310 fewer in primary classes and 68 more in secondary classes.
- 2.4 The premises factor reduced between years, but the 2020/21 allocation merely reflects the sum of the 2019/20 premises allocations in the funding formula.
- 2.5 The national formula for growth looks at the geographical areas known as “medium super-output areas” (MSOAs). These are used for statistical purposes and there are around 1,000 pupils in each one. Any increases in pupil numbers between October 2018 and October 2019 in Lambeth MSOAs, treating primary and secondary separately, are counted. The formula counts all pupils in schools in the MSOA, rather than the individual home addresses of pupils. Any decreases in MSOA pupil numbers are ignored. The totals are multiplied by the £1,425 per primary pupil and £2,130 per secondary pupil, uprated by the Lambeth Area Cost Adjustment of 18.4%. The national formula used 232.5 fte primary pupils and 288.0 fte secondary pupils for Lambeth, to produce a pure formula allocation of £1.118m. No individual LA’s growth allocation may reduce by more than 0.5% of the overall Schools Block (£1.058m for Lambeth), so the amount of Lambeth transitional protection is £1.948m to produce the final growth allocation of £3.066m for 2020/21. **Table 2** sets out the calculations.
- 2.6 The growth factor was expected to reduce as the formulaic basis for its calculation is not as generous as the historic basis of funding this activity. The loss of £1.058m between years is the maximum loss that can be incurred in a year (0.5% of the Schools Block total). In future years, primary numbers are expected to dip and secondary numbers to increase. There is quite a gap (£2m) between the protected growth fund allocation of £3m and the pure formula allocation of £1m. It may be prudent to assume that a further £1m loss to the Schools Block may occur in 2021/22 and possibly also 2022/23.

Table 2: Summary of national formula for allocating growth for Lambeth 2020/21

Sector	No of Lambeth MSOAs with schools (out of 33)	No with growing pupil numbers	Fte pupils total in growing MSOAs	Rate (including ACA of 1.184) £	Allocation £m
Primary	31	13	232.5	£1,687.20	£0.392m
Secondary	15	7	288	£2,591.92	£0.746m
Pure formula total					£1.118m
Transitional protection					£1.948m
Total Growth Allocation 2020/21					£3.066m

3. Proposed allocation of funding 2020/21

- 3.1 The Lambeth allocations in the Schools Block have risen by the national minimum increase. The growth fund has reduced by £1m year-on-year, yet the Schools Block DSG will need to start funding the new secondary Clapham Harris Academy from September 2020. It is not proposed, therefore, that any funds be transferred out of the Schools Block for 2020/21.
- 3.2 **Table 3** sets out how the funding would be allocated, using the formula factors and weightings agreed in December 2019 and a Minimum Funding Guarantee level of 0.5%.

Table 3: Summary of proposed funding formula 2020/21

Component	£'000 2020/21
Basic Entitlement (ie Pupil numbers)	£166,047
AEN Factors (ie Pupil characteristics)	£26,283
School Factors (ie Premises and lump sums)	£18,083
Minimum Funding Guarantee	£1,514
Total formula funding	£211,926
Falling Rolls Fund	£315
Growth Fund	£585
Total allocation	£212,826

- 3.3 **Appendix 1** sets out the amounts, school by school. Maintained schools are affected by decisions taken by Schools Forum previously on De-Delegation (£5 per pupil) and Education Responsibilities (£20.50 per pupil). Academy totals are used by the ESFA to recoup DSG from the LA.
- 3.4 **Appendix 2** provides a summary of the overall formula with each component. Turnaround times for collating and checking the DfE spreadsheet are tight. Officers will continue to be vigilant in ensuring the final budgets are as accurate as they can be before the submission date of 21st January 2020.
- 3.5 Schools Forum's views on these proposed budgets are invited at this meeting. The formula submission will be made to the ESFA on 21st January 2020, subject to final decision by Cabinet and Council in February 2020.

4 Recommendations

- 5.1 The Schools Forum is requested to agree to the proposed budget plans for the Schools Block 2020/21 and to provide any comments it may wish to make to Cabinet / Council on these proposals.

Indicative formula allocations for mainstream schools 2020/21 (for Schools Forum 14th Jan 2020)

Subject to final validation

URN	LAESTAB	School Name	Number on Roll Primary	Number on Roll Secondary	Basic Entitlement Total £'000	AEN Total £'000	School Factors total £'000	20-21 MFG Adjustment £'000	20-21 Post MFG Budget £'000
Total			20,222	11,754	£166,045	£26,282	£18,083	£1,514	£211,925
100556	2082022	Ashmole Primary School	197.00	0.00	£840	£110	£203	£	£1,154
100560	2082115	Clapham Manor Primary School	409.00	0.00	£1,745	£255	£300	£	£2,300
100564	2082265	Granton Primary School	592.00	0.00	£2,526	£448	£236	£	£3,210
100566	2082292	Heathbrook Primary School	339.00	0.00	£1,446	£251	£211	£6	£1,915
100567	2082295	Henry Cavendish Primary School	801.00	0.00	£3,417	£384	£383	£113	£4,298
100572	2082331	Jessop Primary School	367.00	0.00	£1,566	£204	£208	£4	£1,983
100574	2082359	Kingswood Primary School	740.00	0.00	£3,157	£509	£330	£13	£4,010
100576	2082371	Lark Hall Primary School (Including Lark Hall Centre)	330.00	0.00	£1,408	£325	£229	£283	£2,244
100577	2082459	Paxton Primary School	484.00	0.00	£2,065	£269	£241	£	£2,576
100578	2082504	Richard Atkins Primary School	276.00	0.00	£1,178	£222	£235	£17	£1,651
100584	2082575	Sudbourne Primary School	312.00	0.00	£1,331	£204	£211	£	£1,747
100585	2082578	Sunnyhill Primary School	389.00	0.00	£1,660	£312	£270	£48	£2,289
100586	2082591	Telferscot Primary School	409.00	0.00	£1,745	£135	£209	£	£2,089
100588	2082617	Vauxhall Primary School	197.00	0.00	£840	£188	£177	£2	£1,207
100589	2082626	Walnut Tree Walk Primary School	245.00	0.00	£1,045	£185	£208	£	£1,438
100591	2082664	Wyvil Primary School and Centres for Children with Special Needs	467.00	0.00	£1,992	£470	£224	£140	£2,826
100593	2082783	Crown Lane Primary School	356.00	0.00	£1,519	£289	£262	£	£2,070
100595	2082785	Fenstanton Primary School	452.00	0.00	£1,928	£391	£170	£54	£2,543
100597	2082794	Elm Wood School	394.00	0.00	£1,681	£220	£225	£	£2,126
100598	2082808	Allen Edwards Primary School	319.00	0.00	£1,361	£272	£221	£	£1,854
100601	2082836	Glenbrook Primary School	192.00	0.00	£819	£159	£222	£50	£1,250
100604	2082868	Herbert Morrison Primary School	196.00	0.00	£836	£162	£203	£1	£1,202
100608	2082895	Streatham Wells Primary School	204.00	0.00	£870	£113	£202	£	£1,185
131247	2082897	Bonneville Primary School	343.00	0.00	£1,463	£217	£222	£13	£1,915
131340	2082898	Hill Mead Primary School	382.00	0.00	£1,630	£342	£226	£23	£2,220
131824	2082900	Hitherfield Primary School	601.00	0.00	£2,564	£351	£297	£116	£3,328
131874	2082901	Henry Fawcett Primary School	302.00	0.00	£1,288	£249	£214	£	£1,752
100582	2082902	Stockwell Primary School	515.00	0.00	£2,197	£405	£293	£13	£2,908
133315	2082903	Kings Avenue School	252.00	0.00	£1,075	£219	£220	£	£1,514
133584	2082905	Loughborough Primary School	335.00	0.00	£1,429	£324	£247	£	£2,000
133662	2083000	Jubilee Primary School	361.00	0.00	£1,540	£325	£259	£	£2,124
100609	2083307	Archbishop Sumner Church of England Primary School	361.00	0.00	£1,540	£256	£212	£132	£2,141
100610	2083324	Christ Church Primary SW9	181.00	0.00	£772	£144	£178	£17	£1,111

URN	LAESTAB	School Name	Number on Roll Primary	Number on Roll Secondary	Basic Entitlement Total £'000	AEN Total £'000	School Factors total £'000	20-21 MFG Adjustment £'000	20-21 Post MFG Budget £'000
100612	2083375	Macaulay Church of England Primary School	185.00	0.00	£789	£91	£178	£	£1,058
100613	2083403	St Andrew's Church of England Primary School	191.00	0.00	£815	£137	£175	£	£1,127
100614	2083457	St John the Divine Church of England Primary Sch	164.00	0.00	£700	£127	£175	£	£1,002
100615	2083466	St John's Angell Town Church of England Primary	193.00	0.00	£823	£167	£192	£5	£1,187
100616	2083491	St Jude's Church of England Primary School	199.00	0.00	£849	£79	£176	£	£1,104
100619	2083502	St Mark's Church of England Primary School	187.00	0.00	£798	£173	£175	£8	£1,154
100620	2083589	St Saviour's Church of England Primary School	189.00	0.00	£806	£83	£173	£	£1,062
100621	2083596	St Stephen's Church of England Primary School	193.00	0.00	£823	£184	£174	£	£1,182
100622	2083621	Holy Trinity Church of England Primary School	319.00	0.00	£1,361	£254	£180	£	£1,795
100623	2083641	St Helen's Catholic School	265.00	0.00	£1,131	£224	£176	£	£1,530
134507	2083642	The Orchard School	204.00	0.00	£870	£173	£173	£2	£1,219
135614	2083643	Iqra Primary School	209.00	0.00	£892	£173	£175	£184	£1,424
100628	2085200	St Bernadette Catholic Junior School	225.00	0.00	£960	£135	£175	£	£1,269
100629	2085201	St Anne's Catholic Primary School	362.00	0.00	£1,544	£294	£182	£	£2,020
100631	2085203	St Bede's Catholic Infant School	140.00	0.00	£597	£152	£173	£	£922
100632	2085204	St Andrew's Catholic Primary School	427.00	0.00	£1,822	£235	£183	£	£2,239
100633	2085205	Immanuel and St Andrew Church of England Prim	394.00	0.00	£1,681	£198	£182	£	£2,062
100634	2085206	Reay Primary School	201.00	0.00	£858	£146	£176	£4	£1,184
100636	2085208	St Mary's Roman Catholic Primary School	313.00	0.00	£1,335	£183	£173	£	£1,691
100602	2085209	Julian's Primary School	957.00	0.00	£4,083	£398	£255	£148	£4,885
100624	2084223	Norwood School	0.00	857.00	£5,437	£760	£459	£	£6,656
100625	2084321	Lilian Baylis Technology School	0.00	617.00	£3,922	£589	£637	£	£5,147
100627	2084509	Saint Gabriel's College	0.00	566.00	£3,594	£723	£284	£	£4,601
100637	2085400	La Retraite Roman Catholic Girls' School	0.00	806.00	£5,119	£644	£197	£	£5,961
100638	2085401	Bishop Thomas Grant Catholic Secondary School	0.00	935.00	£5,939	£526	£204	£	£6,669
100642	2085405	London Nautical School	0.00	520.00	£3,304	£521	£191	£	£4,016
100590	2082657	Woodmansterne All-through School	721.00	415.50	£5,695	£773	£724	£	£7,192
146368	2082001	Van Gogh Primary	544.00	0.00	£2,321	£404	£252	£	£2,977
137430	2082332	Oasis Academy Johanna	191.00	0.00	£815	£139	£180	£	£1,133
144308	2082899	Rosendale Primary School	638.00	0.00	£2,722	£235	£183	£	£3,140
145614	2083329	Christ Church, Streatham Church of England Prim	205.00	0.00	£875	£118	£175	£1	£1,169
145615	2083493	St Leonard's Church of England Primary school	314.50	0.00	£1,342	£153	£178	£	£1,673
145616	2083499	St Luke's Church of England Primary School	185.00	0.00	£789	£154	£172	£	£1,115
137295	2085202	Corpus Christi Catholic Primary School	393.00	0.00	£1,677	£184	£188	£	£2,049
139659	2084000	Oasis Academy South Bank	0.00	602.00	£3,825	£655	£241	£	£4,721
140966	2084003	Trinity Academy	0.00	491.00	£3,113	£685	£194	£67	£4,059

URN	LAESTAB	School Name	Number on Roll Primary	Number on Roll Secondary	Basic Entitlement Total £'000	AEN Total £'000	School Factors total £'000	20-21 MFG Adjustment £'000	20-21 Post MFG Budget £'000
142905	2084005	South Bank Engineering UTC	0.00	61.00	£395	£51	£198	£5	£649
145857	2084006	Archbishop Tenison's School	0.00	332.00	£2,115	£440	£186	£	£2,742
136450	2084322	Platanos College	0.00	1,021.00	£6,487	£1,144	£251	£	£7,882
144309	2084731	The Elmgreen School	0.00	877.00	£5,572	£865	£231	£22	£6,690
137966	2085404	St Martin in the Fields High School for Girls	0.00	417.00	£2,653	£464	£210	£	£3,326
134815	2086905	Lambeth Academy	0.00	748.00	£4,754	£806	£220	£22	£5,802
135389	2086906	Ark Evelyn Grace Academy	0.00	578.00	£3,677	£790	£230	£	£4,696
137954	2086907	City Heights E-ACT Academy	0.00	719.00	£4,574	£902	£232	£	£5,708
137093	2085402	Dunraven School	411.00	1,078.00	£8,603	£934	£290	£	£9,828
199999	2089999	Harris Clapham	0.00	113.75	£714	£109	£207	£	£1,030

Local Authority Funding Reform Proforma

LA Name:	Lambeth
LA Number:	208

Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level
£3,750	£4,800.00	£5,300.00	£5,000.00

Disapplication number where alternative MPPF

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00		Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Description	Amount per pupil		Pupil Units		Sub Total			Primary	Secondary
	Primary (Years R-6)	£4,266.33		21,419.50		£91,382,655	£166,045,256	43.43%	20.00%	
	Key Stage 3 (Years 7-9)	£6,278.75		7,243.75		£45,481,695		21.62%	20.00%	
	Key Stage 4 (Years 10-11)	£6,469.55		4,510.50		£29,180,905		13.87%	20.00%	
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£89.03	£97.71	5,545.71	3,372.66	£823,277	£13,087,224	6.22%	30.00%	30.00%
	FSM6	£706.57	£760.84	7,832.32	5,868.71	£9,999,257			30.00%	30.00%
	IDACI Band F	£40.47	£64.40	2,114.07	1,126.96	£158,131				
	IDACI Band E	£48.56	£86.60	3,683.61	2,084.42	£359,396				
	IDACI Band D	£72.85	£114.37	3,309.27	1,885.05	£456,665				
	IDACI Band C	£78.92	£124.36	3,926.36	2,476.53	£617,841				
	IDACI Band B	£84.99	£133.24	3,659.70	2,248.79	£610,660				
	IDACI Band A	£116.35	£179.87	254.69	179.92	£61,996				
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
3) Looked After Children (LAC)	LAC X March 19	£0.00		117.35		£0	£4,845,798	0.00%		
4) English as an Additional Language	EAL 3 Primary	£619.73		5,521.77		£3,422,009		2.25%	20.00%	
	EAL 3 Secondary		£1,995.72		653.12	£1,303,444				20.00%
5) Mobility	Pupils starting school outside of normal entry dates	£1,054.79	£1,506.84	103.71	7.27	£120,346		0.06%	10.00%	10.00%
	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
6) Prior attainment	Primary Low Attainment		£543.47	32.61%	6,984.20	£3,795,705	£8,349,439	3.97%		
	Secondary low attainment (year 7)	64.53%	£1,865.18	21.84%	2,441.45	£4,553,735				
	Secondary low attainment (year 8)	63.59%		22.48%						
	Secondary low attainment (year 9)	58.05%		21.08%						
	Secondary low attainment (year 10)	48.02%		21.12%						
	Secondary low attainment (year 11)			17.01%						

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
7) Lump Sum	£170,000.00	£170,000.00			£13,430,000	6.38%	
8) Sparsity factor					£0	0.00%	
9) Fringe Payments					£0	0.00%	
10) Split Sites					£405,510	0.19%	
11) Rates					£4,041,330	1.92%	
12) PFI funding					£206,000	0.10%	
13) Exceptional circumstances (can only be used with prior agreement of ESFA)							

Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)					£210,410,558	100.00%	
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14) Additional funding to meet minimum per pupil funding level					£0	0.00%	
Total Funding for Schools Block Formula (excluding MFG Funding Total)					£210,410,558	100.00%	

15) Minimum Funding Guarantee		0.50%			£1,514,247		
Where a value less than 0.5% or greater than 1.84% has been entered please provide the disapplication reference number authorising the value							
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)							
No							
Capping Factor (%)		Scaling Factor (%)					
Total deduction if capping and scaling factors are applied							
£0							
					Total (£)	Proportion of Total funding(%)	Notional SEN (%)
MFG Net Total Funding (MFG + deduction from capping and					£1,514,247	0.71%	
Total Funding for Schools Block Formula					£211,924,805		£37,412,936
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)							
Additional funding from the high needs budget					£0.00		
Growth fund (if applicable)					£315,000.00		
Falling rolls fund (if applicable)					£585,000.00		
Other Adjustment to 19-20 Budget Shares							
Total Funding For Schools Block Formula (including growth and falling rolls funding)					£212,824,805		
% Distributed through Basic Entitlement					78.91%		
% Pupil Led Funding					91.41%		
Primary: Secondary Ratio					1 :	1.40	

Comparison of APT allocations (post MFG, but before de-delegation) 2019/20 v 2020/21 (proposed)

URN	DfE No	School Name	Pupils 2019/20	Pupils 2020/21	Difference (pupils)	Difference (%age)	APT allocation (before de- delegation 2019/20 (£'000)	APT allocation (before de- delegation 2020/21 (£'000)	Difference (£'000)	Difference (%age)
Total			33,330	33,174	-156	-0.5%	£209,287	£211,925	£2,637	1.3%
100556	2082022	Ashmole Primary School	201.00	197.00	-4	-2.0%	£1,166	£1,154	-£13	-1.1%
100560	2082115	Clapham Manor Primary School	415.00	409.00	-6	-1.4%	£2,264	£2,300	£36	1.6%
100564	2082265	Granton Primary School	595.00	592.00	-3	-0.5%	£3,189	£3,210	£21	0.7%
100566	2082292	Heathbrook Primary School	333.00	339.00	6	1.8%	£1,871	£1,915	£44	2.3%
100567	2082295	Henry Cavendish Primary School	817.00	801.00	-16	-2.0%	£4,307	£4,298	-£9	-0.2%
100572	2082331	Jessop Primary School	359.00	367.00	8	2.2%	£1,923	£1,983	£60	3.1%
100574	2082359	Kingswood Primary School	787.00	740.00	-47	-6.0%	£4,199	£4,010	-£189	-4.5%
100576	2082371	Lark Hall Primary School (Including Lark Hall Cen	332.00	330.00	-2	-0.6%	£2,226	£2,244	£19	0.8%
100577	2082459	Paxton Primary School	428.00	484.00	56	13.1%	£2,289	£2,576	£286	12.5%
100578	2082504	Richard Atkins Primary School	303.00	276.00	-27	-8.9%	£1,779	£1,651	-£127	-7.2%
100584	2082575	Sudbourne Primary School	310.00	312.00	2	0.6%	£1,713	£1,747	£34	2.0%
100585	2082578	Sunnyhill Primary School	473.00	389.00	-84	-17.8%	£2,707	£2,289	-£418	-15.5%
100586	2082591	Telferscot Primary School	411.00	409.00	-2	-0.5%	£2,080	£2,089	£9	0.4%
100588	2082617	Vauxhall Primary School	196.00	197.00	1	0.5%	£1,196	£1,207	£11	0.9%
100589	2082626	Walnut Tree Walk Primary School	220.00	245.00	25	11.4%	£1,277	£1,438	£162	12.7%
100591	2082664	Wyvil Primary School and Centres for Children V	473.00	467.00	-6	-1.3%	£2,877	£2,826	-£50	-1.7%
100593	2082783	Crown Lane Primary School	378.00	356.00	-22	-5.8%	£2,143	£2,070	-£73	-3.4%
100595	2082785	Fenstanton Primary School	501.00	452.00	-49	-9.8%	£2,787	£2,543	-£244	-8.8%
100597	2082794	Elm Wood School	395.00	394.00	-1	-0.3%	£2,105	£2,126	£21	1.0%
100598	2082808	Allen Edwards Primary School	340.00	319.00	-21	-6.2%	£1,932	£1,854	-£78	-4.0%
100601	2082836	Glenbrook Primary School	210.00	192.00	-18	-8.6%	£1,321	£1,250	-£72	-5.4%
100604	2082868	Herbert Morrison Primary School	192.00	196.00	4	2.1%	£1,165	£1,202	£37	3.2%
100608	2082895	Streatham Wells Primary School	206.00	204.00	-2	-1.0%	£1,174	£1,185	£11	0.9%
131247	2082897	Bonneville Primary School	344.00	343.00	-1	-0.3%	£1,898	£1,915	£17	0.9%
131340	2082898	Hill Mead Primary School	388.00	382.00	-6	-1.5%	£2,239	£2,220	-£18	-0.8%
131824	2082900	Hitherfield Primary School	611.00	601.00	-10	-1.6%	£3,361	£3,328	-£33	-1.0%
131874	2082901	Henry Fawcett Primary School	345.00	302.00	-43	-12.5%	£1,937	£1,752	-£186	-9.6%
100582	2082902	Stockwell Primary School	509.00	515.00	6	1.2%	£2,872	£2,908	£36	1.3%
133315	2082903	Kings Avenue School	303.00	252.00	-51	-16.8%	£1,762	£1,514	-£249	-14.1%
133584	2082905	Loughborough Primary School	364.00	335.00	-29	-8.0%	£2,133	£2,000	-£133	-6.2%
133662	2083000	Jubilee Primary School	348.00	361.00	13	3.7%	£2,033	£2,124	£91	4.5%

URN	DfE No	School Name	Pupils 2019/20	Pupils 2020/21	Difference (pupils)	Difference (%)	APT allocation (before de- delegation 2019/20 (£'000)	APT allocation (before de- delegation 2020/21 (£'000)	Difference (£'000)	Difference (%)
100609	2083307	Archbishop Sumner Church of England Primary School	381.00	361.00	-20	-5.2%	£2,233	£2,141	-£93	-4.2%
100610	2083324	Christ Church Primary SW9	172.00	181.00	9	5.2%	£1,059	£1,111	£51	4.8%
100612	2083375	Macaulay Church of England Primary School	188.00	185.00	-3	-1.6%	£1,054	£1,058	£5	0.4%
100613	2083403	St Andrew's Church of England Primary School	190.00	191.00	1	0.5%	£1,113	£1,127	£14	1.3%
100614	2083457	St John the Divine Church of England Primary School	148.00	164.00	16	10.8%	£893	£1,002	£108	12.1%
100615	2083466	St John's Angell Town Church of England Primary School	196.00	193.00	-3	-1.5%	£1,200	£1,187	-£13	-1.1%
100616	2083491	St Jude's Church of England Primary School	191.00	199.00	8	4.2%	£1,056	£1,104	£48	4.6%
100619	2083502	St Mark's Church of England Primary School	178.00	187.00	9	5.1%	£1,102	£1,154	£52	4.7%
100620	2083589	St Saviour's Church of England Primary School	199.00	189.00	-10	-5.0%	£1,091	£1,062	-£29	-2.6%
100621	2083596	St Stephen's Church of England Primary School	192.00	193.00	1	0.5%	£1,170	£1,182	£12	1.0%
100622	2083621	Holy Trinity Church of England Primary School	326.00	319.00	-7	-2.1%	£1,790	£1,795	£5	0.3%
100623	2083641	St Helen's Catholic School	253.00	265.00	12	4.7%	£1,451	£1,530	£78	5.4%
134507	2083642	The Orchard School	200.00	204.00	4	2.0%	£1,193	£1,219	£26	2.2%
135614	2083643	Iqra Primary School	209.00	209.00	0	0.0%	£1,417	£1,424	£7	0.5%
100628	2085200	St Bernadette Catholic Junior School	228.00	225.00	-3	-1.3%	£1,271	£1,269	-£2	-0.2%
100629	2085201	St Anne's Catholic Primary School	384.00	362.00	-22	-5.7%	£2,121	£2,020	-£101	-4.7%
100631	2085203	St Bede's Catholic Infant School	158.00	140.00	-18	-11.4%	£977	£922	-£55	-5.6%
100632	2085204	St Andrew's Catholic Primary School	440.00	427.00	-13	-3.0%	£2,268	£2,239	-£29	-1.3%
100633	2085205	Immanuel and St Andrew Church of England Primary School	399.00	394.00	-5	-1.3%	£2,073	£2,062	-£11	-0.5%
100634	2085206	Reay Primary School	206.00	201.00	-5	-2.4%	£1,202	£1,184	-£19	-1.5%
100636	2085208	St Mary's Roman Catholic Primary School	314.00	313.00	-1	-0.3%	£1,678	£1,691	£13	0.8%
100602	2085209	Julian's Primary School	913.00	957.00	44	4.8%	£4,645	£4,885	£239	5.2%
100624	2084223	Norwood School	816.00	857.00	41	5.0%	£6,304	£6,656	£352	5.6%
100625	2084321	Lilian Baylis Technology School	619.00	617.00	-2	-0.3%	£5,120	£5,147	£27	0.5%
100627	2084509	Saint Gabriel's College	538.00	566.00	28	5.2%	£4,239	£4,601	£362	8.5%
100637	2085400	La Retraite Roman Catholic Girls' School	783.00	806.00	23	2.9%	£5,728	£5,961	£232	4.1%
100638	2085401	Bishop Thomas Grant Catholic Secondary School	934.00	935.00	1	0.1%	£6,566	£6,669	£102	1.6%
100642	2085405	London Nautical School	522.00	520.00	-2	-0.4%	£3,940	£4,016	£77	1.9%
100590	2082657	Woodmansterne Primary School & Children's Centre	945.00	1,136.50	192	20.3%	£5,444	£7,192	£1,748	32.1%
137430	2082332	Oasis Academy Johanna	188.00	191.00	3	1.6%	£1,091	£1,133	£42	3.9%
144308	2082899	Rosendale Primary School	635.00	638.00	3	0.5%	£3,106	£3,140	£33	1.1%
145614	2083329	Christ Church, Streatham Church of England Primary School	201.00	205.00	4	2.0%	£1,145	£1,169	£25	2.1%
145615	2083493	St Leonard's Church of England Primary school	295.50	314.50	19	6.4%	£1,566	£1,673	£106	6.8%

URN	DfE No	School Name	Pupils 2019/20	Pupils 2020/21	Difference (pupils)	Difference (%age)	APT allocation (before de- delegation 2019/20 (£'000)	APT allocation (before de- delegation 2020/21 (£'000)	Difference (£'000)	Difference (%age)
145616	2083499	St Luke's Church of England Primary School	196.00	185.00	-11	-5.6%	£1,160	£1,115	-£44	-3.8%
137295	2085202	Corpus Christi Catholic Primary School	390.00	393.00	3	0.8%	£2,004	£2,049	£44	2.2%
139659	2084000	Oasis Academy South Bank	610.00	602.00	-8	-1.3%	£4,680	£4,721	£41	0.9%
140966	2084003	Trinity Academy	420.00	491.00	71	16.9%	£3,484	£4,059	£576	16.5%
142905	2084005	South Bank Engineering UTC	94.00	61.00	-33	-35.1%	£889	£649	-£240	-27.0%
136450	2084322	Platanos College	1,033.00	1,021.00	-12	-1.2%	£7,868	£7,882	£14	0.2%
144309	2084731	The Elmgreen School	888.00	877.00	-11	-1.2%	£6,735	£6,690	-£45	-0.7%
137966	2085404	St Martin in the Fields High School for Girls	438.00	417.00	-21	-4.8%	£3,389	£3,326	-£63	-1.9%
134815	2086905	Lambeth Academy	787.00	748.00	-39	-5.0%	£6,081	£5,802	-£278	-4.6%
135389	2086906	Ark Evelyn Grace Academy	627.00	578.00	-49	-7.8%	£5,002	£4,696	-£306	-6.1%
137954	2086907	City Heights E-ACT Academy	770.00	719.00	-51	-6.6%	£5,997	£5,708	-£289	-4.8%
146368	2082001	Van Gogh Academy	636.00	544.00	-92	-14.5%	£3,403	£2,977	-£426	-12.5%
137093	2085402	Dunraven School	1,455.00	1,489.00	34	2.3%	£9,497	£9,828	£330	3.5%
145857	2084006	Archbishop Tenison's School	357.00	332.00	-25	-7.0%	£2,866	£2,742	-£124	-4.3%
199999	2089999	Harris Clapham	0.00	113.75	114	N/A	£	£1,030	£1,030	N/A

Agenda Item 7

Title: Central School Services Block 2020/21

Date: 14th January 2020

Report to: Schools Forum

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

Author: David Tully

1. Background to Item

- 1.1 The Central School Services Block is relatively small for Lambeth, compared to other London Authorities. The December 2019 announcement on Schools Funding identified a grand total of £1.055m for this block of the DSG for 2020/21. This represents £32 per pupil, again the lowest in London, with the average for London being £68 per pupil.
- 1.2 This low level of resource has put pressure on the LA in being able to afford the range of statutory, regulatory and other functions that an education authority must provide, whether it has many or few academies. For 2019/20, this has required some use of reserves, but for 2020/21, where we are not currently forecasting any reserves, difficult choices remain about how to proceed with this block.
- 1.3 At Schools Forum in December 2019, it was agreed that a sum of £20.50 per maintained school pupil would be used to de-delegate funding for the Local Authority's educational responsibilities. This was expected to provide a sum in the region of £0.478m for 2020/21 financial year. This is a separate consideration to that of how much should be applied to Central School Services Block responsibilities.

2. Details

- 2.1 The Central School Services Block is for local authority services and function that apply, regardless of how many academies an authority may have. This is to provide funding for a prescribed list of services under the headings: Statutory and Regulatory, Education Welfare, Admissions, Asset Management, Other Ongoing Duties and Historic Responsibilities.
- 2.2 The funding formula distinguishes between the current list of services and functions and the historic responsibilities which would have had to be agreed by the Schools Forum prior to 2013.
- 2.3 The current list of services is funded by way of a formulaic allocation based on a per pupil amount (£32.12) multiplied by the number of primary and secondary school pupils used in the Schools Block (32,831), giving £1.055m.
- 2.4 The historic list of services has been funded on the basis of a fixed amount, linked to previously agreed items. For 2020/21, the DfE has signalled the phased withdrawal of this element of funding by abating each LA's amount by 20%. Lambeth, unfortunately, did not have any

- historic costs that were recognised as meeting the criteria, so it receives no funding for this element of the allocation.
- 2.5 These two amounts combine to produce the lowest allocation per pupil in London for the Central School Services Block. This has created difficulties for the LA in the past, with more costs being incurred than the limited funding would allow. During 2019/20, the amounts in excess of the CSSB allocation have been supported by DSG reserves.
- 2.6 This situation needs to resolve itself, possibly in more than one step.
- 2.7 **Appendix 1** sets out the components of the Central School Services Block, including a notional indication of what Lambeth proposes to charge to the CSSB for 2020/21 and an explanation of how the amount has been calculated. It must be stressed that this exercise was undertaken to assist in conveying the nature of the activities which the Local Authority undertakes on these functions; we are currently spending £2.032m and further work on this will be needed during the year to refine individual parts of it.
- 2.8 This schedule comes to a grand total of £2.032m and there is only £1.055m available. The schedule has indicated which ones take precedence, in that the LA ought to be using CSSB funding for these functions before it pays for anything else. Nonetheless, the £1.055m does not go very far and the LA would be lacking £0.9m in funding for many of its statutory and regulatory functions and £0.1m for its Asset Management responsibilities.
- 2.9 The LA would ideally wish to apply DSG reserves to this for 2020/21 and undertake to scale back and rethink the services currently charged to the retained budgets in the DSG for 2021/22 (ie those in CSSB, the Education Responsibilities, the retained Early Years 5% and the High Needs budget). There are not currently estimated to be any such reserves at the end of 2019/20.
- 2.10 An alternative would be to transfer funding from one of the other blocks to meet the excess amount in 2020/21, but we do not believe that Schools Forum would endorse such a formal request at this late stage in the budget setting process.
- 2.11 The LA would like to suggest a conditional approach to this issue.
- Schools Forum would support the use of the full £1.055m for the first tranche of services listed as priorities in the schedule at **Appendix 1**.
 - Schools Forum would support the charging of the second tranche of services listed in the schedule at **Appendix 1**, subject to there being unplanned DSG reserves available, up to a maximum of £0.977m, during either 2019/20 or 2020/21.
 - If no such reserves emerge by the end of 2020/21, the costs of the second tranche will be reconsidered at that stage.
 - For 2021/22, the LA will reconsider the longer term arrangements for all centrally retained spending with a view to operating within the available resources from that point.
- 2.12 For the avoidance of doubt, the summary position arising from the proposal referred to in the previous paragraph from Appendix 1 is set out in **Table 1**.

Table 1: First and second priority components of the CSSB for 2020/21

Component	Total First Priority £'000	Total Second Priority £'000	Total all £'000
Statutory and Regulatory	143	877	1,020
Education Welfare	220	0	220
Asset Management	0	100	100
Other ongoing duties	692	0	692
Total	1,055	977	2,032

3. Recommendations

- 3.1 Schools Forum agrees to the use of the £1.055m CCSB as indicated in the schedule in **Appendix 1**.
- 3.2 Schools Forum agrees to the charging of up to a further £0.977m to the CSSB activities, subject to the conditions set out in paragraph 2.11.

Appendix 1

Category	Component permitted to be funded from central DSG, subject to Schools Forum agreement	Brief explanation of what the assessed amount might pay for in 2020/21	Priority for first £1.055m	Indicative Amount for 2020/21 £'000
Statutory & Regulatory	<ul style="list-style-type: none"> Director of children's services and personal staff for director (Sch 2, 15a) Planning for the education service as a whole (Sch 2, 15b) 	Central budgets for education planning that are not already charged elsewhere in the DSG.	Yes (up to the £1.055m after the other indicated priorities)	250
Statutory & Regulatory	<ul style="list-style-type: none"> Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22) Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c) Formulation and review of local authority schools funding formula (Sch 2, 15d) 	Accounting and finance staff directly supporting education budget setting and funding for all schools.		440
Statutory & Regulatory	<ul style="list-style-type: none"> Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e) 	Estimated cost of internal audit time		100
Statutory & Regulatory	<ul style="list-style-type: none"> Consultation costs relating to non-staffing issues (Sch 2, 19) Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f) 	Estimated cost of public consultation on service development (eg High Needs) and collaborative working.		150
Statutory & Regulatory	<ul style="list-style-type: none"> Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17) 	Current budget for SACRE.	Yes	20
Statutory & Regulatory	<ul style="list-style-type: none"> Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21) 	Legal Services staff support.		50
Education Welfare	<ul style="list-style-type: none"> Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20) School attendance (Sch 2, 16) Responsibilities regarding the employment of children (Sch 2, 18) 	Current budget for Education Welfare	Yes	220

Asset Management	<ul style="list-style-type: none"> Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a) General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b) 	Current budget for education property management and capital programme monitoring.		100
Other ongoing duties	<ul style="list-style-type: none"> Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require schools forum approval 	Costs notified by ESFA	Yes	177
Other ongoing duties	<ul style="list-style-type: none"> Admissions (Sch 2, 9) 	Costs of the Admissions Function in Lambeth	Yes	500
Other ongoing duties	<ul style="list-style-type: none"> Places in independent schools for non-SEN pupils (Sch 2, 10) 	None		0
Other ongoing duties	<ul style="list-style-type: none"> Remission of boarding fees at maintained schools and academies (Sch 2, 11) 	None		0
Other ongoing duties	<ul style="list-style-type: none"> Servicing of schools forums (Sch 2, 12) 	Estimated cost of clerking and accommodation mainly.	Yes	25
Other ongoing duties	<ul style="list-style-type: none"> Back-pay for equal pay claims (Sch 2, 13) 	None		0
Other ongoing duties	<ul style="list-style-type: none"> Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23) 	Immaterial		0
Other ongoing duties	<ul style="list-style-type: none"> Capital expenditure funded from revenue (Sch 2, 1) Prudential borrowing costs (Sch 2, 2(a)) Termination of employment costs (Sch 2, 2(b)) Contribution to combined budgets (Sch 2, 2(c)) 	ESFA does not recognise any historic commitments for Lambeth.		0
TOTAL Central School Services Eligible Expenditure				2,032

Agenda Item 8**Title:** Early Years Block 2020/21**Date:** 14th January 2020**Report to:** Schools Forum**Report for:** Information **Decision x** **Consultation x** **Action****Author:** David Tully**1. Background**

- 1.1 The Early Years National Funding Formula (EYNFF) has been operating for three years. Lambeth is amongst the authorities to receive the highest funding per hour for 2, 3 and 4 year old provision; highest national rate for 2 year olds and 7th highest rate for 3 and 4 year olds. The two year old rate has been increasing in recent years, from £6.07 in 2016/17 to £6.58 for 2020/21. The three and four year old rate has been reducing during that period, from £8.14 in 2016/17 to £7.32 in 2020/21.
- 1.2 The 2 year old rate for 2020/21 is an 8p increase on 2019/20 and the 3&4 year old rate for 2020/21 is no change on that for 2019/20.
- 1.3 The EYNFF has required a universal funding rate to be applied to all types of settings (maintained nursery schools, nursery classes in mainstream schools and academies, private, voluntary and independent (PVI) providers and child-minders). There are limits on the amounts that can be distributed through the formula for deprivation, quality and specific support for maintained nursery schools. A provision for SEND Inclusion to meet emerging needs is permitted. The Local Authority may retain funding to manage the service and promote good practice, but this is limited to a maximum of 5% of the amount of 3&4 year old funding total.
- 1.4 In recent years, the early years offer has included offering 30 hour provision to working families. Take up for this has risen nationally and in Lambeth.
- 1.5 Funding is provided to settings each term on the basis of actual provision (ie an estimate at the beginning of the year, adjusted for actual participation once the census numbers are known). Funding provided through the DSG, however, is based on 5/12ths of the January census prior to the start of the financial year and 7/12ths of the January census during the year. Thus, until the final January census numbers are verified, the true income and expenditure for Early Years is not fully available. The final January census accounts for 1/3rd of the expenditure for the year and 7/12ths of the income. The ESFA will not confirm the final 2019/20 Early Years DSG total until the summer of 2020.
- 1.6 It is in this context that decisions about the local early years funding rates for 2020/21 must be determined.

2. Early Years Funding 2019/20

- 2.1 The latest Early Years DSG allocation for 2019/20 is based on the January 2019 census. The final one will be based on the January 2020 census. The funding components and the local decisions about how the funding is being applied in this financial year are set out in Tables 1A and 1B below.

Table 1A: Components of latest Early Years DSG 2019/20 (November 2019)

	PTE pupils (570 hours)	Rate per hour (£)	Total EY DSG 2019/20 £'000
Income component			
2 Year old funding	845	£6.50	£3,132
3&4 YO funding (Universal)	4,579	£7.32	£19,107
3&4 YO funding (Extended)	1,623	£7.32	£6,772
EY Pupil Premium			£178
Disability Access Fund			£69
Maintained Nursery School Supplement			£523
Total based on January 2019 participation			£29,781

Table 1B: Planned spend on Early Years 2019/20 (based on Jan 2019 participation)

	PTE pupils (570 hours)	Rate per hour (£)	Total Planned 2019/20 £'000
Planned spending component			
2 year old funding	845	£6.50	£3,132
3&4 YO Universal & Extended rates	6,202	£6.03	£21,318
Deprivation (£1.56)	6,202	£0.31	£1,104
Quality	6,202	£0.13	£465
Maintained Nursery Supplements (local)	6,202	£0.08	£275
SEND Inclusion Fund	6,202	£0.10	£350
Retained central support	6,202	£0.35	£1,225
Contingency for variations in pupils etc	6,202	£0.32	£1,142
Total 3&4 year olds		£7.32	£25,879
Maintained Nursery Supplements (national)			£523
EY Pupil Premium			£178
Disability Access Fund			£69
Total spend at the same participation level			£29,781

- 2.2 The contingency amount of £1.142m will be necessary to some extent to absorb any variations that might arise from participation levels during the year. The national Maintained Nursery School (MNS) Supplement has reduced by £24k since the original calculations (because it is recalculated with each census). The contingency fund will ensure that the balance between the national and the local MNS supplement does not affect those individual schools.
- 2.3 The pattern of participation is different in each term. Four year olds may be in nursery classes in the term after their fourth birthday, but most will move to Reception class in the autumn term. This has knock-on impacts on the places available for three year olds and two years

olds. The extent to which individual settings admit pupils for 30 hours has knock on impacts on all early years admissions. Broadly, however, the May term tends to be the most populous for early years participation, the October term the lowest (because a larger number of 4 year olds will have moved to reception classes) and January tends to be mid-way between the two. This is why the DfE use January as the basis for funding, but there is no guarantee that the participation levels used for funding individual settings will be the same as that used for funding local authorities.

- 2.4 A contingency is, therefore, prudent.
- 2.5 While the analysis for actual participation in 2019/20 is incomplete, it looks unlikely that a contingency of £1.142m will be needed to absorb the potential variations. Indeed, the variations could be positive as well as negative.

3. Early Years Funding 2020/21

- 3.1 There are only minor changes to the funding for 2020/21 because the funding is still based on the January 2019 pupil census. The 2 year old rate has increased by 8p an hour. Lambeth already passes on the full amount of the 2 year old rate to settings. The only other change is a £4k reduction in the allowance for Disabled Access Funding, but that does not change the entitlements for that allocation.
- 3.2 **Table 2A** sets out the indicative allocations for 2020/21. The final Early Years DSG will not be known until the summer of 2021, once the January 2021 census has been collated.

Table 2A: Indicative Early Years DSG allocations 2020/21

Income component	PTE pupils (570 hours)	Rate per hour (£)	Total EY DSG 2020/21 £'000
2 Year old funding	845	£6.58	£3,170
3&4 YO funding (Universal)	4,579	£7.32	£19,107
3&4 YO funding (Extended)	1,623	£7.32	£6,772
EY Pupil Premium			£178
Disability Access Fund			£64
Maintained Nursery School Supplement (MNSS)			£523
Total based on January 2019 participation			£29,814

- 3.3 Given that there appears to a healthy contingency included in the budget plans for 2019/20, it is proposed that the full amount of the 2020/21 Early Years DSG be planned for distribution in that year (ie no new in-year contingency). The features of that would be:
- **Two year old rate** for 2020/21 be set at £6.58 per hour, reflecting the 8p per hour national allocation, fully passed on to all settings, based on participation.
 - **Universal and Extended hours 3 and 4 year olds rate** for 2020/21 be increased by 24p (4%) from £6.03 to £6.27.
 - **Deprivation funding** to be increased by 4% to 33.5p per hour and that the available funding is allocated on the basis of the IDACI 2015 weightings for those pupils in each setting on the

January 2020 census (ie not updated each term), as now. No change to the formula, just increase the rates to distribute the available funding.

- **Quality supplement** to be increased by 4% to 13.5p per hour. Again, no change to the formula, just increase the rates to distribute the available funding.
- **Maintained Nursery School** supplement to increase by 4% before deducting whatever is the final national MNSS included in the EY DSG and also include £0.100m for MNS NNDR which was a feature of the pre-EYNFF scheme and is being met from contingency in 2019/20. This increases the hourly rate for MNS (local) to 12.2p.
- **SEND Inclusion Fund** to increase by 4% to represent 11p per hour.
- **Centrally retained funding** for management and oversight of the service and the promotion of good practice to represent 5% of the total 3 and 4 year old funding ie 36p per hour.

3.4 **Table 2B** sets out the overview of these proposals.

Table 2B: Proposed Early Years Funding Distribution 2020/21

Planned spending component	PTE pupils (570 hours)	Rate per hour (£)	Total Planned 2020/21 £'000
2 year old funding	845	£6.580	£3,170
3&4 YO Universal & Extended rates	6,202	£6.270	£22,165
Deprivation	6,202	£0.325	£1,149
Quality	6,202	£0.135	£477
Maintained Nursery Supplements	6,202	£0.122	£431
SEND Inclusion Fund	6,202	£0.110	£389
Retained central support	6,202	£0.358	£1,266
Contingency for variations in pupils etc	6,202	£0.000	£
Total for 3 and 4 year olds		£7.32	£25,877
Maintained Nursery Supplements (national)			£523
EY Pupil Premium			£178
Disability Access Fund			£64
Total spend at the same participation level			£29,814

3.2 **Appendix 1** sets out how the formula would operate for 2020/21 on the basis of these values.

3.3 The SEND Inclusion Fund will operate as in 2019/20, with additional funding and support for settings being provided for those children accessing early years provision who have emerging Special Educational Needs (ie they do have an Education, Health and Care Plan). An SEND Panel operates to assist in identifying settings requiring such support.

3.4 The 5% retained centrally will be used as per **Table 3**

Table 3: Components of the allowable, retained 5% within the Early Years 3 and 4 allocation

Planned spending component	Purpose	Total Planned 2020/21 £'000
Central Early Years Team	Administering Early Years funding, supporting settings and Continuing Professional Development for staff at early years settings.	£752
Children's Centres	Funding for each Children's Centre to assist them with the support they provide for Under 5s in their service offer.	£514
Total		£1,266

3.5 The Early Years Pupil Premium will be paid as a supplement at a rate of 53p per hour for each eligible child. For a child in extended provision (ie beyond the universal 15 hours), universal and extended hours will all count.

3.6 Disabled Access Fund will be paid at a rate of £615 per eligible child.

3.7 The Early Years Partnership Group (sub-group of the Schools Forum) is due to consider the contents of this paper at its meeting on Monday 13th January 2020. Their comments and recommendations can be fed back to Schools Forum when this report is considered the next day. Schools Forum may wish to take account of the feedback from the partnership group when considering its own view on this matter, as well as how much time it needs to spend on this item, if the details have been considered elsewhere.

4 Recommendations

5.1 The Schools Forum is requested to

- a) Note and comment on the Early Years Budget 2019/20;
- b) Agree to the proposed budget plans for the Early Years Block 2020/21,
- c) Agree to the proposal to retain £1.266m (5%) of the 3 and 4 year olds funding for managing the service and promoting good practice.
- d) To provide any comments it may wish to make to Cabinet / Council on these proposals.

Appendix 1

Operation of the Early Years Formula 2020/21 (on the basis of the indicated values)**Two year olds**

Standard rate £6.58: all eligible actual participation in each of the three terms (summer 2020, autumn 2020 and spring 2021) funded at the rate of **£6.58** per hour for all settings.

Three and Four year olds

Universal and Extended hours rate £6.27: all eligible actual participation in each of the three terms (summer 2020, autumn 2020 and spring 2021) funded at the rate of **£6.27** per hour for all settings.

Deprivation 32.5p: actual participation in spring 2020 used as a proxy for all participation during 2020/21 financial year. Any 3 or 4 year old supported in spring 2020 in a setting will attract deprivation funding if their post-code indicates an IDACI score (using the 2015 IDACI national dataset) greater than or equal to 30%. The available funding will be distributed in full on the basis of the IDACI score multiplied by the number of hours per week and the number of full weeks in the year multiplied by a cash value. In 2019/20 the cash value was £1.56, but the value for 2020/21 will be determined by setting it to the amount that distributes all the available funding, once all the participation in the spring term 2020 is known. As an example, for an IDACI score of 0.4 (ie 40% deprivation) and participation of 15 hours a week for 38 weeks, the calculation would have been $£1.56 \times 0.4 \times 570 = £355.68$.

Quality 13.5p: Settings with OFSTED ratings of Good or Outstanding will attract a supplement per hour for each hour of participation during 2020/21. Those with a Good OFSTED rating (at the beginning of any given term) will attract a supplement of 10.4p per hour. Those with an Outstanding OFSTED rating (at the beginning of any term) will attract a supplement of 20.8p per hour. Settings with a rating of Inadequate or no OFSTED rating will attract no such supplement.

Maintained Nursery School Supplement 12.2p: A lump sum will be calculated for each maintained nursery school individually. The first part of it will be funded by the DSG national supplement for Maintained Nursery Schools. The balance will be funded from the 12.2p from the DSG allocation for 3&4 year olds. This supplement will be calculated as follows:

- The gross rate per hour for 3&4 year old provision will be £8.68. After deducting the proposed £6.27 per hour for all settings, this indicates a supplement of £2.41. Participation will be based on that for the January 2020 census, assuming the same level of participation for the whole financial year.
- The gross rate per hour for 2 year old provision will be £8.08. After deducting the proposed £6.58 per hour for all settings, this indicates a supplement of £1.58. Participation will be based on that for that for the January 2020 census, assuming the same level of participation for the whole financial year.
- The estimated National Non-Domestic Rates bills for 2020/21 (and any adjustment for 2019/20 actuals, compared to estimates)
- The lump sums calculated in this way will not vary during the year.

Agenda Item 9

Title: High Needs Block 2019/20 and 2020/21

Date: 14th January 2020

Report to: Schools Forum

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

Author:

1. Background

- 1.1 This report provides an update on the overall High Needs Block for 2019/20 and 2020/21.
- 1.2 The Children and Families Act 2014 brought in a range of changes for assessment, provision and support for children and young people with SEND and their families including increasing the age range eligible for Education, Health and Care Plans from 3-19 to 0-25 and including health and care provision where appropriate. Lambeth created their Local Area Strategy 2017-2020 in the Autumn of 2017 in consultation with partners, providers, parents and carers and children and young people. This sets out the Local Area's vision for children and young people with Special Education Needs and Disabilities (SEND). Ofsted and the Care Quality Commission (CQC) are now inspecting local areas on how well the partnership of the Council, schools and the Clinical Commissioning Group (CCG) work together to commission and provide services for children and families.
- 1.3 Lambeth's SEND Strategic Board has overseen a comprehensive implementation of the Children and Families Act and has completed self-evaluation allowing the board to oversee the strengths and areas for improvement, so that they can ensure the best outcomes for children and young people and continue to monitor the Local Area's outcomes for children and young people with SEND.
- 1.4 The High Needs Block is currently forecast to overspend by £0.3m (0.6%) for 2019/20. The deficit would have been much greater without the use of reserves (£0.3m), a transfer from Schools Block (£1m) and cost reductions (eg the paring back of the Disproportionate SEND Fund).
- 1.5 The High Needs DSG for 2020/21 (£47.1m) represents a £4.4m (10%) increase on the 2019/20 DSG (£42.7m) and it is most welcome in its acknowledgement of the major pressures affecting the services funded from the High Needs Block.
- 1.6 As indicated elsewhere on this agenda, it is not proposed to transfer any funding from the Schools Block for 2020/21, given the relative increases in the two blocks. There will, nonetheless, continue to be cost and demand pressures within the High Needs Block that the Authority, in partnership with schools and Schools Forum, will need to manage carefully.
- 1.7 Even with a 10% increase in funding for the High Needs Block, current spending in 2019/20 is £44.4m, so only £2.7m of the £47.1m DSG is left to address cost and demand pressures, investment requirements to improve the service and any offsetting efficiencies.

- 1.8 This report sets out the scope of the High Needs block and the scale of the challenge in managing this complex budget. Schools Forum is asked to note and comment on the contents, prior to a decision on the High Needs budget by Cabinet and Council in February 2020.

2. Service context

- 2.1 The Children and Families Act 2014 brought in a range of changes for assessment, provision and support for Children and Young People with SEND and their families. The age range went from 3-19 to 0-25 for those children and young people supported by Statements/Education Health Care Plans (EHCP) and included Health and Care provision where appropriate within Education Health Care and Plans. It put the children and young people and their parents' and carers' voice at the heart of the Education Health Care Plan.
- 2.2 Lambeth has a SEND Strategic Board which oversees the implementation of the Children and Families' Act and developed a Local Area Strategy 2017-2020 alongside the Children and Young Peoples Plan.
- 2.3 The Board have undertaken regular evaluation via a Self-Evaluation Form (SEF) process which enables them to have a clear understanding of strengths and areas for development in relation to the Children and Families Act. This has then informed our Local Area Strategy. The Strategy is monitored via the Board which has representation from elected members, Education, SEND, Social Care, Health, Commissioners and parents and carers.
- 2.4 Our Local Area Strategy sets out our shared vision, principles and priorities to ensure partners are working together to effectively identify and meet the needs of Lambeth's children and young people with Special educational needs and / or Disabilities. This work directly supports the three priorities within our Borough Plan 2016-2021; partners working together, increasing provision within Lambeth so children and young people remain part of their communities, and reducing inequality for Children and Young People with SEN or disabilities.
- 2.5 The forthcoming Local Area inspection will focus on three key questions. These are the way we self-evaluate our provision:
- a) How effectively does the local area identify children and young people who have SEN and/or disabilities
 - b) How effectively does the local area assess and meet the needs of children and young people who have SEN and/or disabilities
 - c) How effectively does the local area improve outcomes for children and young people who have SEN and/or disabilities

3. Service Next Steps

- We will continue to further refresh our Self Evaluation Form (SEF) and 'position statement' making changes and modifications to services to ensure they are as efficient as possible.
- We have rebranded the Lambeth Local Offer and implemented an advertising timetable around the borough, so that we can raise awareness of the Local offer Website.

- Within Children's and Adults Social Care work is underway to develop a 14-25 'Pathways to Adulthood' team so that children and young people with disabilities have smoother transitions within their lives.
- We are opening and commissioning a range of new provision for those with Social Emotional Mental Health (SEMH) needs which will reduce costs and improve outcomes for those children and young people who have SEMH needs.
- We are expanding our independent travel training programme after a successful first year to encourage more young people with SEND to travel independently. We will review our SEN Transport policy to ensure we encourage supported independence as far as is possible.
- Lambeth has contracted an organisation called SEND 4 Change who have independently reviewed our SEF and set out areas for improvement. We will continuously act on feedback.
- SEND 4 Change have also carried out a review of the banding model that was introduced just over a year ago to fund special schools and are also carrying out a review of the arrangements for funding of bases in the borough.

4. High Needs Budget 2019/20

- 4.1 Special Educational Needs provision (Special schools, education plans for individual pupils and specialist school placements, etc.) and Alternative Provision (Pupil Referral Units, Hospital Tuition and Education Otherwise than at School) is funded through the Dedicated Schools Grant (DSG) High Needs Block. The Children and Families Act 2014 put significant additional burdens on the DSG High Needs budget for SEN nationally. In Lambeth, EHCPs have increased by 25%, above the London average of 14%. The High Needs Budget has up to 2019/20 only increased by 2%.
- 4.2 The High Needs budget, as set out in the DSG Overview report elsewhere on this agenda, is overspend by £0.3m in 2019/20. The deficit would have been much greater without the use of reserves (£0.3m), a transfer from Schools Block (£1m) and cost reductions (eg the paring back of the Disproportionate SEND Fund).

Table 1: High Needs Block forecast position 2019/20 (updated Quarter 2 position)

Sub-division	Component	Forecast spend 2019/20 £'000
01 Places	Places for maintained Special Schools	£5,610
	Recouped High Needs places for FE and Academies	£3,051
	Places - Resource Bases	£924
02 Top-ups	Independent and non-maintained schools	£6,390
	Top-ups - Mainstream Lambeth	£7,166
	Top-ups - Mainstream Other LA	£1,586
	Top-ups - Special Schools Other LA	£2,877
	Top-ups - Post-16 FE and Specialist	£2,958
	Top-ups - Resource Bases Lambeth	£1,320

Sub-division	Component	Forecast spend 2019/20 £'000
	Top-ups - Special Schools Lambeth	£8,295
	Alternative Provision (including top-ups)	£2,044
03 Other	ASD Outreach	£203
	CENMAC	£55
	HN Fund to target pupils below EHCP Threshold	£500
	Sensory Support Outreach	£759
	Specialist Equipment	£91
	Disproportionate SEN in mainstream	£580
Total	Forecast expenditure 2019/20	£44,409
	Funded from	
b/f	DSG reserves brought forward	£345
DSG 2019/20	Transfer from Schools Block 2019/20	£1,058
DSG 2019/20	Latest High Needs DSG allocation 2019/20	£42,725
Total	Forecast income 2019/20	£44,128
Forecast variance		£281

4.3 Costs of EHCPs are increasing nationally and out of borough placement costs are also increasing. There are a number of reasons that the numbers of EHCPs have risen:

- Introduction of the extended age range (0-25) in the Children and Families Act 2014. This has led to a sharp rise in the number of requests for assessment for an EHCP (particularly 19-25 year olds), and the increased expectation that an EHCP will remain in place until age 25.
- The 2014 reforms have raised parental awareness and expectations, making some parents more proactive in pursuing an EHCP for their child.
- The financial pressures faced by schools leading them to encourage parents or young people to apply for EHCPs more readily than previously.
- Reduction in early prevention services (in local authorities, schools, and CAMHS) due to funding pressures.
- There has been an increase in the number of young people presenting with Autism Spectrum Disorders (ASD) and Social Emotional Mental Health (SEMH) needs in particular.
- There has been an increase in accuracy of diagnosis and earlier identification of SEND.
- Advances in paediatric care for babies and children with complex conditions means more children are presenting with needs.

4.5 Officers continue to analyse cost and activity information, but the High Needs budget is complex; efficiencies are only possible in the context of meeting the needs of children and young people; developing new provision takes time and demand for places continues to grow.

5. High Needs Block 2020/21

5.1 The High Needs DSG for 2020/21 (£47.1m) is a 10% increase on that for 2019/20, but there are not currently any reserves forecast to take forward into 2020/21, nor is it proposed that any funding be transferred from the Schools Block. Central Government has given an indication of stepped funding increases for schools over the next three years, but it is only for 2020/21 that they have indicated how much of any increase will be attributed to the High Needs Block. It is uncertain, but probable, that the High Needs Block will receive a share of the stepped increase in funding in 2021/22 and 2022/23.

5.2 Much more work is needed to understand the dynamics of the Lambeth High Needs budget. Work is being done to disaggregate some costs that have been combined in the past, as well as assessing the robustness of the data and the processes associated with managing it. The aim would be to collate a more comprehensible format of activity and finance for the budget components of the High Needs block for discussion with Schools Forum and other stakeholders.

5.3 For the purposes of 2020/21 budget setting, the recommendation to Cabinet and Council is to set a High Needs budget that uses all of the available funding, but recognizes that the precise incidence of costs will be driven by a wide range of factors. **Appendix 1** sets out the proposed High Needs budget for 2020/21. It updates for the latest known place factors, provides for a combined extra cost of 5.51% for Top-Ups (ie for cost and demand pressures) and provides an extra 2% for the services listed under Other.

5.4 The factors that will affect the budget include:

- a) The outcomes of the exercise being conducted by SEND for Change who will be advising on top-up rates for different types of setting;
- b) Changing numbers of children and young people with Education, Health and Care Plans;
- c) Any changes in the pattern of provision through the commissioning of local provision rather than out-of-borough provision;
- d) Any changes in the pattern of provision through differences in the types of need that children and young people may have;
- e) Any initiatives that ensure that any provision commissioned represents value-for-money.

4.6 The new Vanguard Free School will open in September 2020 providing more capacity for pupils with ASD.

4.7 The Authority is not in a position currently, for instance, to set funding rates for top-ups for all settings; we await the outcomes of the SEND for Change exercise. Proposals for such changes will be brought back to Schools Forum and may require subsequent decisions by Cabinet (if they are key decisions). The aim, however, is that the information is presented transparently to assist sound decision making and partnership working.

- 4.8 It is in this context that Schools Forum is invited to support the High Needs budget proposals for 2020/21.

5. Recommendations

- 5.1 Schools Forum to note and comment on the High Needs Budget position for 2019/20.
- 5.2 Schools Forum to support the proposed High Needs budget for 2020/21.
- 5.3 Schools Forum to indicate if there are any key points it wishes to convey to Cabinet and Council before it makes a decision on the High Needs budget for 2020/21.

Proposed High Needs Block budget 2020/21

Sub-division	Component	Forecast spend 2019/20 £'000	Change	Proposed 2020/21 £'000	Comment
01 Places	Places for maintained Special Schools	£5,610	£260	£5,870	Known changes
	Recouped High Needs places for FE and Academies	£3,051	-£65	£2,986	Known changes
	Places - Resource Bases	£924	£254	£1,178	Known changes
	Places – provision for new ones or import / export adjustment	£0	£400	£400	Provision
02 Top-ups	Independent and non-maintained schools	£6,390	£352	£6,742	5.51% increase
	Top-ups - Mainstream Lambeth	£7,166	£395	£7,561	5.51% increase
	Top-ups - Mainstream Other LA	£1,586	£87	£1,673	5.51% increase
	Top-ups - Special Schools Other LA	£2,877	£159	£3,036	5.51% increase
	Top-ups - Post-16 FE and Specialist	£2,958	£163	£3,121	5.51% increase
	Top-ups - Resource Bases Lambeth	£1,320	£73	£1,393	5.51% increase
	Top-ups - Special Schools Lambeth	£8,295	£457	£8,752	5.51% increase
	Alternative Provision (including top-ups)	£2,044	£113	£2,157	5.51% increase
03 Other	ASD Outreach	£203	£4	£207	2% increase
	CENMAC	£55	£1	£56	2% increase
	HN Fund to target pupils below EHCP Threshold	£500	£10	£510	2% increase
	Sensory Support Outreach	£759	£15	£774	2% increase
	Specialist Equipment	£91	£2	£93	2% increase
	Disproportionate SEN in mainstream	£580	£12	£592	2% increase
Total	Forecast expenditure 2019/20	£44,409	£2,692	£47,101	
	Funded from				
b/f	DSG reserves brought forward	£345	-£345	£0	No positive reserves available
DSG 2019/20	Transfer from Schools Block 2019/20	£1,058	-£1,058	£0	No proposal to transfer
DSG 2019/20	Latest High Needs DSG allocation 2019/20	£42,725	£4,376	£47,101	Latest notification
Total	Forecast income 2019/20	£44,128	£2,973	£47,101	
Forecast variance		£281	-£281	£0	

Agenda Item 10**Title: Scheme for Financing Schools****Date: 14th January 2020****Report to: Schools Forum****Report for: Information Decision x Consultation Action****Author: David Tully****1. Information**

- 1.1 The Scheme for Financing Schools is the basis on which local devolved financial management of maintained schools operates. It applies to all maintained schools and to the local authority. The Department for Education provides statutory guidance about the contents, but there is local discretion on some aspects of it. It is for the local authority to maintain the Scheme, but it is for Schools Forum to agree it, following consultation with all maintained schools.
- 1.2 Schools Forum considered proposals about changes to the Scheme for Financing Schools at its meeting in November 2019. These proposed changes were the subject of consultation with all maintained schools from 29th November 2019 to 18th December 2019.
- 1.3 By the end of the consultation period (and up to the point of dispatch of this report) there had not been any formal responses to the consultation proposals.
- 1.4 **Appendix 1** sets out the changes proposed in the consultation paper, including directed changes (as required by the DfE) and local changes.
- 1.5 **Appendix 2** is the proposed document, including all the proposed changes from **Appendix 1**.

2. Recommendation**NB decision by maintained schools representatives only**

- 2.1 Schools Forum is invited to adopt the Scheme for Financing Schools as set out in **Appendix 2**.

Lambeth Scheme for Financing Schools: Revisions November 2019 - Table of changes

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
Local interpretation	<p>The foreword does not form part of the scheme and has been omitted.</p> <p>The Outline Scheme previously followed the contents page, but did the same job of explaining what was in the Scheme.</p> <p>There were some references to the Director of Children’s Services whereas the responsibility for schools rests with the Director of Education.</p>	<p><i>These items no longer included as they are not necessary. References to Director of Children’s Services have been updated to now refer to the Director of Education.</i></p>	
Local interpretation	<p>1.4 Revision of the Scheme</p> <p>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.</p>	<p><i>Revised text.</i></p> <p>1.5 Revision of the Scheme</p> <p>Any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the authority before they are submitted to the schools forum for their approval. All proposed revisions to the scheme must be submitted to the schools forum for approval by members representing maintained schools. Where the schools forum does not approve or approves them subject to modifications which are not acceptable to LB of Lambeth, the LA may apply to the Secretary of State for approval.</p>	<p>3.5 Revision of the scheme</p> <p>The scheme should contain a statement that any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the authority before they are submitted to the schools forum for their approval.</p> <p>All proposed revisions must be submitted to the schools forum for approval by members of the forum representing maintained schools. Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.</p>

Table of proposed changes to Scheme for Financing Schools (November 2019)

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
			It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.
Local interpretation	Not in current scheme	<p><i>Text from the procedures manual included in the scheme.</i></p> <p>1.6 Delegation of Powers to the Head teacher</p> <ul style="list-style-type: none"> • The resource committee may Authorise the disposal of assets with value between £500 - £5,000 (secondary) and £250 - £2,500 (other); • The Governing Board may Authorise the disposal of assets (where the value of the assets is greater than £5,000 in a secondary school or £2,500 in other schools; • The Headteacher may Authorise the disposal of assets up to a value of £5,000 (secondary) and £2,500 (other) – The school governing board may choose to set these limits at a lower level if it so chooses. • The Governing Board may Authorise the disposal of assets (where the value of the assets is greater than £5,000 in a secondary school or £2,500 in other schools; • The Headteacher may Authorise the disposal of assets up to a value of £5,000 (secondary) and £2,500 (other) – The school governing board may choose to set these limits at 	<p>3.6 Delegation of powers to the head teacher</p> <p>The scheme should require the governing body 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.</p> <p>The scheme should state the responsibilities of the head teacher and governing body in respect of the annual budget plan; the first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body.</p> <p>It is open to the authority to suggest to schools what might be a desirable level of delegation to head teachers, but the scheme must not seek to impose any particular level of delegation</p>

Table of proposed changes to Scheme for Financing Schools (November 2019)

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
		a lower level if it so chooses.	
Local interpretation	2.3 Submission of budget plans	<p><i>Text updated to clarify procedure.</i> 2.3 Submission of budget plans</p> <p>If a school considers they are likely to have to set a deficit budget they must notify the Director of Children’s Services as soon as possible prior to June 1st.</p>	Not specified, (its a Lambeth procedure to reinforce to schools that they are not allowed to set a deficit budget without the authorities consent)
Directed change	2.4 Efficiency and Value for Money	<p><i>Revised heading.</i> 2.4 School Resource Management</p>	4.4 School resource management
Local interpretation	<p>2.6 Audit: General</p> <p>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</p>	<p><i>Remove reference to a specific audit company as the contract will change periodically.</i> 2.6 Audit general</p> <p>With regard to internal audit, all schools fall within the audit regime determined by the Authority. The council’s auditors largely carry out the Council’s internal audit function under contract. School audits are carried out on a cyclical basis.</p>	N/A as a Lambeth change only
Directed change	Additional requirement since the publication of this scheme	<p><i>Use DfE text.</i> 2.8 Audit of Voluntary and Private Funds</p> <p>A school refusing to provide audit certificates to the authority as required by the scheme is in breach of the scheme and the authority can take action on that basis. Access to the accounts of</p>	<p>4.8 Audit of Voluntary and Private Funds</p> <p>A school refusing to provide audit certificates to the authority as required by the scheme is in breach of the scheme and the authority can take action on that basis. Access to the accounts of such funds by other agencies is a matter for them.</p>

Table of proposed changes to Scheme for Financing Schools (November 2019)

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
		such funds by other agencies is a matter for them. Any other requirement as to audit of such funds is a matter for those making the funds available, and any Charity Commission requirements.	Any other requirement as to audit of such funds is a matter for those making the funds available, and any Charity Commission requirements.
Local interpretation	2.10 Purchasing, Tendering and Contracting requirements	<p><i>Text updated to reflect to DfE requirements.</i></p> <p>2.10 Purchasing, tendering and contracting requirements</p> <p>Each school is required to abide by the authority’s financial rules and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the authority’s policies and procedures.</p> <p>In adhering to these requirements, however, schools are not obliged to adhere to those rules or standing orders which would require them:</p> <ul style="list-style-type: none"> • to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU procurement directive • to seek local authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year • to select suppliers only from an approved list 	<p>4.10 Purchasing, tendering and contracting requirements</p> <p>However, the scheme should also contain a provision which has the effect of disapplying from schools any provision of those rules or standing orders which would require them:</p> <ul style="list-style-type: none"> •to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU procurement directive •to seek local authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year •to select suppliers only from an approved list •or would permit schools to seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions <p>The fact that an authority contract has been let in accordance with EU procurement procedures does not in itself make it possible to bind a school into</p>

Table of proposed changes to Scheme for Financing Schools (November 2019)

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
		<ul style="list-style-type: none"> • or would permit schools to seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions Schools may seek advice on a range of compliant deals via Buying for schools 	<p>being part of that contract. For the purposes of the procurement directives schools are viewed as discrete units.</p> <p>The countersignature requirement should be applied sensibly by authorities and schools alike, avoiding attempts to artificially aggregate or disaggregate orders to avoid or impose the requirement.</p> <p>Schools may seek advice on a range of compliant deals via Buying for schools.</p>
Local interpretation	2.12 Central funds and earmarking	<p><i>Text updated to reflect the latest DfE guidance</i> 2.12 Central funds and earmarking Such allocations might, for example, be sums for SEN or other initiatives funded from the central expenditure of an authority’s schools budget or other authority budget.</p>	4.12 Central funds and earmarking Such allocations might, for example, be sums for SEN or other initiatives funded from the central expenditure of an authority’s schools budget or other authority budget
Local interpretation	2.14 Capital spending from budget shares 12.14.1 Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises and from 1 st 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	<p><i>Text updated to reflect latest DfE regulations.</i> 2.14 Capital spending from budget shares</p> <p>2.14.1 Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the act</p>	4.14 Capital spending from budget shares The scheme should contain a provision specifically allowing governing bodies to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the act. The reason for these provisions is to help meet

Table of proposed changes to Scheme for Financing Schools (November 2019)

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
	purpose of the school	2.14.4 The reason for these provisions is to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.	responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.
Both	2.16 Schools Financial Value Standard (SFVS) All maintained schools with a delegated budget must submit the form to the local authority before 31 March 2013 and annually thereafter.	<i>DfE revision, but the Lambeth required date is indicated as earlier to allow checking and collation.</i> 2.16 Schools Financial Value Standard (SFVS) 2.16.3 All maintained schools with a delegated budget must submit the form to the local authority before January 31st to enable the authority to comply the auditing of the forms prior to the end of the financial year	4.16 Schools financial value standard (SFVS) All maintained schools with a delegated budget must submit the form to the local authority before the end of the financial year.
Directed change	Section 3: Instalments of the budget share; banking arrangements 3.5.1 Restrictions on Accounts	<i>DfE requirement (from their 2018 requirements) which had not been reflected in the Scheme.</i> SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS 3.7 Restrictions on Accounts 3.7.4 Budget share funds paid by the authority and held in school accounts remain authority property until spent (section 49(5) of the act).	
Local interpretation	3.6 Borrowing by schools	<i>Scheme updated to reflect current DfE requirements.</i>	5.8 Borrowing by schools

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	Paragraphs not part of the last published scheme	<p>3.8 Borrowing by schools</p> <p>3.8.5 Removal of permissions: The local authority has the right to remove permission for a school to hold a debit card or procurement card, where a school has infringed on any of the criteria for holding any card, including breaches of their own controls or infringements. Schools should ensure that all internal controls on cards are reviewed annually and updated as necessary. All procedural changes need to be agreed with the local authority</p> <p>3.8.6 Leases: Schools may not enter into a ‘finance lease’ or ‘hire-purchase’ unless the written permission of the Secretary of State has been obtained, since these are classified as borrowing.</p> <p>Schools may enter into an ‘operating lease’, as defined by the Local Authorities (Capital Finance) Regulations 1997 as these do not count as borrowing. The definition of an ‘operating lease’ is summarised as follows.</p> <ul style="list-style-type: none"> • The asset under lease must have a residual value at the end of the agreed lease period of at least 10% of its original cost. • The lease cannot transfer ownership of 	<p>The scheme should contain a provision reminding schools that governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State.</p> <p>The Secretary of State’s general position is that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives.</p> <p>The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.</p> <p>Schemes may explicitly bar schools from using interest bearing credit cards and overdrafts, which are regarded as borrowing. However, they should encourage the use of procurement cards by schools, as these cards can be a useful means of facilitating electronic purchase.</p> <p>Schemes may also wish to permit the use of credit or charge cards. However, no interest charges</p>

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		<p>the asset to the lessee (at any time during the agreed lease period or a renewal or continuation period).</p> <ul style="list-style-type: none"> • The lease cannot provide for renewal or continuation beyond the initial term at less than the “market value” for this provision at the commencement of the secondary arrangement. • The lessee cannot share in the sale proceeds of the asset under lease 	<p>should be incurred by the school, with balances fully cleared on a monthly basis.</p> <p>The restrictions do not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on government accounts.</p> <p>These debts may not be serviced directly from the delegated budget, but schools are free to agree a charge for a service which the trustees or foundation are able to provide as a consequence of their own borrowing.</p> <p>Governing bodies do not act as agents of the authority when repaying loans.</p> <p>This provision does not apply to loan schemes run by the authority.</p>
Local interpretation	<p>4.8 Interest on surplus balances</p> <p>The provision does not apply to deficits of former GM schools if the deficit was incurred prior to April 1 1999.</p>	<p><i>Updated as per DfE guidance to no longer refer to GM schools.</i></p> <p>4.6 Charging of interest on deficit balances</p> <p>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%.</p>	<p>6.6 Charging of interest on deficit balances</p> <p>The scheme may contain a provision permitting the authority to charge interest on deficit balances. If so the basis on which interest is charged must be made clear in the scheme itself</p>
Directed	4.8 Balances of closing and replacement	<i>Updated as part of 2018 DfE directed revisions.</i>	6.8 Balances of closing and replacement schools

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change	<p>schools</p> <p>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</p>	<p>4.8 Balances of closing (and replacement) schools</p> <p>4.8.1 Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes</p>	<p>Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share, including any surplus carried over from previous funding periods, of the closing school for the funding period in which it closes.</p>
Directed change	<p>4.9 Licensed deficits</p> <p>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.</p> <p>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</p>	<p><i>Updated as part of 2018 DfE directed revisions.</i></p> <p>4.9 Licensed deficits</p> <p>4.9.1 It is not permissible for schools to budget for a deficit, except in those circumstances set out below. School budget plans must be prepared with a view to breaking even or creating a surplus at the end of the financial year. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the authority on behalf of schools. Although it is open to the Authority, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant local authority finance legislation</p>	<p>6.9 Licensed deficits</p> <p>An authority may include in its scheme provision for an arrangement whereby schools are allowed to plan for a deficit budget.</p> <p>Such an arrangement is normally funded by the collective surplus of school balances held by the authority on behalf of schools, although it is open to an authority with no such surplus to make alternative arrangements if it can do so within the relevant local authority finance legislation.</p> <p>Although such a provision may refer to other guidance on the operation of the deficit arrangement, the scheme itself should specify the:</p> <ul style="list-style-type: none"> • maximum length, not to exceed three years, over

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	<p>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.</p> <p>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</p> <p>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.</p> <p>4.9.6 The detailed arrangements applying to this scheme are set out in</p>	<p>4.9.2 Where schools have reason to anticipate a deficit the Directors of Education and Finance must be informed immediately.</p> <p>4.9.3 A formal sign off of all arrangements will be required by the Assistant Director – Finance/Director of Education</p> <p>4.9.4 The maximum length over which schools may repay the deficit (i.e. reach at least a zero balance) is three years. Director of Education?? 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.</p> <p>4.9.5 Deficits will normally only be agreed for items of a one off nature and may not be agreed to support recurrent spending.</p> <p>4.9.6 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</p>	<p>which schools may repay the deficit (reach at least a zero balance), with appropriate mechanism to ensure that the deficits are not simply extended indefinitely</p> <ul style="list-style-type: none"> •purposes for which the deficit arrangement may be agreed •maximum size of the deficits which may be agreed; this may be by reference to the size of the budget share or in cash terms or some combination •maximum proportion of the collective balances held by the authority which will be used to back the arrangement •role of the Director of Children’s Services and the Chief Finance Officer of the Authority in agreeing any arrangements for individual schools <p>It is open to a local authority to extend such an arrangement by inviting schools holding balances in external bank accounts to use some or all of those balances to back the arrangement; if so the scheme should make clear the basis on which this would occur.</p> <p>Balances held by a school in an external bank account remain the property of the authority, if made available by the authority initially, and therefore may legally be taken into account by the authority in assessing the total level of licensed</p>

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	<p>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, the Authority will agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.</p>	<p>40% of the total surpluses may be used to support licensed deficits</p> <p>4.9.7 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.</p> <p>4.9.8 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 of the new financial year. These will be reviewed and brought into balance as agreed with individual schools.</p> <p>4.9.9 If a school with a licensed deficit proposes to spend amounts received in respect of other specific grants on purposes other than reducing the deficit, the Authority will agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.</p> <p>4.9.10 Schools will not be charged interest on any unplanned year end deficits as a matter of course. However, where an unplanned overdraft occurs on a school's local bank account, although</p>	<p>deficit which it might wish to make to schools.</p> <p>However, the Secretary of State believes that it is right that schools be asked to give a view as to whether the authority should take them into account in this way, and that this provides assurance for the authority as well as schools.</p> <p>Under a licensed deficit scheme the only effect on budget and outturn statements is that in the latter, the balance goes into deficit because expenditure is at a higher level than the budget share, but this deficit reduces to zero by the end of the repayment period because the school has to constrain its expenditure to effect the repayment. No 'payment' to the school is recorded.</p>

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		<p>Lambeth Council will underwrite such an overdraft, the school’s budget will be charged any interest or other costs that arise</p> <p>4.9.11 Balances held by a school in an external bank account remain the property of the authority, if made available by the authority initially, and therefore may legally be taken into account by the authority in assessing the total level of licensed deficit which it might wish to make to schools.</p> <p>4.9.12 However, the Secretary of State believes that it is right that schools be asked to give a view as to whether the authority should take them into account in this way, and that this provides assurance for the authority as well as schools.</p>	
Directed change	<p>4.10 Loan schemes</p> <p>The Authority does not offer loan arrangements for schools such as actual payments to the 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.</p>	<p><i>Revision directed by DfE in 2018</i></p> <p>4.10 Loan Schemes</p> <p>4.10.1 Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.</p> <p>4.10.2 Loans will not be used as a means of funding a deficit that has arisen because a school’s recurrent costs exceed its current</p>	<p>6.10 Loan schemes</p> <p>It is open to an authority to include in its scheme a form of loan arrangement for schools that does not operate by way of a licensed deficit, but rather by way of actual payments to schools or expenditure by the authority in respect of a particular school on condition that a corresponding sum is repaid from the budget share; if so, the same parameters for the arrangement should appear in the scheme as listed above for licensed deficits.</p>

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		<p>income.</p> <p>4.10.3 If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school in individual cases</p>	<p>Again, an authority may wish to invite schools with balances in external accounts to use some or all of those balances to back a loan scheme, and the scheme should make clear on what basis this would occur.</p> <p>If there is a loan scheme on this basis the authority must show in its budget statements the amount centrally retained for what would be a devolved payment to schools, and the payment should appear in the outturn statements.</p> <p>Loans must only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.</p> <p>Loans must not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.</p> <p>If loans are made to fund a deficit, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school in</p>

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			individual cases.
Local Interpretation	5.1 Income from lettings Paragraph omitted	<i>Text updated in line with DfE guidance.</i> 5.1 Income from Lettings 5.1.4 However, where land is held by a charitable trust, it will be for the school’s trustees to determine the use of any income generated by the land.	7.1 Income from lettings However, where land is held by a charitable trust, it will be for the school’s trustees to determine the use of any income generated by the land.
Local interpretation, but DfE required change from SEN to EHCP (6.3.15).		<i>Text updated in line with DfE guidance.</i> 6.3 Circumstances in which charges may be made 6.3.3 Authorities should ensure in framing any such advice that they have taken proper account of the role of aided school governing bodies. 6.3.6 The authority itself needs to consider whether it has an insurable interest in any particular case 6.3.9 Before applying any such provision the authority should consider whether it is reasonable to do so. If the error dates back several years it may be questionable whether such charging is reasonable 6.3.15 Costs incurred by the Authority in securing provision specified in An Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision	8.3.3 Authorities should ensure in framing any such advice that they have taken proper account of the role of aided school governing bodies. 8.3.6 The authority itself needs to consider whether it has an insurable interest in any particular case 8.3.9 Before applying any such provision the authority should consider whether it is reasonable to do so. If the error dates back several years it may be questionable whether such charging is reasonable 8.3.15 Costs incurred by the Authority in securing provision specified in An Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost, high incidence SEN and/or specific funding for a pupil with High Needs

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		despite the delegation of funds in respect of low cost, high incidence SEN and/or specific funding for a pupil with High Needs.	
Local interpretation	<p>Section 8: The provision of services and facilities by the authority</p> <p>8.1 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</p>	<p><i>Text updated in line with DfE guidance.</i></p> <p>SECTION 10: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY</p> <p>8.1 Provision of services from centrally retained budgets</p> <p>8.1.2 The Authority will not discriminate in its provision of services to schools on the basis of their category except in circumstances where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.</p>	<p>10.1 Provision of services from centrally retained budgets</p> <p>The scheme should contain a provision barring the authority from discriminating in its provision of services on the basis of categories of schools, except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant</p>
Local interpretation	<p>8.2 Provision of services bought back from the authority using delegated budgets Paragraph not in last published scheme</p>	<p><i>Text updated in line with DfE guidance.</i></p> <p>8.2 Provision of services bought back from the Local Authority using delegated budgets</p> <p>This provision complements the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or profit is not always achievable over fixed financial years; it is for the authority to show during audit tests that the charging policy can reasonably be expected to avoid central</p>	<p>10.2 Provision of services bought back from the authority using delegated budgets</p> <p>This provision complements the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or profit is not always achievable over fixed financial years; it is for the authority to show during audit tests that the charging policy can reasonably be expected to avoid central subsidy of services.</p>

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		subsidy of services	
Local interpretation	<p>8.3 Service Level Agreements</p> <ul style="list-style-type: none"> •will be in place by the end of January 	<p><i>Text now provides a date by which agreements must be in place as per DfE guidance.</i></p> <p>8.4 Service Level Agreements</p> <p>8.4.1</p> <ul style="list-style-type: none"> •will generally be in place by the end of February 	<p>10.4 Service level agreements</p> <p>The scheme should provide that service level agreements must be in place by a certain date to be effective for the following financial year, and that schools must have at least a month to consider the terms of agreements.</p>
Local interpretation	<p>8.4 Teachers’ Pensions</p> <p>Paragraphs omitted</p>	<p><i>Standard DfE text for teachers’ pension requirements is proposed to be adopted.</i></p> <p>8.5 Teachers’ Pensions</p> <p>8.5.1 In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers’ Pensions Regulations 2014, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.</p> <p>8.5.2 The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the Authority to provide payroll services.</p> <p>8.5.3 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</p>	<p>10.5 Teachers’ Pensions</p> <p>The scheme should provide that governing bodies of schools which provide payroll services should submit a monthly return of salary and service to the authority.</p> <p>Governing bodies should also ensure that details of additional voluntary contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The standard text for this is has been adopted in the proposed section 8.5 in the Lambeth scheme.</p>

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		<p>other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its monthly return of salary and service to Teachers' Pensions and to produce its audited contributions certificate.</p> <p>8.5.4 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.</p> <p>8.5.5 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.</p> <p>8.5.6 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</p>	

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		Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school’s budget share.	
Local interpretation	11.4 Responsibility for legal costs Paragraphs not included in this version	<i>Text updated in line with DfE guidance.</i> 11.4 Responsibility for legal costs 11.4.2 The effect of this is that a school cannot expect to be reimbursed for the cost of legal action against the authority itself; although there is nothing to stop an authority making such reimbursement if it believes this to be desirable or necessary in the circumstances. 11.4.3 The costs referred to are those of legal actions, including costs awarded against an authority; not the cost of legal advice provided.	13.4 Responsibility for legal costs The effect of this is that a school cannot expect to be reimbursed for the cost of legal action against the authority itself; although there is nothing to stop an authority making such reimbursement if it believes this to be desirable or necessary in the circumstances. The costs referred to are those of legal actions, including costs awarded against an authority; not the cost of legal advice provided.
Updated in line with 2019 DfE scheme	Section 13: Community facilities 13.1-2 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	<i>Text updated in line with DfE guidance</i> SECTION 13: COMMUNITY FACILITIES Schools now have greater opportunities to provide services for the community. An extended school is one that provides a range of services and activities often beyond the school day to help meet the needs of its pupils, their families and the wider community.	15. Community facilities The scheme should contain an introductory section which describes the manner in which the scheme relates to the power to provide community facilities. A specimen description is at Annex C. This may be amended, but the end result should be that schools are clear how and why any use of the

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	<p>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:</p> <p>a. those contained in schools’ own instruments of government, if any; and</p> <p>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.</p> <p>Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.</p> <p>This section of the scheme does not</p>	<p>Please see Annex C for more detail.</p> <p>The mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.</p>	<p>power is subject to the scheme provisions.</p> <p>The scheme may have a provision which explains that mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget. This provision is discretionary because the power to suspend delegation, and the procedure to be used, arise from primary legislation, not the scheme itself</p>

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	<p>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.</p>		
Local interpretation	<p>13.3-5 Consultation with the Local Authority:</p> <p>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.</p> <p>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.</p>	<p><i>Text updated in line with DfE guidance</i></p> <p>13.1 Consultation with the authority – financial aspects</p> <p>In every school and community there will be key groups who need to be consulted about activities. They should be involved in the planning process to ensure that extended school programmes are in demand, well organised and meet local needs.</p> <p>Changes made by the Children and Families Act 2014 mean that schools no longer need to</p>	<p>15.1 Consultation with the authority: financial aspects</p> <p>Changes made by the Children and Families Act 2014 mean that schools no longer need to consult the authority when establishing community facilities under Section 27 of the Education Act 2002. Nor do they have to have regard to advice given to them by their authority.</p> <p>However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions that they make.</p>

Table of proposed changes to Scheme for Financing Schools (November 2019)

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
	<p>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.</p>	<p>consult the authority when establishing community facilities under Section 27 of the Education Act 2002. Nor do they have to have regard to advice given to them by their authority.</p> <p>However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions that they make.</p> <p>Whatever their level of involvement, all school staff should be kept informed and involved in any decisions that relate to the school premises, staff or pupils.</p> <p>Schools may still approach the Authority for a strategic view on potential programmes. The Authority is well placed to help in assessing the ability of schools to offer additional activities. The Authority will take into account the school’s resources, financial management abilities and other considerations.</p>	
Local interpretation	<p>13.10-11 Supply of financial information</p> <p>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</p>	<p><i>Text updated in line with DfE guidance</i></p> <p>13.4 Supply of financial information</p> <p>13.4.1 Any school operating community activities must provide the Authority with a financial report identifying income and expenditure received, accumulated balance brought forward from the previous financial year</p>	<p>15.4 Supply of financial information</p> <p>The scheme may contain a provision requiring schools which exercise the community facilities power to provide the authority every 6 months with a summary statement, in a form determined by the authority, showing the income and expenditure for the school arising from the</p>

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Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
	<p>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</p>	<p>and projected year-end financial position every six months.</p> <p>If the Authority has concerns of the financial viability of any community activities a school may be required to provide a financial report identifying income and expenditure received, accumulated balance brought forward from the previous financial year and projected yearend financial position on a quarterly basis.</p> <p>If the Authority continues to have concerns of the financial viability of any community activities a school will be required to submit a recovery plan for the activity in question.</p> <p>Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework, and these should be relied upon by authorities as their main source of information for the financial aspects of community facilities.</p> <p>However, the CFR timetable is such that authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. (Schedule 15 of the Act provides that mismanagement of funds spent or</p>	<p>facilities in question for the previous 6 months and on an estimated basis, for the next 6 months.</p> <p>The scheme may contain a provision which allows 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, to require such financial statements to be supplied every three months and, if the authority sees fit, to require the submission of a recovery plan for the activity in question.</p> <p>Financial information relating to community facilities will be included in returns made by schools under the consistent financial reporting (CFR) framework, and these should be relied upon by authorities as their main source of information for the financial aspects of community facilities.</p> <p>However, the CFR timetable is such that authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. Schedule 15 of the act provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.</p>

Table of proposed changes to Scheme for Financing Schools (November 2019)

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
		<p>received for community facilities is a basis for suspension of the right to delegation of the budget share).</p> <p>These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the authority as to the financial reporting requirements arising from the funding in question.</p>	<p>These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the authority as to the financial reporting requirements arising from the funding in question.</p>
Local interpretation	<p>Five annexes included:</p> <p>A. Responsibility for repairs and maintenance (although this only included the section relating to roofs) (CIPFA guidance)</p> <p>B. Responsibilities for Redundancy and Early Retirement (DfE wording)</p> <p>C. Community Facilities power (DfE wording)</p> <p>D. Payments to schools and payroll costs (local)</p> <p>E. List of schools subject to the Scheme (local)</p>	<p><i>Appendices updated to reflect latest circumstances / DfE guidance</i></p> <p>Appendix 1: Responsibilities for Redundancy and Early Retirement (DfE guidance)</p> <p>Appendix 2: Community Facilities power (DfE guidance)</p> <p>Appendix 3: List of schools subject to the Scheme (local)</p> <p>Appendix 4: Approved Banking Institutions (added locally)</p> <p>Appendix 5: Document Retention and EU Procurement requirements (added locally)</p> <p>Appendix 6: Payments to schools and payroll costs (local)</p> <p>Note that the previous guidance on the split between revenue and capital will no longer be included because the previous annex did not contain a comprehensive list of possible revenue / capital issues for schools. It is not believed to</p>	<p>The three proposed Annexes for the 2019 Scheme are taken from the latest DfE guidance. Other appendices are subject to local circumstances.</p>

Table of proposed changes to Scheme for Financing Schools (November 2019)

Local interpretation or directed revision	Lambeth Old Scheme – Published 2015/16	Proposed Lambeth Scheme 2019-20 (<i>Reason for change in italics at the start of each box</i>)	DfE Guidance on the Scheme 2019-20
		<p>be a necessary feature of the Scheme.</p> <p>Likewise, a proposed appendix on the Funding Framework was included in the paperwork considered by Schools Forum on 13th November 2019, but this has been removed because it repeats the details included already in Section 1.1</p>	

Table of proposed changes to Scheme for Financing Schools (November 2019)



(Proposed) Scheme for financing schools

Updated November 2019

L B Lambeth – Scheme for Financing Schools (November 2019)

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SECTION 1: INTRODUCTION

1.1 The Funding Framework Main Features

1.1.1 The London Borough of Lambeth Scheme of Financing Schools is a formal document which describes the main features of the funding framework, which is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act, (SSAF) 1998.

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

1.1.3 The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

1.1.4 Local authorities must distribute the ISB amongst their maintained schools using a formula in accordance with the regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained School.

1.1.5 This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the local authority in accordance with s.48 of the Act and approved by the Secretary of State. All proposals to revise the scheme must be approved by the Schools Forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a

proposal or approving it subject to modifications that are not acceptable to the authority

- 1.1.6 Subject to provisions of the scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (*Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.).
- 1.1.7 The Authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998).
- 1.1.8 The Authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.1.9 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.
- 1.1.10 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

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

1.3 Application of the Scheme to the Authority and Maintained Schools

- 1.3.1 This scheme applies to all community, nursery, voluntary, foundation (including trust) community special, foundation special schools in the area of the Authority and PRUs maintained by the authority. Appendix 3 lists school maintained by the Authority.

1.3.2 It will not apply to any academies within the borough or schools situated in the authority's area which are maintained by another authority

1.4 Publication of the scheme

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

1.5 Revision of the Scheme

1.5.1 Any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the authority before they are submitted to the schools forum for their approval. All proposed revisions to the scheme must be submitted to the schools forum for approval by members representing maintained schools. Where the schools forum does not approve or approves them subject to modifications which are not acceptable to LB of Lambeth, the LA may apply to the Secretary of State for approval.

1.6 Delegation of Powers to the Head teacher

1.6.1 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.

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

1.6.3 All governing bodies have full responsibility for the management of the school's budget and for the appointment and dismissal of all staff taking into account the professional advice of the AD Children Services and their head teacher.

1.6.4 Governing bodies are required to:

- Spend their budgets in a manner that is consistent with the implementation of the National Curriculum; with the statutory requirements relating to the curriculum as a whole, (including religious education and worship), to secure provision for children with additional educational needs and use their best endeavours to secure the provision set out in the statement of special educational need of any

pupil registered at the school insofar as that provision is not made from central resources retained by the LA for that purpose;

- operate an effective and efficient education service within the strategic framework set by the LA for the benefit of their pupils;
- operate within their budget share;
- meet the actual cost of all expenditure from their delegated budget, any devolved funding (e.g. Standards Funds grants) and any income accruing to the governors.
- approve the first formal budget plan of each financial year. This may be done by a committee of the governing body.

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

1.6.6 However it is likely that the following will be included:

- appointment of teachers and non-teaching staff, the remuneration of headteachers,
- securing supply teaching and other staff cover in the event of staff absence or vacancy,
- employment of casual staff,
- virement between budget heads up to £5,000 in primary and £10,000 in secondary schools (all uses of this power must be reported to the governors as they remain responsible for the overall management of the budget),
- authority to order goods and services as necessary,
- negotiations with bankers,
- income matters, such as setting charges for one off activities,
- taking of corrective action to ensure budget plans are achieved,
- write off of debts up to a limit set by Lambeth's financial control with the agreement of the AD Children Service as required; these limits are set out in the Schools Financial Procedures Manual

1.6.7 Disposal of assets. The level of delegation decided upon by the governors of the school and any subsequent revisions should be agreed by the full governing body and duly detailed in the minutes of the governing body. Such decisions will

be subject to any requirements of regulations made under Section 38 and Schedule 11 of the School Standards and Framework Act.

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

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

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

1.7 Maintenance of Schools

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

SECTION 2: FINANCIAL CONTROLS

2.1.1 Application of Financial Controls to Schools

2.1.1.1 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

- 2.1.2.1 Schools are required to provide the Authority with details of expected and actual expenditure and income (I and E), in a form and determined by the Authority (generally in line with Consistent Financial Reporting Framework), to ensure that the local authority's role in ensuring proper use of public funds is achieved. Information will normally be required once every 3 months (except for information connected with tax or banking reconciliation).
- 2.1.2.2 However, it may be more frequent if the LA has given the school notice in writing that it is concerned about its financial management or the school is in its first year of operation, submission of information may be required on a monthly basis.
- 2.1.2.3 All schools may submit information for reimbursement of VAT on a monthly basis. (See Section 9).

2.1.3 Payment of Salaries; payment of bills

- 2.1.3.1 The procedures for these will vary according to the choices schools make about the buying back of the authority's payroll service. The procedures which, apply to different choices made by schools are as follows:
- 2.1.3.2 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).
- 2.1.3.3 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

- 2.1.4.1 Each school must maintain an inventory of its moveable non-capital assets and setting out the basic authorisation procedures for disposal of assets. Schools are encouraged to keep a register of assets worth less than £1000 and register anything that is portable and attractive, such as a camera.

2.1.4.2 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)

2.1.5.1 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.

2.1.5.2 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

2.1.6.1 Governing bodies are only authorised to write off debts up to £250. In the case of larger debts the school must consult with the School Finance Team.

2.2 Basis of accounting

2.2.1 Reports and accounts furnished to the Authority must be on an accruals basis and in line with UK Generally Accepted Accounting Practice (GAAP). However, schools able to use what financial software they wish, provided they meet any costs of modification to provide output required by the authority.

2.3 Submission of budget plans and Financial Forecasts

2.3.1 **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.

2.3.2 The budget plan must show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan.

2.3.3 The format of the budget plan (in line with the Consistent Financial Reporting framework) shall be as set out in the Authority's annual Budget Preparation Pack, which, is distributed to schools each January. The school's formal annual budget

plan must be approved by the governing body or a committee of the governing body.

2.3.4 If a school considers they are likely to have to set a deficit budget they must notify the Director of Education as soon as possible prior to June 1st.

2.3.5 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.

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

2.3.7 Financial Forecasts. The LA requires that schools will need to submit a financial forecast covering each year of a multi-year period.

2.3.8 The format and content of such a forecast will be communicated to schools at the relevant time.

2.3.9 Future-year financial forecasts indicate that a school is undertaking effective financial planning. For instance: they could be used as evidence to support the authority's assessment of Schools Financial Value Standards

2.4 School Resource Management

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

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

2.5.1 4.5.1 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 the authority's external audit regime as determined by the Local Audit and Accountability Act 2014. Schools are required to give access to any and all records as requested by the auditors.

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

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

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 LA internal or external audit process.

2.7.2 Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also co-operate with the LA's internal and external auditors.

2.7.3 If a school chooses to exercise this discretion it should ensure that the appointed auditors are certified and competent.

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.

2.8.2 The purpose of such a provision is to allow the authority to satisfy itself that public funds are not being misused.

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

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

2.9 Register of Business Interests

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

2.9.2 The governors are also required to keep the register up to date with notification of changes through annual review of entries, and to make the register available for inspection by governors, staff and parents, and the LA; and to publish the register on a publically available website Nil returns from staff and governors should be included in the register.

2.9.3 Further details and a recommended format for the register are set out in the Schools Financial Procedures Manual.

2.10 Purchasing, tendering and contracting requirements

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

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

- to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU procurement directive

- to seek local authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year
- to select suppliers only from an approved list
- or would permit schools to seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions

2.10.3 Schools may seek advice on a range of compliant deals via [Buying for schools](#)

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 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 LA officer countersignature for any contracts for good or services for a value below £60,000 in any one year;

c). to select suppliers only from an approved list or permit schools to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.

2.11.3 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

2.11.4 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

2.11.5 Certain contracts listed in the scheme as approved by the Secretary of State for services for which funding is delegated after 1st April 2019, irrespective of the agreement of schools.

2.11.6 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.

2.11.7 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

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

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

2.12.5 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.

2.12.6 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 free to spend budget shares 'for the purposes of the school', subject to any provisions of this scheme. By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

2.13.2 Under section 50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. They have done so in the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (SI 2010/190).

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 premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the act

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 Director of Education 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.

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

2.15 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 Director of Education, the school has failed 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.

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.

2.15.3 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.

2.15.4 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.

2.15.5 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.

2.15.6 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.

2.15.7 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.

2.15.8 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.

2.16.3 All maintained schools with a delegated budget must submit the form to the local authority before January 31st to enable the authority to comply the auditing of the forms prior to the end of the financial year

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 (BACS).

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

3.2.1 The proportion of the budget share to be made available to schools shall be calculated as set out in Appendix 6.

3.3 Interest Claw back

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

3.4 Interest on Late Budget Share Payments

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

3.5 Budget Shares for Closing Schools

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

3.6 Bank and Building Society Accounts

3.6.1 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.

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

3.7 Restrictions on Accounts

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

3.7.2 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.

3.7.3 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.

3.7.4 Budget share funds paid by the authority and held in school accounts remain authority property until spent (section 49(5) of the act).

3.7.5 The Authority will continue with the arrangements negotiated with National Westminster Bank whereby the accounts are in the name of the Authority but specific to each school, for schools who wish to use such arrangements.

3.8 Borrowing by schools

3.8.1 Governing bodies may borrow money only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives.

3.8.2 The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.

3.8.3 For the purposes of this document, "borrow" includes entry into any arrangement, which commits the school to payments over a period of more than twelve months.

3.8.4 Borrowing will include:

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

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

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

3.8.7 **Removal of permissions:** The local authority has the right to remove permission for a school to hold a debit card or procurement card, where a school has infringed on any of the criteria for holding any card, including breaches of their own controls or infringements. Schools should ensure that all internal controls on cards are reviewed annually and updated as necessary. All procedural changes need to be agreed with the local authority

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

3.8.9 Schools may enter into an ‘operating lease’, as defined by the Local Authorities (Capital Finance) Regulations 1997 as these do not count as borrowing. The definition of an ‘operating lease’ is summarised as follows.

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

3.9 Other Provisions:

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

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

4.1 The right to carry forward surplus balances

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

4.2 Controls on surplus balances

4.2.1 The Authority does not operate a balance control mechanism to clawback excess surplus balances.

4.3 Interest on surplus balances

4.3.1 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

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

4.5 Planning for deficit 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%.

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 budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by schools forum.

4.8 Balances of closing (and replacement) schools

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

4.9 Licensed deficits

- 4.9.1 It is not permissible for schools to budget for a deficit, except in those circumstances set out below. School budget plans must be prepared with a view to breaking even or creating a surplus at the end of the financial year. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the authority on behalf of schools. Although it is open to the Authority, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant local authority finance legislation
- 4.9.2 Where schools have reason to anticipate setting a deficit budget, the Director of Education and Chief Finance Officer must be informed immediately.
- 4.9.3 A formal sign off of all arrangements will be required by the Director of Education and Chief Finance Officer (or their representative).
- 4.9.4 The maximum length over which schools may repay the deficit (i.e. reach at least a zero balance) is three years. The Director of Education or their nominated representative will meet at least termly with the Chair and Head teacher of each school with a licensed deficit to review progress against the agreed deficit repayment plan.
- 4.9.5 Deficits will normally only be agreed for items of a one off nature and may not be agreed to support recurrent spending.
- 4.9.6 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
- 4.9.7 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.
- 4.9.8 The detailed arrangements applying to this scheme are set out in the School Financial Procedures Manual.
- 4.9.9 If a school with a licensed deficit proposes to spend amounts received in respect of other specific grants on purposes other than reducing the deficit, the Authority will agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.
- 4.9.10 Balances held by a school in an external bank account remain the property of the authority, if made available by the authority initially, and therefore may legally

be taken into account by the authority in assessing the total level of licensed deficit which it might wish to make to schools.

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

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

4.10 Loan Schemes

4.10.1 Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

4.10.2 Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

4.10.3 If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.

4.10.4 **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

5.1.1 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

5.1.2 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.

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

5.1.4 However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

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

5.1.6 **Voluntary Schools** The occupation and use of the premises of the following, both during and outside school hours, shall be under the control of the governing body, subject to any directions given by the local authority.

5.1.7 **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 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.

5.1.8 **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.

5.1.9 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.

5.1.10 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.

5.1.11 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

5.2.1 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

5.3.1 Schools may retain income from fund-raising activities.

5.4 Income from the Sale of Assets

5.4.1 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

5.5.1 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

5.6.1 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

L B Lambeth – Proposed Scheme for Financing Schools – November 2019

6.1 General provision

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

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

6.2 Charging of salaries at actual cost:

6.2.1 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.

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

6.2.3 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.

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

6.3 Circumstances in which charges may be made

6.3.1 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).

6.3.2 Other expenditure incurred to secure resignations where there is good reason to charge this to the school/where the school had not followed authority advice (see Appendix 1).

6.3.3 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 fail to be met from the budget share. Where the Authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking Authority advice the charging of the budget share protects the Authority's

position. Authorities should ensure in framing any such advice that they have taken proper account of the role of aided school governing bodies.

- 6.3.4 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.
- 6.3.5 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.
- 6.3.6 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. The authority itself needs to consider whether it has an insurable interest in any particular case.
- 6.3.7 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.
- 6.3.8 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.
- 6.3.9 Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions). Before applying any such provision the authority should consider whether it is reasonable to do so. If the error dates back several years it may be questionable whether such charging is reasonable.
- 6.3.10 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.
- 6.3.11 Legal costs which are incurred by the Authority because the governing body did not accept the advice of the Authority.
- 6.3.12 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.
- 6.3.13 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.
- 6.3.14 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;

- 6.3.15 Costs incurred by the Authority in securing provision specified in An Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost, high incidence SEN and/or specific funding for a pupil with High Needs.
- 6.3.16 Costs incurred by the Authority due to submission by the school of incorrect data;
- 6.3.17 Recovery of amounts spent from specific grants on ineligible purposes.
- 6.3.18 Costs incurred by the Authority as a result of the governing body being in breach of the terms of a contract.
- 6.3.19 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.
- 6.3.20 Costs incurred by the authority or another school as a result of a school local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation

SECTION 7: TAXATION

7.1 Value Added Tax

- 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)

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

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

8.1 Provision of services from centrally retained budgets

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

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

8.2 Provision of services bought back from the Local Authority using delegated budgets

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

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

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

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

8.3 Packaging

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

8.4 Service Level Agreements

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

8.4.2 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.

8.4.3 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.

8.4.4 Services purchased from the Local Authority by schools will normally be charged through the provision of an invoice to the school and fees will be collected via

deductions to the monthly budget share instalments with Governing Body agreement.

8.5 Teachers' Pensions

8.5.1 In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 2014, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.

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

8.5.3 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 monthly return of salary and service to Teachers' Pensions and to produce its audited contributions certificate.

8.5.4 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.

8.5.5 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.

8.5.6 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: : Private Finance Initiative (PFI) /Public Private Partnership (PPP)

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

10.1.3 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.

10.1.4 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

10.1.5 These categories are not exhaustive.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

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

11.2 Liability of governors

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

11.3 Governors' expenses

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 under section 50(5) of the act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget. Schools are expressly forbidden from paying any other allowances to governors. The Authority will publish occasional guidance as to what it considers to be reasonable expenses.

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 may be charged to the school's budget share, unless the governing body acts in accordance with the advice of the authority; although this is the responsibility of the authority, as part of the cost of maintaining the school unless they relate to the statutory responsibility of voluntary aided school governors for buildings.

11.4.2 The effect of this is that a school cannot expect to be reimbursed for the cost of legal action against the authority itself; although there is nothing to stop an

authority making such reimbursement if it believes this to be desirable or necessary in the circumstances.

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

11.4.4 Where advice is required that may result in a conflict of interest then the following procedure must be followed:

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

11.4.5 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 Chief Finance Officer of the authority, or any officer of the authority nominated by the Chief Finance Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

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 and 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 Appendix 1.

SECTION 12: Responsibility for repairs and maintenance

12.1.1 Funding for all repairs and maintenance is the delegated responsibility of schools. Only capital expenditure is retained by the local authority. 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.

12.1.2 The current de minimis limit for capital expenditure is £10,000 for vehicles and equipment and £20,000 for land and buildings. Schools are responsible for setting their own de minimis for capital expenditure.

12.1.3 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.

SECTION 13: COMMUNITY FACILITIES

13.1 Introduction

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

13.1.2 Please see Appendix 2 for more detail.

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

13.2 Consultation with the authority – financial aspects

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

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

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

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

13.2.5 Schools may still approach the Authority for a strategic view on potential programmes. The Authority is well placed to help in assessing the ability of

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

13.3 Funding agreements – authority powers

13.3.1 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.

13.3.2 Any funding agreements with third parties should be submitted to the Authority for its comments prior to the Governing Body signing any such agreement so that the Authority can ensure that any agreement is not seriously prejudicial to the interests of the school or the Authority. Comments will be provided within six weeks of receipt. If the third party requires local authority consent to the agreement for it to proceed, such a requirement and the method by which local authority consent is to be signified is a matter for that third party.

13.4 Other prohibitions, restrictions and limitations

13.4.1 Although the authority has no right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power. Where the Authority believes it appropriate they may require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned must make arrangements to protect the financial interests of the authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the authority.

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

13.5 Supply of financial information

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

13.5.2 If the Authority has concerns of the financial viability of any community activities a school may be required to provide a financial report identifying income and expenditure

received, accumulated balance brought forward from the previous financial year and projected yearend financial position on a quarterly basis.

- 13.5.3 If the Authority continues to have concerns of the financial viability of any community activities a school will be required to submit a recovery plan for the activity in question.
- 13.5.4 Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework, and these should be relied upon by authorities as their main source of information for the financial aspects of community facilities.
- 13.5.5 However, the CFR timetable is such that authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. (Schedule 15 of the Act provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share).
- 13.5.6 These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the authority as to the financial reporting requirements arising from the funding in question.

13.6 Audit

- 13.6.1 Schools community activities financial accounts must be made available for inspection by internal and external audit.
- 13.6.2 In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, the Governing Body must ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of income and surpluses

- 13.7.1 The school can retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the authority or some other person.
- 13.7.2 Such retained net income can be carried over from one financial year to the next as a separate community activities surplus.
- 13.7.3 Should the Authority close any community or community special school, any accumulated community activities surplus of the school reverts to the Authority unless otherwise agreed with a funding provider.

13.8 Health and safety

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

13.8.2 The Governing Body must ensure that any adults involved in community activities have Criminal Records Bureau clearance and the cost of such clearance should be met by the community activities accounts or funding partner as part of an agreement with that partner.

13.9 Insurance

13.9.1 The Governing Body must ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share.

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

13.9.3 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.

13.10 Taxation

13.10.1 The Governing Body should 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 and income in connection with community facilities, including the use of the Authority VAT reclaim facility.

13.10.2 The Governing Body must abide with the requirements of the Scheme for Financing Schools in relation to all aspect of taxation

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

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

13.11 Banking

- 13.11.1 Although it is necessary for the school to keep a separate financial account for community activities this does not necessitate community activities being held in a separate bank account.
- 13.11.2 If a school does decide to operate their community activities through a separate bank account, then it must be at a bank that is an approved institution as set out in requirement of the Scheme for Financing Schools. The signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters should mirror those in earlier parts of the scheme.
- 13.11.3 Schools may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining authority.

Appendix 1: 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

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

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

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

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

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

A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share".

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

(7) Where a local education authority incur costs—

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

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

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

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

Appendix 2: Application of schemes for financing schools to the community facilities power

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

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

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

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

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

Appendix 3: List of Schools covered by the scheme

URN	LAESTAB	School Name
100556	2082022	Ashmole Primary School
100560	2082115	Clapham Manor Primary School
100564	2082265	Granton Primary School
100566	2082292	Heathbrook Primary School
100567	2082295	Henry Cavendish Primary School
100572	2082331	Jessop Primary School
100574	2082359	Kingswood Primary School
100576	2082371	Lark Hall Primary School (Including Lark Hall Centre for Pupils with Autism)
100577	2082459	Paxton Primary School
100578	2082504	Richard Atkins Primary School
100584	2082575	Sudbourne Primary School
100585	2082578	Sunnyhill Primary School
100586	2082591	Telferscot Primary School
100588	2082617	Vauxhall Primary School
100589	2082626	Walnut Tree Walk Primary School
100591	2082664	Wyvil Primary School and Centres for Children With Speech and Language Impairment and Autism
100593	2082783	Crown Lane Primary School
100595	2082785	Fenstanton Primary School
100597	2082794	Elm Wood School
100598	2082808	Allen Edwards Primary School
100601	2082836	Glenbrook Primary School
100604	2082868	Herbert Morrison Primary School
100608	2082895	Streatham Wells Primary School
131247	2082897	Bonneville Primary School
131340	2082898	Hill Mead Primary School
131824	2082900	Hitherfield Primary School
131874	2082901	Henry Fawcett Primary School
100582	2082902	Stockwell Primary School
133315	2082903	Kings Avenue School
133584	2082905	Loughborough Primary School
133662	2083000	Jubilee Primary School
100609	2083307	Archbishop Sumner Church of England Primary School
100610	2083324	Christ Church Primary SW9
100612	2083375	Macaulay Church of England Primary School
100613	2083403	St Andrew's Church of England Primary School
100614	2083457	St John the Divine Church of England Primary School
100615	2083466	St John's Angell Town Church of England Primary School

URN	LAESTAB	School Name
100616	2083491	St Jude's Church of England Primary School
100619	2083502	St Mark's Church of England Primary School
100620	2083589	St Saviour's Church of England Primary School
100621	2083596	St Stephen's Church of England Primary School
100622	2083621	Holy Trinity Church of England Primary School
100623	2083641	St Helen's Catholic School
134507	2083642	The Orchard School
135614	2083643	Iqra Primary School
100628	2085200	St Bernadette Catholic Junior School
100629	2085201	St Anne's Catholic Primary School
100631	2085203	St Bede's Catholic Infant School
100632	2085204	St Andrew's Catholic Primary School
100633	2085205	Immanuel and St Andrew Church of England Primary School
100634	2085206	Reay Primary School
100636	2085208	St Mary's Roman Catholic Primary School
100602	2085209	Julian's Primary School
100624	2084223	Norwood School
100625	2084321	Lilian Baylis Technology School
100627	2084509	Saint Gabriel's College
100637	2085400	La Retraite Roman Catholic Girls' School
100638	2085401	Bishop Thomas Grant Catholic Secondary School
100642	2085405	London Nautical School
100590	2082657	Woodmansterne Primary School & Children's Centre

Appendix 4: Approved Banking Institutions for School Bank Accounts

Clearing Banks

- Barclays Bank
- Co-operative Bank PLC
- HSBC
- Lloyds
- Royal Bank of Scotland (National Westminster Bank)
- TSB

UK Incorporated Institutions Authorised by the Bank of England and Building Societies

- Halifax PLC
- Nationwide
- Santander
- Woolwich PLC
- Yorkshire Building Society

This list is limited to major clearing banks, incorporated institutions and building societies, as the Assistant Director of Finance of the London Borough of Lambeth retains the responsibility to ensure that Local authority's funds are invested prudently. The list is reviewed from time to time by the Council.

Appendix 5: Document Retention / EU Procurement Regulations

Document Retention

Category	Document Title (local name)	Retention Period	Current Format
Finance	Annual budget	6 years from current year (CY)	Paper or electronic
	Annual statement of accounts	CY+6	Paper or electronic
	Bank Statements	CY+6	Paper
	Budget monitoring papers	CY+6	Paper or electronic
	Budget files	CY+6	Paper or electronic
	Changes to bank mandates	CY+6	Paper
	Contract documentation (including advert details, list of interested parties, list of who received tender documents)		
	- under seal	12 years from financial year end	Paper or electronic
	- not under seal	6 years from financial year end	Paper or electronic
	Correspondence files	CY+6	Paper or electronic
	Debtors records	CY+6	Paper or electronic
	Headteacher's budget reports	CY+1	Paper or electronic
	Information files	Until superseded	Paper or electronic
	List of Authorised signatories	6 years after person ceases to be signatory, or the list is suspended	Paper
	Orders and Delivery documentation	CY+6	Paper
	Petty cash vouchers, returned cheques, cheque stubs, monthly bank reconciliations	CY+6	Paper
	Requisitions for goods or services	CY+6	Paper
	Scheme of Delegation	Until superseded	Paper or electronic
	School development plans	CY+3	Paper
	Service level agreements	Until superseded	Paper or electronic
Outturn statements (including transaction reports)	CY+6	Paper or electronic	
Register of Tender and Quotations	CY+6	Paper or electronic	
Student Grant Applications	CY+3	Paper or electronic	
Successful tenders and quotations	Life of contract	Paper or electronic	
Unsuccessful tenders and quotations	2 Years	Paper or electronic	
School Meals	Dinner Registers	CY+3	Paper or electronic
	F.S.M. Authorisations	Whilst child attends school	Paper
	School Meals Summary Sheets	CY+3	Paper
	Tickets	1 term	Paper
	Till Rolls	CY+3	Paper
School Funds	Bank Statements, cheque book stubs, completed bank paying-in books, invoices, ledger, receipts.	CY+6	Paper

EU Contract Thresholds

Contract Thresholds at and above which UK Regulations apply.

As at **1 January 2018**

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

See Chapter 3 in the financial procedures manual for further detail

	Supplies		Services		Work	
	£	Euro	£	Euro	£	Euro
Contract threshold	118,133	144,000	118,133	144,413	4,551,413	5,548,000
Prior Indicative Notices (PIN)	615,278	750,000	615,278	750,000	4,551,413	5,548,000

Appendix 6: 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.**