

Agenda

Herefordshire Schools Forum

Date: **Friday 10 July 2026**

Time: **9.30 am**

Place: **virtual meeting platform**

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

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Agenda for the Meeting of the Herefordshire Schools Forum

Membership

Chairperson Paul Jennings
Vice-Chairperson Richard Foster

Kate Andrews
Alison Banner
Sarah Beard
Zayla Beecham
Emma Blankley
Beverley Blower
Adam Breakwell
Alex Davies
Stewart Debenham
Paul Deneen
Nicki Gilbert
Andy Gosling
Georgie Griffin
Kate Joiner
Tim Knapp
Chris Lewandowski
Rose Lloyd
Hayley Manns
Rachel Ussher

Dave Williams

Academies
Local Authority Maintained Primary School

Academies
LA maintained secondary schools
Diocese of Hereford
Academies (Primary)
Academies (Primary)
PRU - Management Committee
Maintained Primary - headteacher
Academies (primary)
Maintained Primary - headteacher
Trade Unions
LA Special Schools
Secondary Governors
Primary Governors
Academy Special School
Academies
Trade Unions
Early Years Providers
Early Years providers
LA Maintained Primary School (nursery class)
16-19 providers

Agenda

	Pages
1. APOLOGIES FOR ABSENCE To receive apologies for absence.	
2. NAMED SUBSTITUTES (IF ANY) To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.	
3. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda.	
4. MINUTES To approve and sign the minutes of the meeting held on 20 March 2026.	5 - 10
5. DSG DEFICIT MANAGEMENT PLAN AND SEND REFORMS To receive an update on the DSG Deficit Management Plan and SEND Reforms.	11 - 30
PRESENTATION FOR ITEMS 6-8	31 - 46
6. DEDICATED SCHOOLS GRANT 2025/26 OUTTURN To provide an update to the Schools Forum on the Dedicated Schools Grant (DSG) draft final outturn position for the financial year ending 31 March 2026 (Quarter 4).	47 - 52
7. DEDICATED SCHOOLS GRANT UPDATE AND 2027/28 BUDGET PLANNING To provide an update to the Schools Forum on the items within the Dedicated Schools Grant (DSG) that are funded from the Schools Block and Central School Services Block, in preparation of the 2027/28 budget setting process.	53 - 62
8. REVISIONS TO HEREFORDSHIRE'S SCHEME FOR FINANCING SCHOOLS For Schools Forum to note the publication of the Herefordshire's Scheme for Financing Schools (Local Management of Schools (LMS) Scheme), for implementation with immediate effect.	63 - 156
9. ANNUAL REVIEW OF SCHOOLS FORUM MEMBERSHIP To report on the annual review of membership of Herefordshire Schools Forum (the forum) and Budget Working Group (the working group) and to approve action as necessary to maintain proportionality.	157 - 160
10. DATES OF MEETINGS AND WORK PROGRAMME FOR 2026/27 To approve dates for meetings to be held and the work programme for the forum for 2026/27 academic year. The following dates are suggested: Friday 23 October 2026 9:30am	161 - 162

Tuesday 19 January 2027 9:30am (to accommodate the deadline for the APT).

Friday 19 March 2027 9:30am

Friday 16 July 2027 9:30am



Minutes of the meeting of Herefordshire Schools Forum held at virtual meeting platform on Friday 20 March 2026 at 9.30 am

Present: Mr P Jennings (Academies) (Chairperson)

K Andrews	Academies
Z Beecham	Academies (Primary)
B Blower	PRU - Management Committee
A Breakwell	Maintained Primary - headteacher
A Davies	Academies (primary)
S Debenham	Maintained Primary - headteacher
P Deneen	Trade Unions
N Gilbert	LA Special Schools
C Lewandowski	Trade Unions
R Lloyd	Early Years Providers

In attendance:

Officers: Democratic Services Officer, Finance Business Partner for Education and Schools, Head of Strategic Finance , Interim Finance Business Partner, Senior Finance Business Partner, Service Manager Additional Needs

22. APOLOGIES FOR ABSENCE

Apologies received from members: Hayley Manns, Gemma Martin, Richard Foster and Dave Williams.

Apologies received from Officers: Hilary Jones - Head of Additional Needs, Louise Tanner - Head of Learning and Achievement and Liz Farr - Service Director, Education, Skills and Learning.

23. NAMED SUBSTITUTES (IF ANY)

There were no named substitutes.

24. DECLARATIONS OF INTEREST

There were no declarations of interests.

25. MINUTES

RESOLVED: That the minutes of the meeting held on 20 January 2026 were approved as an accurate record.

The chair informed the forum he was using his discretion to bring forward the Deficit management plan to be the first substantive item on the agenda.

26. DSG DEFICIT MANAGEMENT PLAN AND SEND REFORMS

The Service Manager Additional Needs (SMAN) informed the forum that the deficit management plan comprised four principal workstreams, primarily centred on intervention, inclusion support for schools, and increasing local sufficiency of complex places and resource-based provision.

Update on Intervention and Inclusion Work included;

- **Harvest Project:** Enrolments had increased, and recent impact reporting from schools demonstrated clear benefits for pupils.
- **Commissioned Places:** Short- and long-term commissioned SEMH places are being developed, with some new provision expected to open in the next academic year.
- **Inclusion Outreach Service:** Demand continued to rise, with referrals increasing. The service had expanded beyond SEMH to cover additional primary needs and is triaging support effectively. Advisory visits and crisis support remained a key feature, with intervention specialists deployed into schools to work alongside staff and pupils.
- **Key Stage 3 and Me Workshops:** Following co-production with young people, the redesigned programme is now successful and meeting needs more effectively.
- **Inclusive Classroom Projects:** These initiatives were running well and providing wider support across schools.
- **Parent Workshops:** In response to demand, new workshops had been created to help parents understand school-based strategies. The pilot at St Paul's School received very positive feedback, and sessions will be offered more widely via the School Effectiveness Team.
- **Support Staff Surgeries:** A new model had been introduced whereby advisory teachers and intervention specialists spend a full day in schools, using a carousel format to address practice-based concerns and deliver structured activities for pupils. This is intended to strengthen inclusion expertise among support staff.

Updates on Sufficiency and Capital Projects included;

- The DfE confirmed that free school proposals for Herefordshire would not proceed. A formal response was submitted by the deadline, and initial feedback described it as well-crafted, with further steps expected in due course.
- **Hampton Dene Expansion:** Work continued at pace, with the new provision scheduled to open in September 2026.
- Increased sufficiency locally would reduce out-of-area placements, although additional places naturally result in increased expenditure within the High Needs Block. The moral imperative to provide appropriate local provision for complex pupils remained central.
- **Westfield Rebuilding Programme:** A project team had been appointed and a DfE feasibility study is expected over the next 6–12 months.
- **Rye Field Centre:** Herefordshire's first MLD specialist provision is progressing despite some building delays.
- Additional developments included; new autism bases, the SCMH resource space at Trinity, expansion of HPRS places and advancement of the AP pathway.
- Capital funding for AP and HPRS development had been secured through cabinet approval, enabling refurbishment of existing sites as a cost-effective approach.

Significant contributions of finance colleagues and service teams was acknowledged, noting that the combined work had helped contain the growth of the deficit, which would have been substantially higher had no action been taken.

White Paper Overview

The Service Manager Additional Needs provided an overview of the newly published Schools White Paper and the accompanying SEND Reform Plan. The documents set out the Government's long-term education reform agenda, focusing on raising standards and strengthening inclusion.

Key national challenges identified included attainment gaps, disadvantage, SEND system pressures, and declining attendance. National targets were outlined, including an average GCSE grade 5 or above, halving the disadvantage gap, improving attendance, and strengthening pupils' sense of belonging. Delivery of these ambitions was noted to rely on a well-supported workforce. Workforce reforms include enhanced teacher recruitment and retention measures, improved maternity pay, and incentives for headteachers in high-needs areas.

The SEND reform proposals emphasised early intervention, improved mainstream provision, the introduction of an Inclusive Mainstream Fund, and the Experts at Hand multi-agency model.

A new national Inclusion Standard would be introduced, requiring schools to publish an Inclusion Strategy.

Significant proposed changes to Education, Health and Care Plans (EHCP) were highlighted being restricted to the most complex needs, with Individual Support Plans introduced for all other pupils requiring support. New specialist provision packages would underpin EHCPs. These changes were expected from 2029, with existing statutory duties remaining unchanged until then.

A national consultation on the White Paper and SEND reforms is open until May, and all stakeholders were encouraged to contribute.

In response to the forum questions, it was noted;

1. The lack of detailed information regarding, local funding allocations, the structure of the proposed "experts at hand model" and the operational and financial implications for rural areas had been raised multiple times with the Department for Education.
2. The authority is continuing to actively feedback the need for greater clarity and rural consideration within the reforms.
3. Detailed information on academisation was not yet available. The Service Director was due to meet with the DfE to seek clarification, and a written update would be circulated to the committee.
4. The government's policy regarding elective home education continued to change and no firm detail had been issued about registration requirements or associated funding. Further clarification would be sought. A written update and the figures of electively home-educated children in Herefordshire, including associated funding would be circulated with the item added as a standing item on the Budget Working Group agenda.

Feedback from the Budget Working Group included the potential implications of the reforms, particularly the re-emergence of proposals for groups of schools working together. Questions had been raised about the scale of consultation planned for the summer term and the financial vulnerability of some single-academy trusts.

Support was expressed for the Service Director, Education, Skills and Learning and her team on SEND reforms, recognising the substantial effort and positive direction of travel and acknowledging the difficult financial decisions having to be made and the team's frustrations arising from the DfE's repeatedly changing decisions.

Actions:

1. Detailed information on academisation once sought from the DfE to be circulated to the forum.
2. Specific data on current sufficiency in terms of the residential/non-residential split to be circulated.
3. A written update on the figures of electively home-educated children in Herefordshire, including registration requirements and associated funding to be circulated with the item added as a standing item on the Budget Working Group agenda.

27. RECOUPMENT FROM SCHOOLS BUDGETS FOR PERMANENT EXCLUSIONS AND HOSPITAL EDUCATION

The Interim Finance Business Partner introduced the revised process for recouping school budget shares for Permanently excluded pupils and Pupils educated elsewhere (mainly hospital), the following principal points were noted.

- Currently the Herefordshire Pupil Referral Service (HPRS) liaised directly with schools and invoice the school directly, taking those funds into their provision to offset their costs and the Local Authority (LA) adjusted the SLA accordingly to consider the extra income that was being brought in.
- The new approach would bring Herefordshire's process in line with the Department for Education (DfE) guidance, which states that local authorities, not PRUs/HPRS, should recoup funding from schools.
- The LA would now invoice schools direct for pupils who are permanently excluded, or receiving hospital education and the income would go into the High Needs Block to offset alternative provision costs.
- HPRS would now be funded solely through place and top-up funding (similar to special schools) and would no longer receive direct income from schools. SLAs would reflect this.
- How the charges to Schools would be calculated was explained with the value rates for 2025–26 being included at Appendix 1.

The forum was in support of the revised process implemented from September 2025 and emphasised the importance of supporting children in hospital schools. It was noted that the new process was fairer, simpler, and significantly more beneficial for the PRU, as it placed responsibility with the local authority rather than individual schools.

28. DEDICATED SCHOOLS GRANT 202526 QUARTER 3 OUTTURN

The Head of Strategic Finance (HSF) introduced the report, the following principal points were noted.

- The latest forecast end-of-year position indicated an overspend of £18.2 million. (improved from the originally budgeted £20m deficit).
- Underspends were largely related to independent school fees and complex needs costs, partially offset by increased top-up payments (mainstream, special schools, PRUs, and post-16).
- The high needs block continued to experience significant pressure and at 31 March 2026 the forecasted outturn would mean a cumulative DSG deficit balance of £38.2 million.
- With the DfE's recent announcement of the High Needs Stability Grant (HNSG) to offset 90% of LA historic DSG deficits up to and including the 31 March 2026, the Council would still have to fund the remaining 10% (approx. £4m) from the general fund reserves, which were already under pressure.

- Work was ongoing to develop and implement the SEN reform plan, which was required to be submitted to the DfE for approval to receive the grant funding.
- Despite the welcome funding, significant concerns remain due to the ongoing growth in high needs demand over the next two years, shrinking local authority reserves and uncertainty about future funding approaches after the statutory override ends in March 2028.

In response to forum questions, it was noted that;

1. The reduction of independent school costs was due to the council's ongoing work to expand local sufficiency of specialist places, which forms an important part of wider SEND reforms and financial planning.
2. It was explained that the current sufficiency was largely non-residential. The specific data on the residential/non-residential split was not included in the slides but could be provided.
3. Details for future years had not yet been provided by the government, but it was confirmed that only the high needs block deficit would be covered. It was noted that any surplus reserves from other blocks, excluding school balances, were expected to be used to offset the deficit, meaning current arrangements would continue.

The service was praised for the lower-than-expected costs of independent schools and the work being conducted to reduce costs whilst ensuring support for young people who do not require independent school placements.

It was queried whether parents, unable to secure places in maintained special schools, might be choosing elective home education instead of independent specialist provision, and whether this trend affected funding allocations.

The forum heard how the budget working group had acknowledged and praised the significant work undertaken to reduce pressures in the system but despite the progress made, and they had noted that further challenges remained.

Thanks was offered to the Budget Working Group and Herefordshire Council staff for their thorough and professional work in reviewing the items presented, emphasising their commitment to securing the best outcomes for children and young people in the county, noting whilst funding for special needs appeared to be improving and that greater government responsibility for the budget would help local authorities, future developments remained uncertain and challenges remaining.

29. HIGH NEEDS BUDGET 2026/27

The Head of Strategic Finance (HSF) introduced the report, the following principal points were noted.

- The gross allocation for 2026/27 had increased by £1.9m, but the uplift was insufficient to meet the rapidly growing demand.
- £5.5m funding is recouped from the local authority to directly fund special academies, FE colleges, and other providers.
- Transfers from other DSG blocks had been made to support the High Needs Block:
 - £100k from Early Years (SEN Inclusion Fund)
 - £300k from the Central Block
 - Total transferred: £400k
- After transfers, the High Needs Block allocation totalled £25.1m.

- Budget setting used Q3 data, factoring in inflation, pupil growth, new placements, and known changes, developed in partnership with the SEN team.
- The actual funding requirement to meet identified need is £50.9m, resulting in a proposed in-year deficit of £25.8m.
- This represents a £5.8m increase compared to the 2025–26 in-year deficit of £20m.
- A detailed breakdown of the budget pressures and allocations was provided in the accompanying slide deck.

In response to a forum question It was explained that, although Herefordshire was still experiencing a rising deficit, the council had managed to contain overspend more effectively than many other local authorities. It was noted that several neighbouring and metropolitan councils had faced significant and long-standing deficits. Herefordshire was currently in a comparatively stronger position despite ongoing challenges.

Views from the budget working group had included concerns with the increase in children with ECHPs coming in for September and questions raised over the continued spending that was expected of the local authority without full DfE support, them noting that current funding appeared to cover only around half of what children needed. The BWG recommended the budget as outlined in the report to the Schools Forum.

A member noted that a key driver of the high-needs overspends which was often overlooked, was the extension of EHCP entitlement from age 19 to 25, which was introduced without additional funding. This required councils to support young adults, often in expensive independent settings due to limited local provision, adding six unfunded years of entitlement and making the budget difficult to balance. Colleagues were commended for minimising costs.

Concerns were raised that the rising high-needs deficit could disproportionately impact Herefordshire due to the council's smaller size and more limited reserves. It was questioned whether the F40 group had taken a position and suggested that working collectively with other underfunded authorities could help apply pressure on the government for fairer funding.

The forum unanimously supported the recommendations in the report.

Resolved that the school's forum recommends a High Needs Budget of £50.9 million for 2026/27 for approval by the Cabinet Member for Children and Young People.

30. DATE OF NEXT MEETING

Friday 10 July 2026.

The meeting ended at 10.41 am

Chairperson



DSG Deficit Management Plan

Since our High Needs expenditure within Herefordshire is largely driven by the number of pupils with an EHCP, as numbers have increased so too has expenditure. Unfortunately, our High Needs DSG funding has not increased at the same rate and as a result the Council's DSG reserve went into deficit for the first time at the end of 2019/20 and has continued to grow each year since. At the end of 2025/26 this deficit stood at £36.3 million.

Context

The purpose of the management plan as per the DfE guidance is to:

- Comply with DSG conditions of grant.
- Monitor how DSG High Needs funding is being spent and compare data on high needs spend with other Local Authorities.
- Highlight areas where the Council will review spending to improve future strategic plans for the provision of children and young people with special education needs and disabilities.
- To provide assurances that the Council is achieving value for money from their DSG spend and are fully cognisant of and capture all the potential operational and financial risks.
- Maintain engagement with stakeholders through strong and collaborative governance arrangements with School Leaders and Schools Forum.

Background

The DfE uses a special template that contains comparative data on special provision and placements, Section 251 budget and outturn data and High Needs National Funding Formula illustrative allocations. The Council completes most of this template, while making the document work for our needs. Recently the Deficit Management Plan has been reviewed in line with the requirements of the Local SEND Reform Plan, which was submitted for DfE consideration on 19 June 2026. The information reported within this document is reported regularly to Budget Working Group and Schools Forum. We hold regular joint meetings between the service and finance colleagues to review the details of the plan; its impact on the in-year outturn and progress of planned actions. This will also assist in the quarterly monitoring of the SEND Reform Plan data return to the DfE, as part of the High Needs Stability Grant assurance.

Local Context

- June 2025: In line with national trends, Herefordshire is feeling acute pressure on their High Needs Budget.
- Despite increases in specialist provision being commissioned over the past few years more children and young people are being placed in the independent and non-maintained special schools at high cost.

- Total Independent costs have risen from £427k in 2017/18 to £14.9 million at the end of the financial year 2025/26.
- There are a number of assumptions which underly the current forecasts, as follows:
 - The number of CYP in the overall school age population remains the same (i.e there are no significant changes in overall numbers of school age children anticipated over this period due to falling/rising rolls)
 - The percentage of CYP with EHCPs will rise assuming the same trend as experienced historically
 - The percentage of CYP with different types of primary need will remain the same as the historic trend
 - The percentage of CYP with EHCPs requiring specialist provision will remain the same as the historic trend.

DSG Deficit Management Plan Actions

The key actions in this Management Plan are grouped into four workstreams:

1. Intervention First
2. Managing demand
3. Increasing the sufficiency of local places
4. Financial management adjustments

These workstreams are also replicated in the SEND Action Plan and reported into broader governance via the SEND Action Plan's leadership workstream.

The total cost avoidance to be achieved from the delivery of the Management Plan and the programme workstreams is £95.3 million in total from 2027/28 to 2031/32 (cost detail of mitigating strategies can be seen below).

1. Intervention First

Actions	Timescales	Responsible Officer/Team
1.1 A commissioning review is driving new ways of working to support children and families, to ensure that mediation and alternative provision are purchase through a framework. This will drive efficiencies, for example reducing spot purchasing costs.	March 26	Lizzie Birrell - Commissioning
1.2 Intervention pathway (Harvest Project) from Hereford Pupil Referral Service offered which will be time limited and with a school contribution made toward the cost of intervention.	Sept 25	Hilary Jones
1.3 Short-term and long-term commissioned places to support pupils with SEMH (High Needs). KS1 = 12 places short-term and 6 long-term. KS2 = 16 short-term and 6 long-term.	KS2 – Sept 25 KS1 – Jan 26	Hilary Jones and Jane Morse

1.4 Increase the reach of SENCO forum network to share good practice, promote support for children and young people within the mainstream schools and timely identification of need.	December 2025	Pam Howell/Sian Alderton
1.5 Develop the SEND Outreach and Inclusion offer with Special Schools, Specialist Teachers and Education Psychology services, Education Inclusion Advisors, and mainstream resource bases to set up support offer for staff in mainstream schools and reduce the need for specialist placements.		
1.6 Training to improve the capacity of schools to meet pupils' needs at an earlier stage. This includes PINS training, classroom teacher 'expert' training, SENCo support and training.	January 26	Hilary Jones
1.7 Quality Assurance cycle of the delivery of Section F of an EHC plan in schools and settings, to support professionals in delivering high quality support.	Ongoing and underway	Head of Education, Learning and Skills - LT
1.8 Develop graduated approach toolkits to support practitioners in all key stages and for all types of primary need.	March 26	Inclusion Advisors
1.9 Developing stronger transition pathways – supporting schools to receive pupils who have a variety of needs into the start of a new key stage.	March 26	Inclusion Advisors

2. Managing Demand

The focus of this workstream is to enable improved outcomes by meeting needs and improving outcomes earlier, avoiding the need for some children to have EHCPs. The underlying evidence showed a post pandemic increase in mental health and wellbeing issues, including diagnosis for ASD/ADHD and CAMHS referrals in 2–10-year-olds.

Actions	Timescales	Responsible Officer
2.1 Implement and develop the new graduated approach toolkit, supporting early identification and intervention strategies to improve outcomes for children and young people and reduce the likelihood that a child or young person will require a specialist placement as they grow older	March 26	Inclusion Advisors
2.2 Review of commissioning of places in the Pupil Referral Service	June 25	Louise Tanner – Head of Learning and Achievement
2.3 Review of commissioning of places in Educated Other than at School Arrangements. An analysis by age, gender reason for EOTAS provision, length of time out of school and numbers awaiting placement or in receipt of bespoke packages (and the cost of those packages) should be included.	December 25	Micelle Giampalma – Service Manager
2.4 Market testing exercise of commissioned services will be used to identify efficiencies, for example more cost-effective home tuition services.	July 26	Louise Tanner – Head of Learning and Achievement Commissioning – Jane Morse
2.5 A new delivery model for HPRS: Establish an Alternative Provision Specialist Taskforce. Taskforces are teams of co-located specialists based onsite within schools, undertaking integrated, child-centred work with pupils, responsively information-sharing, as well as sharing their expertise and embedding their practice within the whole school. Additionally, create a space for a small locality team (early help / social care) to be located in the school with an office and meeting room.	September 26	Louise Tanner – Head of Learning and Achievement
2.6 Alternative Provision and Support for Inclusion - Continue to support schools to be inclusive and manage increase in permanent exclusions. A new delivery model for HPRS. The proposed model will provide an outreach element with the intention of enabling children to remain in their local school where this is appropriate. SEE 1.2	September 26	Louise Tanner – Head of Learning and Achievement

2.7 Establish a whole 'specialist teacher' team (4 staff) covering the 4 areas of need. Team of practitioners who support and aid set up of school run provisions (SEND hubs). Team model the running of it, then step away leaving the school with the skills and confidence to run it successfully internally. This team provide workshops promoting the benefits. School then to receive hands on support to set up the provision and the team would run the provision (for a set period of time) alongside school staff ensuring everything was in place before they step away, providing regular drop ins and support.	April 26	Hilary Jones – Head of Additional Needs Sarah Filby - SEMH Inclusion Service Team Leader
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3. Improving sufficiency of local places

Local authority data indicates an increase in the number of Independent Non-Maintained Special Schools (INMSS) placements from 52 in 2020 to 231 in May 2026. Many of these placements are driven by a lack of capacity in local provision rather than necessity (for example where we are ordered by a tribunal court to place a child in INMSS).

Actions	Timescales	Responsible Officer	Updates
3.1 Extend specialist places for primary for SLCN and ASD: Expansion of Hampton Dene LCC to provide 16 additional spaces for KS1 and KS 2 for SLCN and ASD	February 26	High Needs Capital Grant Board	20/3/25: Due to a delay in the planning application going live, the programme has moved. Additional school places and construction to be completed by February half term 2026.
3.2 Extend SEMH places: Expansion of Brookfield SEMH Special School to provide two additional classrooms and sports hall. Business case to keep Arrow Group at Symonds Street, will create additional capacity 16 places,	Completion January 26	Service Director LF Education Development Lead – QM Hilary Jones – head of Additional Needs	2022, Westfield School accepted on to DFE rebuilding programme - March 25 – meeting on site with DFE officials. April 27, feasibility start (one year) now likely to be earlier.
3.3 Rebuilding and Expansion of Westfield Special School to provide new accommodation for pupils with an estimated additional 30 new places. 10 Places from September 2029, a further 10 places from September 2030 & a further 10 places from September 31. Financial Impact: 30 places would achieve a yearly saving of £1.68m once all 30 places are filled. Removal of Independent places at £56k per place.	September 2029 - 2031	Service Director LF Education Development Lead – QM	
3.4 Create MLD specialist provision: Ryfield Centre – up to 40 places for 5-16	September 2027 - 2028	Education Development Lead – QM	

ysrs MLD and associated difficulties e.g. SEMH/ASD. 25 Places from September 2027 and a further 15 places from September 2028 Financial Impact: 40 places would achieve a yearly saving of £2.24m once all 40 places are filled. Removal of Independent places at 56K per place.		Hilary Jones – head of Additional Needs	
3.5 Relocation and expansion of Hereford Pupil Referral Service: Develop Tier 2 model - short-term placements in alternative provision to assess support pupil's needs to help them return and remain their mainstream school). HPRS offer a total of 64 places across two centres, 24 KS3 and 40 KS4. New site to provide 100 KS3/4 places, an additional 36 new places. Financial Impact: 36 places would achieve a yearly saving of £2.016m once all 36 places are filled. Removal of Independent places at 56K per place. Expand age range of HPRS to include KS1/2. Vacating of St Davids site to create a small KS1 and KS2 registered alternative provision. 30 Places from September 2028. Financial Impact: 30 places would achieve a yearly saving of £1.68m once all 30 places are filled. Removal of Independent places at 56K per place.	September 2028 - 2029	Education Development Lead – QM Hilary Jones – head of Additional Needs	

3.6 Extend the AP pathway to pupils and reduce the number of bespoke packages. Develop a site for an outstanding provider e.g. Continu+ to deliver a richer AP offer. 75 Places from September 2028 & a further 25 places from September 2029. Financial Impact: 100 places would achieve a yearly saving of £5.6m once all 100 places are filled. Removal of Independent places at 56K per place.	September 2028 - 2029	Louise Tanner – Head of Learning	
3.7 Extend autism provision: Resource Based Provision – autism base Aylestone. Increase 16 places in September 25 for KS3/4 for ASD and a further 8 places from September 2027. Financial Impact: 8 places would achieve a yearly saving of £0.448m once all 8 places are filled. Removal of Independent places at 56K per place.	September 2027	Education Development Lead – QM Hilary Jones – head of Additional Needs	
2.4 Extend SEMH provision: Resource Based Provision – SEMH base, Trinity Primary School, 8 places September 25 KS1/2, 16 places KS1/2 Sept 26 (16 in total)	September 2026	Education Development Lead – QM Hilary Jones – head of Additional Needs	

4 Financial management workstream

Actions	Timescales	Responsible Officer	Updates
4.1 Deep dive into each area of spend to identify efficiencies	Ongoing	DSG Monthly Governance Group	The group has been driving forward the SEN Reform Plan as the new focus of this governance group, establishing it as the central strategic priority.
4.2 Review administrative charges to other local authorities for out of county pupils in Herefordshire	Ongoing	Hilary Jones and Finance colleagues	
4.3 Review of commissioning arrangements that would achieve projected cost avoidance	Ongoing	Zoe Richards and Jane Morse	
4.4 Launch a new strategic commissioning framework for Alternative Provision in September 2025	Ongoing	Zoe Richards and Jane Morse	
4.5 Post 16 – FE College Placements - Review post 16 expenditure to ensure greater efficiency with mainstream college providers. Close partnership working with colleges to support them to recognise how they can achieve greater efficiency whilst maintaining high standards and better aligning post 16 college funding with how schools are funded.	Ongoing	Service Director LF Education Development Lead - QM	
4.6 Carry out an annual demand profile in July/August each year to analyse the current provision deficit and to track the actual position against the projected position.	Ongoing	DSG Monthly Governance Group	This activity is a critical component of the organisation's quarterly budget monitoring oversight, serving as a key mechanism for ensuring financial accountability, strategic alignment, and informed decision-making.

Implementing the Local SEND Reform Plan

21

Progress so far



SEND REFORM

Putting children and young people first



Herefordshire's SEND Reform Plan was submitted on 19th June.

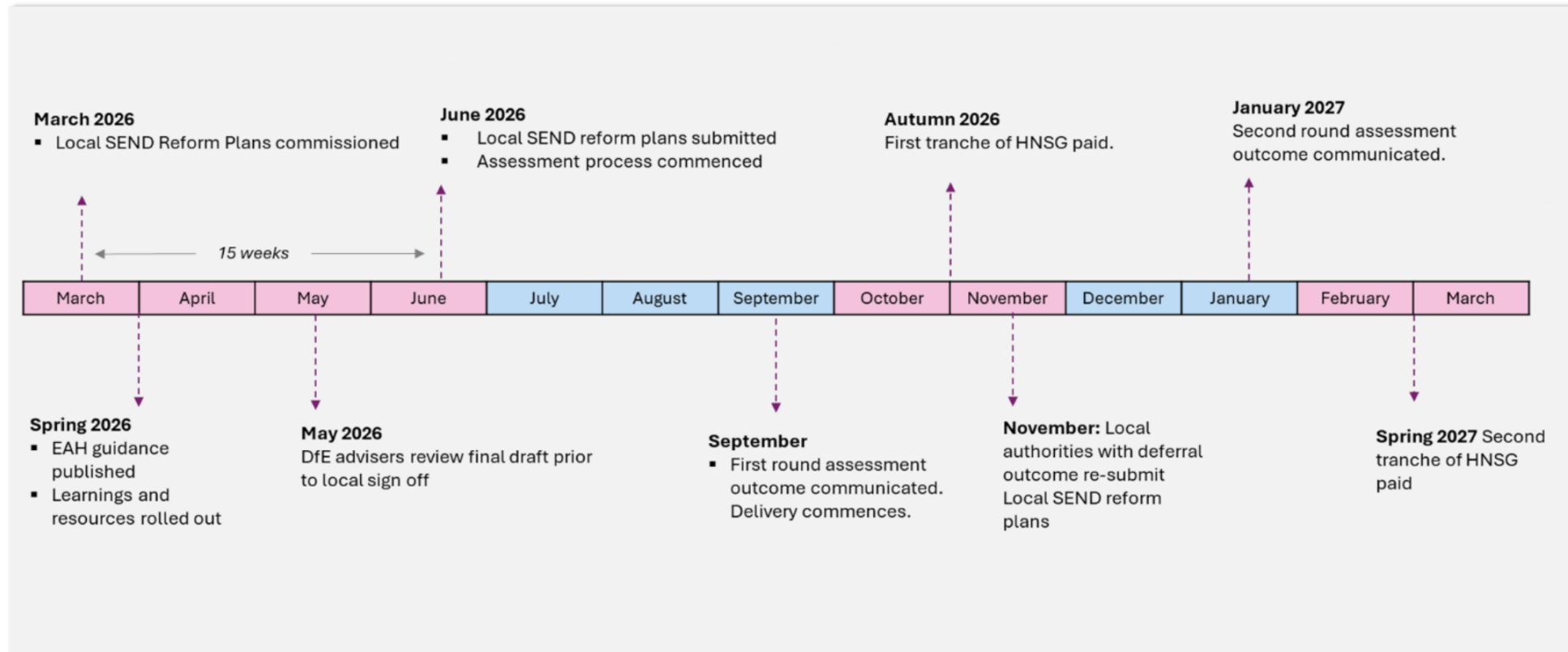
Co-produced with partners

Link to Funding (High Needs Stability Grant) - Government will cover 90% of High Needs deficits (up to end of 2025–26). Funding is conditional on plan approval

Plans will be assessed using the Local SEND Reform Plan Quality Assessment Framework

The Secretary of State makes the final decision on approval Outcomes will be communicated in September

Timeline



High Needs Stability Grant and Deficit Management

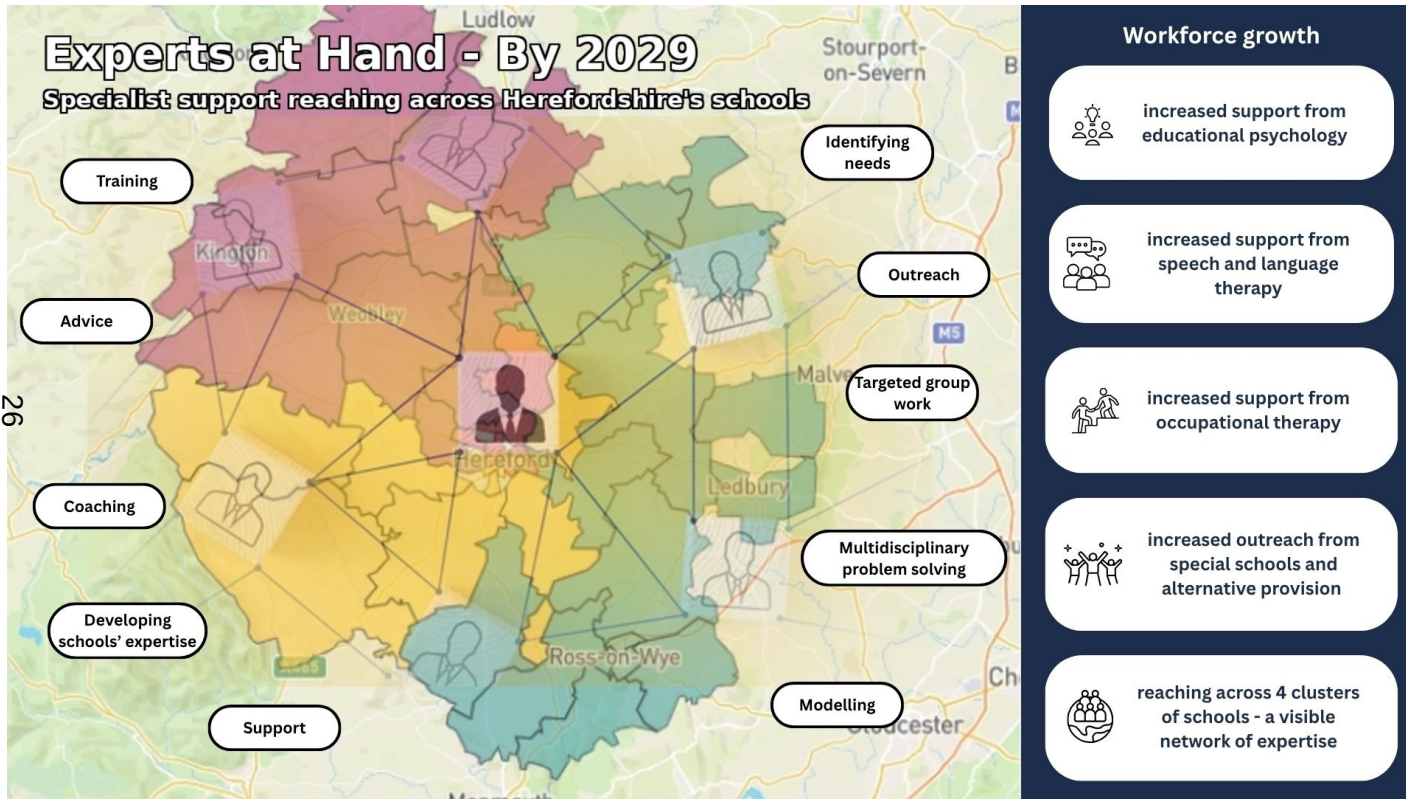
- The High Needs Stability Grant is a UK government funding measure designed to help local authorities manage and write off 90% of their accumulated high needs deficits.
- The grant writes off 90% of a local authority's total eligible high needs deficit accumulated up to the end of the 2025/26 financial year.
- Remaining Deficit: Councils are responsible for addressing the remaining 10% through localised sustainability plans.
- Statutory Override: The government has extended the statutory override, ensuring these DSG deficits remain separated from councils' general fund balances.
- Eligibility Conditions: To receive the grant funding, local authorities must meet strict requirements:
 - SEND Reform Plan: Councils must develop and secure Department for Education (DfE) approval for a local SEND reform plan.
 - Sustainable Spending: The plan must demonstrate a sustainable, actionable path forward that manages future high needs spending effectively.

Headlines 2026-2029



- The local plan aims to create a clearer, earlier and more joined-up support system for children and young people with SEND.
- Implementation over 3 years to 2029
- Year one is the build year: establish the operating model, meet minimum requirements, and start delivery in two pilot clusters.
- Years 2 and 3 then scale and embed the model across the county.
- Year 1 funding confirmed: £1.2m (Sept – March)
- Year 2 indicative funding : £2.1m (full year)
- Year 3 indicative funding: £2.4m (full year)
- Funding = 80% minimum direct delivery to schools

Three Year Roadmap



- **Year One – Build:**
 - Publish one joined-up inclusion offer.
 - Start Experts at Hand in 2 pilot clusters.
 - Set up single front door, triage and shared reporting.
- **Year Two – Scale up:**
 - Begin to extend core model to all clusters.
 - Reduce local variation and standardise access.
 - Use Year 1 learning to improve consistency, reach and quality
- **Year Three: Enabled:**
 - Full county coverage.
 - Make earlier specialist advice and outreach routine.
 - Show impact on inclusion, local placements and value for money.

What schools will see in Year One



- A published local inclusion offer that explains what support is available and how to access it.
- A new SEND portal for schools
- Access to an assistive technology lending library
- One route in for Experts at Hand with clearer thresholds and triage.
- A better explanation of what schools can get directly and what still sits with NHS pathways.
- More early specialist input: educational psychology, speech and language, occupational therapy, inclusion advice and outreach.
- Two pilot clusters where the new approach goes live first.
- Regular feedback loops through headteacher groups, SENCO networks, roadshows and “you said, we did” updates.

Sufficiency, Places and Financial Sustainability



Inclusion and Sufficiency Planning

Inclusion is the default approach, expanding bases and adapting mainstream settings for diverse local needs.

Reducing High-Cost Placements

Focus on reducing costly out-of-area placements by investing in local specialist capacity and early interventions.

Financial Sustainability

Financial sustainability guides all decisions, emphasising long-term stability over short-term demand management.

Leadership and Reinvestment

Collective leadership and reinvestment of savings upstream are essential for sustainable improvement.

Use of capital funding



SEND commissioned places in mainstream schools:

- SEMH intervention
- ASD and SLCN resourced provision places

Growth in special school capacity

- Special school rebuild
- New special school development
- Special school expansion/ improvement

Alternative Provision

- Relocation and expansion

The capital programme will improve the whole local offer. It should mean better access to local support, more realistic pathways when children need something different, and less dependence on placements far from home.

What This Means for Leaders



- Brief SENCOs and governors on the pilot model and the direction of travel.
- Work with Experts at Hand when the service is launched
- Identify where staff need the most help with coaching, outreach or practical advice.
- Use / join forums and networks to shape the model and flag what is not yet working clearly.

Schools Forum

10 July 2026

DSG Outturn Q4 2025/26

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2025/26 DSG Outturn

DSG Allocation	Budget £m	Outturn £m	Variance £m
Schools Block	138.166	138.151	(0.015)
Less Recoupment	(71.797)	(71.797)	-
Less NNDR adj	(1.306)	(1.306)	-
Schools Block	65.063	65.048	(0.015)
Central Block	0.934	0.924	(0.010)
High Needs Block	28.786	46.277	17.492
Less Recoupment	(5.254)	(5.254)	-
High Needs Block	23.532	41.024	17.492
Early Years Block	23.893	22.818	(1.075)
Total DSG 2025/26	113.422	129.814	16.393

* Funding as per DfE website Mar 2026 allocation update

2025/26 Overall DSG Variances

- Schools Forum recommended a High Needs budget of £43.5 million for 2025/26, with a funding gap of £20.0 million.
- The outturn position has resulted in the in-year deficit being lower than when the budget was set. The end-of-year position is an overspend of £16.4 million.
- A net £3.6 million reduction in the deficit as detailed:

	Q4 Draft Outturn Variance £m
Overall DSG	
Fees to Independent Schools and Alternative Provision	(5.4)
Complex Needs	(1.1)
High Needs SEN Protection	(0.3)
Early Years Block	(1.1)
Other (Misc.)	(0.1)
Forecast Underspend	(8.0)
SEN Top Up Payments Mainstream/Special/PRU	1.6
High Need Post 16 Top ups	2.1
S19 Education Costs	0.2
Inter Authority Recoupments	0.5
Forecast Overspend	4.4
Net Outturn Underspend vs Budget	(3.6)

Outturn

- The **Schools Block outturn is a £15k underspend**, arising from increased Trade Union facilities traded income exceeding associated expenditure.
- The **Central Block outturn shows a £10k underspend**. This reflects a £40k underspend within the admissions administration budget, driven by higher traded income relative to salary costs, offset by a £30k overspend on the DfE licences budget.
- The **Early Years Block outturn is £1.1 million underspent**, arising from the timing of spring and summer term 2025 payments, which were delayed due to the Easter holiday period. When the 2024/25 Early Years outturn was reported to Schools Forum, an overspend was presented, with the expectation that a corresponding underspend would materialise in 2025/26, although the value was not known at that time.

High Needs Block Outturn

High Needs Block	Budget £m	Outturn £m	Variance £m
Special School Places	1.207	1.222	0.015
PRU Places	1.033	1.076	0.043
PRU Top Ups	0.512	0.815	0.303
Early Years SENIF Grants	0.270	0.228	(0.042)
Nurture Provision	0.291	0.204	(0.087)
Resource Bases (inc. top ups)	0.552	0.866	0.314
Autism Bases	0.566	0.315	(0.251)
SEN Support Services	1.471	1.178	(0.293)
Inter Auth Recoupment	(0.060)	0.407	0.467
Fees to Independent Schools	20.626	15.237	(5.389)
S19 Education costs	-	0.194	0.194
Tier 4 Hospital School Provision	-	0.011	0.011
High Needs – School Top Ups	5.809	7.038	1.229
High Needs – Special Top Ups	5.424	5.753	0.330
High Needs – Post 16 Top Ups	2.808	4.916	2.108
High Needs SEN Protection	1.544	1.229	(0.315)
DSG Complex Needs Contributions	2.558	1.452	(1.106)
High Needs Contingency (Block Transfers)	(1.098)	(1.116)	(0.018)
High Needs Block Budget Requirement	43.513	41.024	(2.487)
High Needs Block 2025/26 Net Allocation	(23.532)	(23.532)	-
High Needs Block 2025/26 Deficit	19.981	17.492	(2.487)

Cumulative Deficit Balance

- At the 31st of March 2026, the outturn has increased the carried-forward **DSG Deficit cumulative balance to £36.3 million**, as analysed in the table below:

DSG Deficit	Pre 2022/23 Balance £m	2023/24 £m	2024/25 £m	2025/26 Outturn £m
Outturn	1.1	5.0	13.8	16.4
DSG Deficit Cumulative balance	1.1	6.1	19.9	36.3

High Needs Stability Grant (HNSG)

- The DfE announced on 23 February 2026 a new High Needs Stability Grant to offset 90% of LA historic DSG deficits up to and including the 31 March 2026. Council's will then have to fund the remaining 10% from its Earmarked Reserves. This would equate to £32.7m of HNSG funding for Herefordshire based on the Q4 outturn, with £3.6m to be found from Council reserves.
- However, the HNSG will only be paid once the DfE have approved the Local SEND Reform Plan which was submitted on 19 June. If the plan meets the DfE requirements on first assessment, HNSG funding is expected to be paid sometime during autumn 2026.
- For deficits that arise in 2026/27 and 2027/28, LAs can expect that the DfE will continue to take “an appropriate and proportionate approach”, though it will not be unlimited.

DSG Update & 2027/28 Budget Planning

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DSG Update & 2027/28 Budget Planning

- The 2026/27 De-delegated Services are funded as follows:

	2026/27 £	
Access budgeting software	23,056	Primary & Secondary
Free school meals eligibility checking	13,502	Primary & Secondary
English as an additional language	55,008	Primary & Secondary
Trade Unions	20,240	Primary only
School Improvement Service	67,170	Primary & Secondary
Contingencies	11,213	Primary & Secondary
Inclusion Outreach Team (previously the Behaviour Support Service)	31,110	Primary only
Total De-delegated Services	221,299	

DSG Update & 2027/28 Budget Planning

- The 2026/27 Central School Services Block (CSSB) is funded as follows:

	2026/27 £	
Statutory retained duties	390,000	Education Service Management
Schools Forum administration costs	19,000	Democratic Services supporting the Forum
School Admissions	71,288	Admissions Service & Democratic Services (i.e. appeals process)
National licences for schools	192,736	Awaiting final confirmation from DfE so estimated at 25/26 charge plus 4% inflation
SACRE funding for statutory duties	4,000	Religious education curriculum costs
Transfer to the High Needs Block	286,441	Spare unallocated budget
Total CSSB	963,465	

DSG Update & 2027/28 Budget Planning

- Appendix A includes a summary of the activities undertaken by each De-delegated Service. Schools Forum are invited to review these services to determine if they would like to continue to fund them in 2027/28, with decision to be made at the October meeting.
- The council is currently undertaking a review of the ongoing commitments of the CSSB and Education Management Functions ISB top slice in preparation of the 2027/28 budget. We are currently reviewing the DSG technical guidance to look for ways that we can maximise the CSSB funding and reduce the burden to the ISB if possible. A further report will be presented to the October Schools Forum report, with recommended amendments which will form part of the 2027/28 budget setting process.

DSG Update & 2027/28 Budget Planning

Timetable of 2027/28 budget setting process is included within the Schools Forum report. Key deadlines for BWG/Schools Forum to note are:

Date	Action
October 2026	Schools Forum to decide 2027/28 De-delegated Services and Education Management Functions budgets Schools Forum consider 2027/28 Disapplication requests for Secretary of State
December 2026	DfE announces schools' revenue funding settlement for 2027/28
January 2027	Schools Forum to approve 2027/28 budget for Schools, CSSB and Early Years
March 2027	Schools Forum to approve 2027/28 High Needs budget

Scheme for Financing Schools (LMS Scheme)

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Scheme for Financing Schools (LMS Scheme)

- The Department for Education (DfE) published their statutory guidance to local authorities on 26 March 2026, which confirmed there are no directed changes required for 2026/27 financial year.
- 45 • In addition, Herefordshire Council will not make any local revisions to the scheme, therefore there is no requirement for consultation on this year's scheme.
- Herefordshire Council Scheme for Financing Schools (LMS Scheme) is effective immediately for 2026/27 financial year.

Questions

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Title of report: Dedicated Schools Grant 2025/26 Quarter 4 Outturn

Meeting: Herefordshire Schools Forum

Meeting date: Friday 10 July 2026

Report by: Head of Strategic Finance (Deputy S151)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To provide an update to the Schools Forum on the Dedicated Schools Grant (DSG) draft final outturn position for the financial year ending 31 March 2026 (Quarter 4).

Recommendation(s)

That:

- a) Schools Forum note the draft final Quarter 4 outturn position of the Dedicated Schools Grant (DSG) for 2025/26.

Key considerations

1. Herefordshire's Dedicated Schools Grant (DSG) allocation for 2025/26 was as follows:

Block	Gross Allocation £m	Recoupment £m	NNDR Adjustment £m	Net Allocation £m
Schools Block	138.166	(71.797)	(1.306)	65.063
Central Block	0.934	-	-	0.934
High Needs Block	28.786	(5.254)	-	23.532
Early Years Block	23.893	-	-	23.893
DSG Allocation 2025/26	191.779	(77.051)	(1.306)	113.422

2. The DSG allocation is as per the latest published allocations in March 2026. This reflects the Early Years funding adjustments, 2025/26 import/export adjustments in the High Needs Block and a £0.2 million recoupment adjustment in the Schools Block for academy conversions.
3. The forecast deficit on the High Needs Block at the time of 2025/26 budget setting was £20 million. As at Quarter 4, the year end position is an overspend of £16.4 million, which relates to the pressures on the High Needs Block. The below table shows the Quarter 4 outturn by block:

Block	Budget £m	Outturn £m	Variance £m
Schools Block	65.063	65.048	(0.015)
Central Block	0.934	0.924	(0.010)
High Needs Block	23.532	41.024	17.492
Early Years Block	23.893	22.818	(1.075)
Total DSG 2025/26	113.422	129.814	16.393

4. The main reasons for the reduction in overall overspend on the DSG of £3.6 million compared to the expected in-year deficit at the start of the year is because of reduced complex needs placements of £1.1 million, independent placements and alternative education provisions average cost being lower than estimated in the budget, and a slowing down of demand in the final quarter of the financial year. This is offset by increased top up payments for pupils in mainstream, special, pupil referral units and post 16 provision.
5. There was also £1.1 million underspend on the Early Years Block which relates to the timing of spring and summer term 2025 payments due to the Easter holidays. When reporting 2024/25 Early Years outturn to Schools Forum, an overspend was presented and it was noted the corresponding underspend would be realised in 2025/26 financial year, although the value was not known at the time. Due to the lagged funding arrangements on the Early Years Block, final 2025/26 budget allocations will not be confirmed by the Department for Education (DfE) until July 2026, meaning the underspend is still provisional at this stage. Further update will be provided as part of the 2026/27 Q1 outturn report.

6. Two small variances to note on the Schools Block and Central Block of £0.015m & £0.010m respectively. Overall, both Blocks have operated within its approved financial envelope, and the small underspend contributes positively to the wider DSG position.
7. The Schools Block reports a £0.015m underspend, primarily driven by higher-than-anticipated Trade Union facilities traded income, which exceeded the expenditure required to deliver the service. No other material variances were identified across this Block, with expenditure aligned to planned allocations.
8. The Central School Services Block reports a £0.010m underspend for the financial year. This position reflects a combination of favourable and adverse variances across key budget lines. The most significant positive variance is a £40k underspend within the admissions administration budget, driven primarily by higher levels of traded income generated from schools. This additional income exceeded expectations and offset the staffing and operational costs associated with delivering the admissions service, resulting in a net surplus. This favourable position has been partially offset by a £30k overspend on the DfE licences budget. The overspend reflects increased national licence costs set by the Department for Education, which local authorities are required to fund in full and have limited ability to influence.

Cumulative DSG Deficit and the High Needs Stability Grant

9. The cumulative forecast deficit on the High Needs Block at the end of 2025/26 is currently £36.3 million, which is analysed as follows:

DSG Deficit	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Outturn	1.1	5.0	13.8	16.4
Cumulative DSG Deficit Balance	1.1	6.1	19.9	36.3

10. The cumulative DSG deficit is accounted for as an unusable reserve on the Council's balance sheet, as permitted via statutory instrument, which will remain in place until 31 March 2028. This enables all local authorities to ring-fence the DSG deficit from the overall financial position in the statutory accounts.
11. The DfE announced on 23 February 2026 that local authorities would receive funding via a new High Needs Stability Grant (HNSG) to offset 90% of its historic DSG deficits up to and including the 31 March 2026. This would equate to £32.7 million based on the Q4 outturn position. Council's will then have to fund the remaining 10% from its Earmarked Reserves, which would equate to £3.6m.
12. However, allocations of the HNSG will only be paid once a local authority has developed and submitted to the DfE a Local SEND reform plan which is then approved as meeting the required criteria. Herefordshire Council submitted its SEND reform plan on 19 June 2026 in line with the deadline and await final feedback from the DfE. If the plan meets the DfE requirements on first assessment, HNSG funding is expected to be paid sometime during autumn 2026.

Community impact

13. Increasingly schools funding is directed by government, and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs. Schools, colleges and post-16 providers and potentially parents will need to be consulted on any changes to the high needs services.

Environmental Impact

14. This is a consultation with Schools Forum on school funding and will have no direct environmental impacts. School governing bodies and trustees are responsible for deciding on expenditure and they will be encouraged to minimise waste and resource use in line with the Council's Environmental Policy.

Equality duty

15. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
17. In relation to school finance, it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users and further advice from legal services will be sought should this be necessary. However, the decisions of the school forum should have regard to this duty and the potential implications of any decisions made.

Resource implications

18. This report relates to the Dedicated Schools Grant (DSG) only.

Legal implications

19. The Schools Forum is a statutory decision making and consultative body constituted in line with the School Standards and Framework Act 1998, and its associated regulations, including the Schools Forum (England) (Coronavirus) (Amendment) Regulations 2020, to enable members of the local school community to work in partnership with Herefordshire Council when making decisions about school funding and finances.
20. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2026.

Risk management

21. Budget Working Group (BWG) reviews all reports and proposals in detail prior to making recommendations to the Schools Forum. This two-stage process helps to ensure greater scrutiny of budget proposals and mitigate against any risks that may be identified. Any identified risks will be monitored and managed by the Children's and Young People directorate jointly with the Schools Forum.

Consultees

22. Budget Working Group (BWG) was consulted on 30 June 2026, who noted the contents of the report.

Appendices

Budget Working Group presentation 30 June 2026.

Background papers

None.

Glossary of terms, abbreviations and acronyms used in this report.

BWG	Budget Working Group (of Schools Forum)
DfE	Department for Education
DSG	Dedicated Schools Grant
HNSG	High Needs Stability Grant
NNDR	National Non-Domestic Rates



Title of report: Dedicated Schools Grant Update and 2027/28 Budget Planning

Meeting: Herefordshire Schools Forum

Meeting date: Friday 10 July 2026

Report by: Head of Strategic Finance (Deputy S151)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To provide an update to the Schools Forum on the items within the Dedicated Schools Grant (DSG) that are funded from the Schools Block and Central School Services Block, in preparation of the 2027/28 budget setting process.

Recommendation(s)

That:

- a) **Schools Forum note the contents of the report and give their views for consideration by Herefordshire Council in preparation of the 2027/28 Dedicated Schools Grant (DSG) budget.**

Alternative options

1. Schools Forum has the power to decide on which services are funded through the delegations and should be consulted by Herefordshire Council as part of the budget setting process.

Key considerations

2. During budget setting each year, Schools Forum will be asked to approve the de-delegation of funding for centrally provided support based on a per pupil rate, considered to be a fair way of accounting for the size of the school and its budget.
3. The final de-delegation budget will be determined once the October 2026 pupil numbers are confirmed in the Authority Pro Forma Tool (APT), which is used to calculate the schools' budgets. The details of which will be presented to Schools Forum in January 2027.
4. Schools block de-delegation does not apply to special schools or pupil referral units (PRUs).

2026/27 De-delegations

5. The 2026/27 De-delegated Services are funded as follows:

	2026/27 £	
Access budgeting software	23,056	Primary & Secondary
Free school meals eligibility checking	13,502	Primary & Secondary
English as an additional language	55,008	Primary & Secondary
Trade Unions	20,240	Primary only
School Improvement Service	67,170	Primary & Secondary
Contingencies	11,213	Primary & Secondary
Inclusion Outreach Team (previously the Behaviour Support Services)	31,110	Primary only
Total De-delegated Services	221,299	

6. This budget is top sliced from the Individual Schools Block (ISB) budget to allow the council to provide these services directly to maintained school.
7. Appendix A includes a summary of the activities undertaken by each service. Schools Forum are invited to review these services to determine if they would like to continue to fund them in 2027/28, with decision to be made at the October meeting.

2026/27 Central School Services Block (CSSB)

8. For 2026/27 the Central School Services Block (CSSB) is made up of 2 elements: ongoing responsibilities and historic commitments (Herefordshire Council has £0 historic commitments within their funding allocation). The budget is as follows:

	2026/27	
	£	
Statutory retained duties	390,000	Education Service Management
Schools Forum administration costs	19,000	Democratic Services supporting the Forum
School Admissions	71,288	Admissions Service & Democratic Services (i.e. appeals process)
National licences for schools	192,736	Awaiting final confirmation from DfE so estimated at 25/26 charge plus 4% inflation
SACRE funding for statutory duties	4,000	Religious education curriculum costs
Transfer to the High Needs Block	286,441	
TOTAL	963,465	

9. The council is currently undertaking a review of the ongoing commitments of the CSSB and Education Management Functions ISB top slice in preparation of the 2027/28 budget. We are currently reviewing the DSG technical guidance to look for ways that we can maximise the CSSB funding and reduce the burden to the ISB if possible. A further report will be presented to the October Schools Forum report, with recommended amendments which will form part of the 2027/28 budget setting process.

10. Timetable of 2027/28 budget setting process:

Date	Action
October 2026	School Census return and high needs place-change process between LA and providers. Schools Forum to decide 2027/28 De-delegated Services and Education Management Functions budgets. Schools Forum consider 2027/28 Disapplication requests for Secretary of State
November 2026	Local authority submit 2027/28 high needs place-change workbook to DfE
December 2026	DfE announces schools' revenue funding settlement for 2027/28
January 2027	Early Years Census return, DfE issues outcome of the high needs place-change review and Authority Proforma Tool (APT) submission. Schools Forum to approve 2027/28 budget for Schools, CSSB and Early Years.
February 2027	Deadline for confirmation of schools' budget shares to maintained schools.

March 2027	Deadline for confirmation of estimated Early Years funding allocations to providers. Schools Forum to approve 2027/28 High Needs budget.
Summer 2027	Early Years Block updated for Early Years pupils from January 2027 Early Years pupil numbers.
Summer 2028	Early Years Block updated for January 2028 Early Years pupil numbers (pro rata 7/12th for September 2027 to March 2028).

Community impact

11. Increasingly schools funding is directed by government, and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs. Schools, colleges and post-16 providers and potentially parents will need to be consulted on any changes to the high needs services.

Environmental Impact

12. This is a consultation with Schools Forum on school funding and will have no direct environmental impacts. School governing bodies and trustees are responsible for deciding on expenditure and they will be encouraged to minimise waste and resource use in line with the Council's Environmental Policy.

Equality duty

13. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
14. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. In relation to school finance, it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users and further advice from legal services will be sought should this be necessary. However, the decisions of the school forum should have regard to this duty and the potential implications of any decisions made.

Resource implications

16. This report relates to the Dedicated Schools Grant (DSG) but may have an impact on the council's general fund budget if services charged to the DSG are deemed no longer appropriate following review by Schools Forum.

Legal implications

17. The Schools Forum is a statutory decision making and consultative body constituted in line with the School Standards and Framework Act 1998, and its associated regulations, including the Schools Forum (England) (Coronavirus) (Amendment) Regulations 2020, to enable members of the local school community to work in partnership with Herefordshire Council when making decisions about school funding and finances.
18. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2026.

Risk management

19. Budget Working Group (BWG) reviews all reports and proposals in detail prior to making recommendations to the Schools Forum. This two-stage process helps to ensure greater scrutiny of budget proposals and mitigate against any risks that may be identified. Any identified risks will be monitored and managed by the Children's and Young People directorate jointly with the Schools Forum.

Consultees

20. Budget Working Group (BWG) was consulted on 30 June 2026, who noted the contents of the report.

Appendices

Appendix A – De-delegated Services Update

Background papers

None.

Glossary of terms, abbreviations and acronyms used in this report.

APT	Authority Proforma Tool
BWG	Budget Working Group (of Schools Forum)
CSSB	Central School Services Block
DfE	Department for Education
DSG	Dedicated Schools Grant
PRU	Pupil Referral Units



Appendix A – De-Delegations Service Update

Access Budget Software

Access Education Budgets is a cloud-based school budgeting and financial planning system designed for schools, academies, and multi-academy trusts. It supports budget creation, forecasting (up to five years), scenario planning, salary modelling, and financial reporting. It can also be integrated with other school systems.

The current contract is due to expire 25th April 2027. There is an option to extend for 12 months.

Free School Meals Eligibility

Eligibility checks to confirm entitlement to FSM. Data is processed on our system, notifications issued to schools along with real time access system for schools to check eligibility dates.

FSM legislation is changing from 01/09/2026 so increased work required to establish pupils who meet the new criteria and annual checks on eligibility for all pupils.

English Additional Language Service

The EAL team provides advice and support to Herefordshire schools. The Service Offer to LA Maintained Schools includes:

- Assessments (EAL, First Language, CAML (7-15 year olds), Teddy Talk and Teddy Talk in First Language
- Interventions for Nursery pupils (using Teddy Talk), primary pupils and secondary pupils – 1:1 or group
- Bilingual Story time – Nursery and Key Stage 1 pupils
- Parent Engagement Sessions at school events (such as coffee mornings, wellbeing events, etc)
- Support at meetings with school and parents
- Polish Exam Preparation (chargeable)
- Polish Speaking Exam Delivery (chargeable)
- Child Observation (Nursery and Key Stage 1)
- Training for school staff (face to face, online and inset/twilight training)
- Advice and Guidance via email
- Weekly EAL Telephone Advice Line

This offer is available to Academy Schools as a traded service.

Ukrainian and Afghani pupils at Academy settings are able to access the service at no further charge due to HFU (Homes for Ukraine) and Afghani Resettlement Project funding.

Trade Unions Facilities Time

The local authority provides facilities time to recognised trade unions to comply with the need for employers to have appropriate arrangements for trade union recognition, consultation and negotiation.

Primary schools voted to de-delegate funding to the local authority, whereas secondary schools voted not to de-delegate so can buy back the service via an SLA arrangement.

School Improvement Service

The School Improvement Service provides strategic leadership, challenge, and support to schools to secure and sustain high-quality education outcomes for all pupils. The service works in partnership with maintained schools, and other stakeholders to promote continuous improvement, raise standards, and ensure statutory duties in relation to education quality and inclusion are met.

The service offers a range of core functions, including:

- Monitoring and Quality Assurance
- Regular engagement with schools to review performance data, self-evaluation, leadership capacity, and the quality of teaching and learning. This includes risk assessment and identification of schools requiring additional support or intervention.
- Challenge and Intervention
- Provision of appropriate challenge to school leaders and governing bodies where performance concerns are identified, including coordinating and leading on formal intervention where necessary in line with statutory guidance.
- Advisory Support and Capacity Building
- Targeted advice and support to senior leaders, governors, and staff on school improvement priorities, including curriculum development, leadership, teaching practice, and outcomes for vulnerable groups.
- Support for Vulnerable Learners and Inclusion
- Collaboration with wider services (e.g. SEND, attendance, behaviour, and safeguarding) to ensure schools are effectively supporting pupils at risk of underachievement or exclusion.
- Facilitation of School-to-School Support
- Brokerage of partnerships between schools, including access to system leaders, strong practitioners, and multi-academy trust support where appropriate.
- Preparation for Inspection and Compliance
- Support to ensure schools are prepared for inspection (e.g. Ofsted) and are meeting statutory and regulatory requirements.
- Strategic System Leadership
- Contribution to local authority education strategy, identifying system-wide priorities, and coordinating improvement activity across the school system.

Contingencies

The contingency de-delegated budget is a relatively small allocation that was originally intended to support areas such as shortfalls arising from academy conversions, unexpected costs (including census errors and employment tribunal costs etc).

Given the historic agreement regarding its purpose, it would be beneficial to review this budget to align it to a more defined and relevant scope.

Inclusion Outreach Team (previously Behaviour Support Service)

The Inclusion Outreach Service is a key part of the Local Inclusion Support Offer, designed in response to feedback from schools to provide quicker support and more practical help in classrooms.

The team includes advisory teachers and intervention specialists working across domains:

- social, emotional and mental health
- communication and interaction
- cognition and learning needs

Support is accessed through a single referral route. Advisory teachers provide assessment, planning and guidance, while intervention specialists deliver hands-on support in classrooms, modelling strategies and working alongside staff. The service focuses on coaching staff, providing short-term pupil support where needed, and ensuring inclusive approaches are embedded in everyday practice.



Title of report: Publication of Herefordshire's 2026/27 Scheme for Financing Schools

Meeting: Herefordshire Schools Forum

Meeting date: Friday 10 July 2026

Report by: Head of Strategic Finance (Deputy S151)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

For Schools Forum to note the publication of the Herefordshire's Scheme for Financing Schools (Local Management of Schools (LMS) Scheme), for implementation with immediate effect.

Recommendation(s)

That:

- a) Schools Forum note there are no Department of Education (DfE) directed changes to Herefordshire's Scheme for Financing Schools (LMS Scheme) for 2026/27,
- b) Schools Forum note that there are no local revisions to Herefordshire's Scheme for Financing Schools (LMS Scheme), and as such the existing scheme will remain in place for 2026/27 financial year, as set out at Appendix A.

Alternative options

1. Department for Education (DfE) instructed changes must be implemented, however local changes can be rejected if Schools Forum so wish. The Scheme would remain as it is for those items until a solution is found, or the Council seeks permission from the Secretary of State, in

accordance with Part 4 of the School and Early Years Finance and Childcare (England) Regulations 2025.

Key considerations

2. Section 48 of the Schools Standards and Framework Act 1998 obliges Local Authorities to establish and maintain a Scheme for Financing Schools dealing with how a Local Authority will finance the schools that it maintains.
3. The Scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and PRUs maintained by the local authority, whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the local authority's area which are maintained by another authority. Nor does it apply to academies.
4. In line with the Regulations, revisions to a Local Authority's Scheme for Financing Schools can only be implemented once a Local Authority has consulted with their maintained schools and obtained the approval of either their Schools Forum or the Secretary of State for Education.
5. Only Schools Forum members representing maintained schools are eligible to vote on the proposed changes.
6. However, amendments to a Scheme for Financing Schools, that are necessary to enable it to comply with changes to the law introduced by the Regulations, do not require consultation or the approval of a Schools Forum.
7. The Department for Education (DfE) published their statutory guidance to local authorities on 26 March 2026, which confirmed there are no directed changes required for 2026/27 financial year. In addition, Herefordshire Council will not make any local revisions to the scheme, therefore there is no requirement for consultation on this year's scheme.
8. Included at Appendix A is the latest Herefordshire Council Scheme for Financing Schools (LMS Scheme) which is effective immediately for 2026/27 financial year.

Community impact

9. In accordance with our code of corporate governance, Herefordshire Council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition, the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. The council is committed to ensuring openness and transparency and the recommendations of this report demonstrate the reasons for a policy change being made.

Environmental impact

10. This is a consultation with Schools Forum on school funding and will have no direct environmental impacts. School governing bodies and trustees are responsible for deciding on expenditure and they will be encouraged to minimise waste and resource use in line with the Council's Environmental Policy.

Equality duty

11. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. In relation to school finance, it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users, and further advice from legal services will be sought should this be necessary. However, the decisions of the school forum should have regard to this duty and the potential implications of any decisions made.

Resource implications

14. The school's budget is fully funded by Dedicated Schools Grant (DSG).

Legal implications

15. The recommended amendments to the Scheme are in accordance with updates to the Department for Education (DfE) guidance to reflect changes in the Schools and Early Years Finance (England) Regulations 2026. DfE statutory guidance on schemes for financing schools for local authorities March 2026 states that councils are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. In making any changes to their schemes, councils must consult all schools in their area and receive the approval of members of their Schools Forum representing maintained schools. Councils must take this guidance into account when revising their schemes, in consultation with the Schools Forum.

Risk management

16. The council will fully comply with the amendments to the scheme.

Consultees

17. This report was discussed by Budget Working Group (BWG) at the meeting on the 30 June 2026.

Appendices

Appendix A – Herefordshire's Scheme for Financing Schools 2026/27

Background papers

None.

Glossary of terms, abbreviations and acronyms used in this report

BWG	Budget Working Group (of Schools Forum)
DfE	Department of Education
DSG	Dedicated Schools Grant
LMS	Local Management of Schools



HEREFORDSHIRE COUNCIL'S SCHEME FOR FINANCING MAINTAINED SCHOOLS OR LOCAL MANAGEMENT OF SCHOOLS (LMS)

2026/27 Financial Year

Stacey Carter,
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The scheme sets out the rules and conditions governing the financial relationship between schools and the Local Authority (LA). It provides a reference for school staff and Governors towards understanding their duties and responsibilities as well as rights and entitlements.

The Council strongly believes that governing bodies should have wide discretion to manage school-based resources. Accordingly, the Council aims -

- (i) to secure the maximum level of budget delegation for schools compatible with the LA's responsibilities and the wishes of schools;
- (ii) to keep to a minimum the disruption to any school;
- (iii) to ensure that the Council can meet its statutory responsibilities for the education service.

The scheme addresses the resources needs of all types of school, including by providing support for the Council's many small schools.

The main scheme (Chapters 1-14) were framed by the Department for Education (DfE) and adapted where local conditions vary. The supporting annexes provide more information and explanation about the formula, delegation and charging arrangements, as well as opportunities for central funding.

HEREFORDSHIRE COUNCIL'S SCHEME FOR FINANCING MAINTAINED SCHOOLS LIST OF CONTENTS

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For a full list of annexes, please see page 35.

THE OUTLINE SCHEME

References throughout this statutory guidance to:

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

;

“the authority” means the local authority; and

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

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

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares.
2. Amounts which may be charged against schools’ budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the authority for schools maintained by them
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time
8. The virement between budget heads within the delegated budget.
9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority’s non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.
10. The use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets.
11. Borrowing by governing bodies
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools’ budget shares having regard to section 50(7) of the 1998 Act

14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act. 7
15. The keeping of a register of any business interests of the governors and the head teacher
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.
21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
22. The provision of legal advice to a governing body
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

SECTION 1: INTRODUCTION

1.1 The Funding Framework

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

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

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

Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

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

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

An authority may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (schedule 17 to the Act)

Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

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

1.2 The Role of the Scheme

The scheme sets out the financial relationship between the Council and the maintained schools which it funds. The scheme contains requirements relating to financial management and associated issues and is binding on both the Council and on schools in any year to which it relates.

1.2.1 Application of the scheme to the council and maintained schools

The scheme applies to community, nursery, voluntary, foundation, community special or foundation special school and pupil referral units (PRUs) maintained by the authority.

1.3 Publication of the scheme

The scheme must be published on a website which is accessible to the general public and that any revised version must be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.4 Revision of the scheme

Any proposed revisions to the scheme will be the subject of prior consultation with all schools and units and other interested parties e.g. the Trades Unions and Diocesan bodies and will require approval by member of the Schools 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. 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.

1.5 Delegation of powers to the headteacher

- a) The governing body of any school with delegated budget powers must determine the extent to which it wishes to delegate its finance powers to the headteacher, and to record its decision (and any revisions) in the minutes of the governing body. This is now a statutory requirement under the School Government Regulations 1999 and must be undertaken annually. Such decisions by the governing body will be subject to any requirements of regulations to be made under section 38 of the Act, and Schedule 11 thereto. It is open to the Council to suggest to schools what might be a desirable level of delegation to headteachers, but the scheme does not seek to impose any particular pattern.
- b) The Council's suggestions concerning the respective roles of governors and

headteacher are as follows –

- (i) All expenditure **decisions**, whether concerning the appointment of staff or the purchase of goods and services, must be **approved** by the governing body or by a committee or by the headteacher acting under powers delegated to him/her by the governing body itself.
- (ii) It is for the governing body to decide the extent to which their powers of decision should be delegated to the headteacher.
- (iii) The full governing body must discuss and approve the school's first formal budget plan of each financial year and all major decisions on expenditure priorities and changes to priorities during the year. Draft plans showing current committed expenditure and options for increasing or decreasing that expenditure would normally be prepared by the headteacher and/or a committee, and should take account of consequential effects in future years.
- (iv) It is strongly recommended that day to day expenditure decisions and the management of the school's budget should be delegated to the headteacher. Within such an arrangement, governing bodies would have the freedom to define levels or types of expenditure that would be subject to specific reference to the governing body or to one of its committees.
- (v) Whatever the governing body may allow for delegation of budget **decisions**, only the headteacher or another designated Council employee may act as the Council's **accounting officer** within the school. The governing body has no discretion or powers in this matter.
- (vi) Governors have no power, either collectively or individually, to place orders or sign contracts committing the Council to any expenditure that is to be charged to the Council's accounts. The making of such final financial **commitments** must, therefore, be undertaken by properly designated accounting officers within the school - namely the headteacher or a designated deputy - or by Council Officers.
- (vii) The headteacher, as the Council's accounting officer, has a legal duty not to implement a decision of the governing body in any case where to do so would require Council regulations to be infringed.

1.6 Maintenance of schools

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

SECTION 2: FINANCIAL CONTROLS

2.1.1 Application of financial controls to schools

- a) Schools are required to manage their delegated budgets according to the Council's requirements on financial controls and monitoring, not only those in the scheme but also those requirements set out in detailed documents referred to in this scheme. If there is any inconsistency between this scheme and those other rules and regulations relating to the funding or financial management of schools, the terms of the scheme shall apply. Those requirements may contain particular regulations for schools operating their own bank accounts.
- b) All expenditure from budget provision made by the Council and all official income must be included in the Council's accounts.
- c) Schools must comply with Council financial regulations, standing orders and accounting instructions and guidelines, as issued to the school from time to time by the Council's Chief Financial Officer, who is statutorily responsible for ensuring the probity and regularity of all financial activities and systems within the Authority.

2.1.2 Provision of financial information and reports

Schools must provide the Council with details of anticipated and actual expenditure and income, in a form and at times (usually termly) determined by the Council's Chief Financial Officer or the Director of Children's Services.

2.1.3 Payment of salaries and bills, and collection of income

- a) Governing bodies and headteachers will not physically handle Council money or have bank accounts apart from authorised imprest accounts or other accounts approved by the Council's Chief Financial Officer. All payments must be made through, or under other arrangements explicitly approved by the Council's Chief Financial Officer.
- b) Procedures for banking and for operating imprest accounts are under the control of the Council's Chief Financial Officer, as described in the Council's accounting guidelines.
- c) Under the Service Level Agreement arrangements, from 1st April 2000, schools will be able to purchase payroll services from outside providers. The Council will, where appropriate, facilitate a transfer of information and responsibility to the new provider. Schools will also be assisted to make appropriate arrangements to pay their new provider the monthly payroll costs.
- d) The Director of Children's Services and the Council's Chief Financial Officer will continue to prepare payrolls and pay salaries, wages, travelling and subsistence allowances for all other schools. Schools must not make payments to staff or make other payments in cash or in kind other than through the procedures operated or approved by the Council's Chief Financial Officer.
- e) The collection of all money due to the Council, whether as a result of the schools own official activities or according to Council requirements, must be receipted and banked in accordance with arrangements defined by the Council's Chief Financial Officer. All official income produced by the school's own activities will be credited to its accounts.

2.1.4 Control of assets

- a) Each school must maintain an inventory of its moveable non-capital assets each worth £1000 or over, in a form to be determined by the Council, and dispose of such assets as prescribed in the Council's regulations.
- b) Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000.

2.1.5 Accounting policies (including year-end procedures)

Schools must comply with all instructions and requests for information from the Council's Chief Financial Officer in relation to the application of the Council's Accounting Policies, including year-end procedures.

2.1.6 Writing off debts

Governing bodies are able either to recommend or to authorise the write off of debts for items such as lettings, and all types of miscellaneous income.

- **Schools with external Bank accounts**

The school governing body may approve the write off of a debt up to £500 for a single debtor in any financial year. Proposals to write off debts above that sum would require consultation with the Council's Chief Financial Officer. It is anticipated that only in exceptional circumstances would such approval not be forthcoming.

- **Schools without external Bank accounts**

The governing body could recommend the write off of a debt to the Council's Chief Financial Officer for his approval. It is anticipated that only in exceptional circumstances would such approval not be forthcoming.

2.2 Basis of accounting

Financial reports furnished to the authority may be on either a cash or accruals basis and schools are free to be able to use what financial software they wish provided they meet any costs of modification required to provide output required by the authority.

2.3 Submission of budget plans

- a) The Council will supply schools with relevant school income and expenditure information so as to assist efficient budget planning by schools. Schools will be supplied with an annual timetable showing when expenditure statements will be available. Such information will normally be available on a monthly basis a few days after each month end.
- b) Each school is required to prepare a budget expenditure plan, including a costed staffing plan for the financial year, in a prescribed form. A copy of that plan (as approved by the governing body) should be sent to the Director of Children's Services by 1st June of each year. Each school's budget plan should take account of all increases in pay and prices expected during the year, and of expected carry-overs (e.g. estimated deficits/surplus as at the previous 31st March) from the previous year (in the case of **schools with external bank accounts**, the carry forward will be the balance in hand on the bank account). It should include a general provision for other contingencies, such as unexpectedly high fuel bills and emergency repairs.
- c) Each school is also required to reassess its expenditure plan at least termly.

- d) Each school must monitor expenditure and commitments systematically throughout the year. Each school should reconcile its records with the financial statements of payments made by the Council in relation to the school. Schools with external bank accounts must submit VAT returns monthly and must reconcile their commitment records and bank details each month.
- e) The Director of Children's Services and staff are available as specified with Service Level Agreements, to advise headteachers and governors on budget and finance matters, including interpretation and clarification of the monthly financial statements of payments made by the Council.
- f) Where the Director of Children's Services and the Council's Chief Financial Officer judge it necessary to report formally on the management of a school's finances, they have the right to attend, or be represented at, relevant governing body meetings.

2.3.1 Submission of Financial Forecasts

- a) Each school must submit a five-year budget forecast each year by 1 June. In exceptional circumstances this may be extended to 30 June on request. Such budget plan forecasts are used by the local authority for confirming schools are undertaking effective financial planning. Serious concerns arising from the five year budget plan may result in the issue of a formal notice of concern as set out in para 2.10 of this scheme.
- b) The Director of Children's Services may call on an individual governing body to submit within one month a statement of the expected final expenditure position for the financial year. Such action is likely if the trend of formal accounts maintained by the Council's Chief Financial Officer indicates the strong possibility that final spending could significantly exceed the approved budget level.

2.4 Efficiency and Value for Money

- a) Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.
- b) It is for heads and governors to determine at school level how to secure better value for money.
- c) Governing bodies and headteachers should at all times be conscious of the need to obtain good quality supplies and services from reliable and reputable sources and should be satisfied that any contract affords the school the best possible value for money.
- d) It is strongly recommended that advantage should be taken of the service terms and contracts obtained by the Council.
- e) Similarly, it is recommended that, wherever possible, advantage should be taken of the supplies and services terms and contracts negotiated by the West Mercia Supplies organisation.

2.5 Virement

- a) Except in the case of ringfenced grants or allocations, governing bodies are free to determine how in detail the total money budget is to be spent, including decisions (subject to overall budget limits and the provisions set out in this scheme) about the number of teaching and non-teaching posts to be filled.
- b) Even where the total budget has been sub-divided into various expenditure categories (e.g. teaching staff, support staff, premises, etc.), the governing body has authority to vary the amounts spent on each category other than ringfenced allocations.

2.6 Audit: General

- a) All schools come within the Council's audit regime, both internal audit and external audit and must co-operate fully with audit requirements and procedures.
- b) On request, schools must make available to the Council's Chief Financial Officer' internal audit staff and/or the Council's external auditors any records concerning actual or anticipated income and expenditure and allow access at all times to documents, records and assets relating to the Council's accounts. Staff of the school must provide auditors with such information and explanations as are necessary for the purpose of audit. Any suspected financial irregularities should be reported to the Director of Children's Services as soon as possible.
- c) In the case of **schools with external bank accounts**, the amount of internal auditing carried out at schools will be enhanced and the audit visits to examine systems and transactions and give appropriate advice will take place under the direction of the Council's Chief Financial Officer. The cost of this additional audit activity may be charged to the school. The basis of the charge will be notified before the start of each year. Currently there is no charge, and schools will be consulted prior to any possible introduction of a charge.

2.7 Separate external audits

If it so wishes, a governing body may spend funds from its delegated budget to obtain external audit certification of its accounts, separate from any LA internal or external audit process.

2.8 Audit of voluntary and private funds

Governing bodies must ensure that a record is kept of all private and voluntary funds for their school and that audited annual accounts, with audit certificates, are submitted to them within a reasonable time after the end of each accounting period. In addition, audit certificates must be submitted to the council in respect of voluntary and private funds held by the school and the accounts of any trading organisations controlled by the school.

2.9.1 Register of business interests

The governing body of each school must maintain a register which lists for each member of the governing body and the headteacher, any business interests they or any member of their immediate family have. That register must be kept up to date, with notification of changes and annual review of entries. The register must be available for inspection by the Council as well as by governors, staff and parents.

2.9.2 Declaration of interests

A governor, headteacher or other member of staff of the school with a pecuniary interest direct or indirect in a personal capacity in any contract with the school must declare that interest to the governing body or to the relevant committee of the governing body.

2.10 Purchasing, tendering and contracting requirements

- a) Schools must conform with the Council's financial regulations and standing orders in purchasing, tendering and contracting matters. Schools must assess in advance, where relevant, the health and safety competence of contractors, taking account of the Council's policies except where such regulations might otherwise require schools -
 - (i) to do anything incompatible with any of the provisions of the scheme, or any

statutory provision, or any EU Procurement Directive.

- (ii) to seek LA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year.
 - (iii) to select contractors only from an approved list.
 - (iv) to seek no fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.
- b) Schools are invited to nominate contractors for inclusion on the Council's list of approved suppliers.

2.11 Application of contracts to schools

Except where the scheme provides otherwise, Schools have a right to opt out of LA-arranged contracts in the following circumstances –

- (i) for contracts which schools have agreed to cover in respect of services for which funding was delegated by the LA prior to 1st April 1999.
- (ii) for contracts which schools agree to cover in respect of services for which funding is delegated by the LA after 1st April 1999; and
- (iii) for certain contracts approved by the Secretary of State for services for which funding is delegated after 1st April 1999, irrespective of the agreement of schools.
- (iv) 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 LA as maintainer of the school and the owner of the funds in the budget share. Other contracts may 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

- a) The Council may make sums available to schools from central funds, which are additional to and separate from the schools' delegated budget. The LA is not permitted to make any deduction, in respect of interest costs to the LA, from payments to schools of devolved specific or special grant.
- b) Such earmarked funding from centrally retained funds may be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given and cannot be vired into the delegated budget. Schools must be able to demonstrate in their accounts that these requirements have been complied with. Earmarked funding normally reverts to the Council if it is not spent by the end of the financial year for which it was provided or within the period over which schools are allowed to use the funding if different.

2.13 Spending for the purposes of the school

- a) Governing bodies may spend the school's delegated budget for the purposes of the school, i.e. for the education and care of children enrolled at the school and may include pupils at other maintained schools and community facilities. Such expenditure should not include spending on costs normally met by parents (such as home to school transport) unless a benefit to the age group educated in the school can be demonstrated, or on education or other activities involving other age groups.
- b) Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the school's delegated budget may be spent. The Secretary of State has set out in the School Budget Shares (Prescribed Purposes) (England) Regulations 2010 to allow schools to spend their budgets on pupils who are on the roll of the other maintained schools.

2.14 Capital spending from delegated budgets

- a) Schools may use their delegated budget allocations and DfE capital grants (including reserves from previous financial years) to fund expenditure of a capital nature [essentially investment on items which have a life of longer than 7-years and add value to the property and/or contents].
- b) Schools should consult the Director of Children's Services for comments on the merits of proposed expenditure on a capital project in excess of £15,000.
- c) In the case of premises owned by the Council, or if the school has voluntary controlled status, the governing body must seek the consent of the Council to any proposed works, but consent can only be withheld on health and safety grounds.

2.15 Notice of Financial Concern

- a) The LA may issue a notice of financial concern to the governing body of any school it maintains where, in the opinion of the Council's Chief Financial Officer and the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.
- b) Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

These may include:

- (i) insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school.
- (ii) insisting that an appropriately trained/qualified person chairs the finance committee of the governing body.
- (iii) 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.
- (iv) insisting on regular financial monitoring meetings at the school attended by local authority officers.
- (v) requiring a governing body to buy into a local authority's financial management systems; and

- (vi) 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.
- c) The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied.

2.16 Schools Financial Value Standard (SFVS)

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

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

All maintained schools with a delegated budget must submit the form to the local authority before 31 March annually.

2.17 Fraud

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

The governing body and 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 of new school staff and governors.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

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

3.1 Frequency of instalments

- a) In the case of schools **with external bank accounts**, advances will be made twelve times a year (monthly) by the Council's Chief Financial Officer to the school account. Schools will receive advances based on the full school budget including employee and non-employee expenditure. In exceptional cases, and where a school can justify that the balance in the school's external bank account is insufficient to meet its own actual expenditure profile, the Council's Chief Financial Officer may facilitate additional advances subject to the school's overall spending level allowed by the scheme of delegation.
- b) In the case of schools **not having external bank accounts**, the expectation is that expenditure will be spread fairly evenly across the financial year, though it is permissible to spend at a faster rate at some points in the year, provided that expenditure for the year will be in balance. Schools may not plan to be in deficit at the end of the year, unless that is part of an agreed arrangement (see paragraph 4.10 below).
- c) 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 delegated budget allocation payable at each instalment

- a) All twelve advances will be based on the indicative amount of expenditure provided by the delegated budget allocation given to the school plus any additional grant allocations. Each instalment will be calculated as a monthly amount.
- b) All advances and reimbursements to school bank accounts will be made by BACS transfer (the Bankers' Automated Clearing Services system).
- c) These initial assumptions will be adjusted to fit in with individual school circumstances by agreement.

3.3 Interest clawback

The authority may deduct from budget share instalments an amount equal to the estimated interest lost by the authority in making available the budget share advance. Where such a provision is made the scheme will explain the justification for a clawback and clearly show the basis of the deduction, taking account of the frequency options offered by the scheme.

3.3.1 Interest on late budget share payments

Interest based on the Bank of England base rate will be added to late payments of budget instalments.

3.4 Delegated budget allocations for closing schools

Delegated budget allocations for schools for which approval for discontinuation has been secured are made available until closure on a monthly basis net of estimated pay costs, even where some different basis was previously used.

3.5 Bank and building society accounts

- a) All maintained schools can continue to rely on the banking arrangements operated by the

Council. If they wish, however, schools are permitted to have external bank accounts into which their delegated budget instalments, and their budget allocation costs, are paid. Where schools have such accounts, they retain all interest payable on the account unless they choose to have an account within an LA contract, which makes other provision.

- b) New bank account arrangements may be made with effect from the beginning of each financial year. Schools without external bank accounts at the start of the scheme may not have one until any deficit balance is cleared. Any school requesting an external bank account at a later date may not be able to have one until any deficit is cleared.
- c) Any school wishing to opt for an external bank account for the first time may do so only after giving a period of notice of at least two months before the start of the relevant financial year.
- d) Where a school opts to open an external bank account, the Council must transfer to the account at the start of the financial year an amount agreed by the school and LA as the estimated surplus balance held by the LA.
- e) The detailed arrangements for operation of external bank accounts are set out in Annex G.

3.5.1 Restrictions on external bank and building society accounts

- a) If a school decides to operate its finances through an external bank or building society account, into which budget instalments would be paid, the school should select a bank or building society from the list set out in Annex G and must be consistent with the Council's Treasury Management policy. Other organisations may well be acceptable, but no other organisation should be used except with the express prior permission of the Council's Chief Financial Officer.
- b) Such accounts may be in the name of the school rather than the Council although the letters H.C. (for Herefordshire Council) will have to be added to the name of the account (e.g. H.C. School).
- c) Money paid by the Council and held in such accounts remains Council property and the Council is entitled to receive expenditure statements.
- d) The Council can take control of the account if the schools right to a delegated budget is suspended by the LA.
- e) Two members of staff, not governors of the school, unless they are also members of staff, must sign all cheques in manuscript. The school must notify the Council's Chief Financial Officer of the signatories to the account.

3.5.2 Imprest accounts

- a) The Council offers a petty cash imprest account or an enhanced imprest account as an alternative to the facility for schools to have their own bank accounts (see Annex G).
- b) The enhanced imprest account would be for an amount to be agreed with each school by the Council's Chief Financial Officer. The sum agreed would be sufficient to allow the payment of invoices and for most non-employee related expenses. The Council recommends the use of a petty cash imprest account for Schools intending to pay smaller amounts (i.e. below £50). The Council recommends the use of an enhanced imprest account for Schools intending to pay larger amounts (i.e. above £50). Schools would, however, continue or be able to have invoices paid by Council's Chief Financial Officer's Payments section.
- c) Schools would be able to draw cheques on the Council operated imprest bank account.

- d) Schools would submit details of cheques drawn each month to allow the account to be reimbursed, the transactions to be reflected in the Council's accounts and the VAT to be properly accounted for.
- e) The enhanced imprest account would have to be reconciled as is the case with normal imprest accounts.

3.6 Borrowing by schools

- a) Governing bodies and headteachers may not invest or lend Council funds other than with the prior written approval of the Council's Chief Financial Officer. Schools with significant funds in their external bank accounts are recommended to seek the advice of the Council's Chief Financial Officer rather than simply leaving the funds in a low interest earning current account.
- b) Similarly, governing bodies and headteachers may not enter into any borrowing arrangements, including finance leases, hire purchase or other leasing deals, without specific and written permission of the Secretary of State. The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classified as borrowing and will require the Secretary of State for Education's consent.
- c) The Secretary of State has however agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however the Secretary of State may introduce limited schemes in order to meet broader policy objectives.
- d) Such restrictions do not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. Such debts may not be serviced directly from delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the Council when repaying loans.
- e) The provision in paragraph d (restricting borrowing) does not apply to loan schemes run by the Council.

3.7 Procurement cards

The use by schools of procurement cards is encouraged as such cards reduce transaction costs and enable schools to benefit from significant discounts. The use of such cards must comply with the Council's policy on procurement cards which is available from the Council's Chief Financial Officer.

SECTION 4: THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO DELEGATED BUDGETS

4.1 Carry forward between financial years

- a) All schools must plan their spending, including any variations they judge to be necessary from one school term or school year to the next, in such a way as to keep expenditure for the financial year within the limits set by the delegated budget allocations. Where a school opts to have an external bank account the estimated carry forward will be agreed with the school and paid over into the school bank account on or before the first April of the first year of the bank account. The account will be adjusted following final reconciliation.
- b) **Underspending** - If one financial year's expenditure at a school is below its approved budget level, all underspendings will be added to the school's own budget for the following year.
- c) **Overspending** - Individual schools may not plan to spend, in any one year, beyond the final budget allocation for that year. Any amounts spent in excess of the final budget allocation will be subtracted from the budget allocation for the following financial year. Where **schools have external bank accounts**, any underspendings or overspending will be reflected in the bank account balance rather than be added to or subtracted from the budget allocation for the following year.

4.2 Controls on surplus balances

- a) Surplus uncommitted balances (CFR reference B02) held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2022:
 - (i) the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework.
 - (ii) the authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance.
 - (iii) if the result of steps (i)-(ii) is a sum greater than 20% of the current year's budget share then the authority shall deduct from the current year's budget share an amount equal to the excess.
- b) Funds deriving from sources other than the authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.
- c) Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the authority.
- d) The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the Schools Budget of the authority.
- e) Where schools have allocated prior year surplus balances to fund capital projects (CFR reference B01), which have not yet commenced, and the school has a licensed deficit and has submitted a deficit recovery plan. It is permitted for schools, with the agreement of the Director of Education, Skills and Learning, on behalf of the Director of Children's Services, and the Council's Chief Financial Officer, to request to reprofile these balances to support the school in returning to a surplus position.

4.3 Interest on surplus balances

- a) Schools will receive interest on surplus cash held within the Council's accounts based on an average of the balance brought forward at the beginning of the year and the carry forward balance at the year end. Interest will be calculated using actual interest rates based on 1% below the Bank of England base rate throughout the year.
- b) Schools with balances held in external bank accounts will negotiate their own interest terms with their Bank or Building Society.

4.4 Obligation to carry forward deficit balances

Any deficit balances held by schools at year end will be carried forward and deducted from the following year's budget (see also 4.8).

4.5. Planning for deficit budgets

- a) No school may plan for a deficit budget. However, in exceptional circumstances Governors may apply to the Council where they anticipate their budget will be in deficit for the following year as a result of specific objectives, such as where settlement agreements or tribunals are anticipated. However, no commitments of such a nature may be entered into without the prior approval of the Council's Chief Financial Officer.
- b) If a schools year end position is, despite warning and without prior negotiations with the Council, persistently and/or unreasonably in excess of the budget share such action may be considered by the Council as grounds for the withdrawal of the delegated budget from the Governing Body. (Please see section 2.15 Notice of Financial Concern).
- c) Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year.

4.6 Charging of interest on deficit balances

The Council may charge interest on deficit balances, at the same rate as the interest paid on surpluses.

4.7 Writing off deficits

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

4.8 Balances of closing and replacement schools

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

4.9 Licensed deficits and recovery plans

- a) A school may plan for a deficit budget only via the Council's Licensed Deficit scheme, whereby a school may borrow against the collective surplus of balances held by the Council on behalf of schools, in order to set a balanced budget.

The following conditions will apply:

- i. The maximum length of a loan will be 3 years.
 - ii. The maximum amount borrowed will normally be 5% of the school's budget share unless a greater amount is agreed by the Director of Education, Skills and Learning, on behalf of the Director of Children's Services, and the Council's Chief Financial Officer.
 - iii. No more than 20% of the collective surplus of school balances will normally be available for loan, unless a greater proportion is agreed by the Director of Education, Skills and Learning, on behalf of the Director of Children's Services and the Council's Chief Financial Officer.
- b) Schools with external bank accounts seeking licensed deficits would need to provide the Council's Chief Financial Officer with a copy of reconciled bank statements demonstrating the school's current financial position.
- c) A school wishing to borrow under this scheme must submit a detailed application in the form required by the Council, stating clearly how the deficit has arisen, what action is being taken to reduce the deficit and how the school will be able to set a balanced budget by the end of the loan term.
- d) Interest may be payable on the outstanding balance in accordance Council's General Fund Borrowing rate prevailing at the time.
- The Council will deduct repayments at source from a school's budget annually.
- e) All licensed deficits will be agreed by the Director of Education, Skills and Learning, on behalf of the Director of Children's Services, and the Council's Chief Financial Officer.
- f) It is expected that other than in exceptional circumstances applications for licensed deficits will be received in the appropriate format by 1 May of the year for which the licensed deficit is requested. In circumstances where a school requires a budget share advance in order not to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements.
- g) Schools must submit a recovery plan to the Council when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2026.

Commented [SC1]: Let's use 5% for this year

4.10 Loan Scheme

- a) The Council operates a form of loan arrangement for schools by way of actual payments to schools or expenditure in respect of a particular school, on condition that a corresponding sum is repaid from the school's delegated budget (by the end of four years from the date of the loan). The loans are available to fund one-off purchases of equipment and certain types of capital works and are allocated under arrangements determined by the Director of Children's Services and the Council's Chief Financial Officer. The maximum amount allowed for any one school is limited to 2% of the school's own delegated budget allocation. Schools must be able to demonstrate their capacity to repay the loan and interest. Details of the loan scheme are included in Annex H.
- b) The loans will be financed in effect, subject to consultation with schools, by the balances in hand, held within the Council's Accounts on behalf of the schools. The statutory right of schools to draw on their balances at any time will not be affected.
- c) The Council's budget statements show the amount centrally retained for devolved loan

payments to schools, and the payments also appear in the outturn statements.

- d) The loan scheme can operate only in respect of expenditure deductible from the ISB under the s.46 regulations.
- e) Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.

4.10.1 Credit Unions

No provision has been made for any credit union approach to loans.

SECTION 5: INCOME

Retention of income by schools

Schools retain income, except in certain circumstances, as specified below.

5.1 Income from lettings

- a) Schools 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/PPP agreements. Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school.
- b) Schools may cross subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. However, schools are required to have regard to directions issued by the authority as to the use of school premises, as permitted under the Act for various categories of schools.
- c) Lettings of school premises not owned by the Council are not affected by these provisions.

5.2 Income from fees and charges

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

5.3 Income from fund-raising activities

Schools retain all income from fund-raising activities.

5.4 Income from the sale or leasing of assets

- a) Schools retain the proceeds of sale or leasing of assets except in cases where the asset was purchased with non-delegated funds (in which case it is for the Council to decide whether or not the school should retain the proceeds), or where the asset concerned is land or buildings forming part of the school premises and is owned by the Council.
- b) The retention of proceeds of sale for premises not owned by the Council is not a matter for the scheme.

5.5 Administrative procedures for the collection of income

All income due to the Council, whether as a result of the school's own official activities or according to Council requirements, must be receipted and banked in accordance with arrangements defined by the Council's Chief Financial Officer. All official income produced by the school's own activities will be credited to its accounts.

5.6 Purposes for which income may be used

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

5.7 Charging for school activities

Schools should have regard to Section 449-462 of the Education Act 1996. This sets out the law on charging for school activities. It covers items such as residential visits, music tuition, transport and voluntary contributions.

SECTION 6: THE CHARGING OF SCHOOL DELEGATED BUDGETS

6.1 General provision

- a) Each school's budget will be charged with all expenditure relating to its own activities, other than items specified for central funding. Salaries of school-managed staff will be charged to schools at actual cost.
- b) School budgets may be charged by the Council without the consent of the governing body only in circumstances expressly permitted by this scheme. In such circumstances, the Director of Children's Services will inform schools of the intention to so charge, and notify schools when that has been done. Such charging will be limited to circumstances in which the Council has necessarily incurred the expenditure charged to the school's locally managed budget.
- c) For the avoidance of doubt, local authorities 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 Circumstances in which charges may be made

- 6.2.1 Where premature retirement or other severance costs have been incurred without the prior written agreement of the Council to bear such costs (the amount chargeable being only the excess over any amount agreed by the Council). (See Annex F)
- 6.2.2 Other expenditure incurred to secure resignations where the school has not followed Council advice and procedures specified in the central funding support scheme (Annex F).
- 6.2.3 Awards by courts and industrial tribunals against the Council, or out of court settlement, arising from action or inaction by the school contrary to the Council's advice.
- 6.2.4 Expenditure by the Council in carrying out health and safety work, emergency repairs or capital expenditure for which the Council is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.
- 6.2.5 Expenditure by the Council incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Council or the school has voluntary controlled status.
- 6.2.6 Expenditure incurred by the Council in ensuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would have been arranged by the Council.
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the Council.
- 6.2.8 Recovery of penalties imposed on the Council by H.M. Revenue and Customs, the Contributions Agency, Teachers' Pensions or regulatory authorities, as a result of school negligence.
- 6.2.9 Correction of Council errors in calculating charges to a school's budget (e.g. pension deductions).
- 6.2.10 Additional transport costs incurred by the Council arising from decisions by the

governing body on the timings for the school day, and failure to notify the Council of days when pupils are not in school resulting in unnecessary transport costs.

- 6.2.11 Legal costs which are incurred by the authority because the governing body did not accept the advice of the authority (see also section 11).
- 6.2.12 Costs of necessary health and safety training for staff employed by the Council, where funding for training had been delegated but the necessary training has not been carried out by the school.
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- 6.2.14 Costs of work done in respect of Teacher Pension remittance and records for schools using non-Council payroll contractors, the charge to be the minimum needed to meet the cost of the Council's compliance with its statutory obligation.
- 6.2.15 Expenditure by the Council in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- 6.2.16 Costs incurred by the Council due to submission by the school of incorrect data.
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes.
- 6.2.18 Costs incurred by the Council as a result of the governing body being in breach of the terms of a contract.
- 6.2.19 Costs incurred by the Council 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.
- 6.2.20 Costs incurred by the authority in administering admission appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their delegated budget allocation. The effect of the change is to make it clear that local authorities may charge the budgets of maintained schools for administering admission appeals, where the authority has included the funding for admission appeals in schools budget allocations.

SECTION 7: TAXATION

7.1 Value Added Tax (VAT)

- a) Schools should follow the procedures set out in the Council's booklet, "VAT Guidance for Schools – September 2003", in order to be able to use the Council's ability to reclaim VAT on expenditure relating to non-business activities (i.e. all their statutory activities as a school) and some business activities such as lettings. Any amounts so reclaimed will be passed back to the school so the school will only incur the net cost.
- b) HM Revenue and Customs have agreed that VAT incurred by schools when spending any funding made available by the Council is treated as being incurred by the Council and qualifies for reclaim by the LA. This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings nor capital works of Foundation Schools funded directly by DfE.
- h) The Council is required by HM Revenue and Customs to submit VAT returns and reclaim VAT monthly. It is essential that **schools with external bank accounts** submit details of transactions promptly to the Council's Chief Financial Officer at the end of the month in order that the VAT can be reclaimed as soon as possible.

7.2 Income Tax and National Insurance

Schools cannot make payments to individuals (non-employees) without considering their income tax status; there is a statutory duty to ensure PAYE is operated where applicable. Non compliance will result in the school being liable to penalties imposed by HM Revenue and Customs. If any member of staff employed by the school or LA in connection with extended services facilities at the school is paid from funds held in a schools own bank account, the school is likely to be held liable for payment of income tax and National Insurance, in line with H M Revenue and Customs rules, just as for any other employee. Schools must be proactive in determining the employment status of any person engaged to supply goods or services to the school. The (CEST) tool is available at [Check employment status for tax - GOV.UK](https://www.gov.uk/check-employment-status-for-tax)

7.3 Construction Industry Taxation Scheme (CITS)

Schools should abide by procedures issued by the Council in connection with CITS.

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

8.1 Provision of services from centrally retained budgets

- a) It is for the Council to determine the basis on which services from centrally retained funds are provided to schools.
- b) The Council will not discriminate in its provision of services (including PRC and redundancy payments) on the basis of categories of schools except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

8.2 Timescales for the provision of services bought back from the authority using delegated budgets

The term of any arrangement with a school, starting on or after 1 April 1999, to buy services or facilities from the Council is limited to a maximum of three years from the start 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.

8.2.1 Packaging

The Council will provide any services for which funding has been delegated, and for which the Council is offering the service on a buyback basis, in a way that does not unreasonably restrict schools' freedom of choice among the services available, and where practical, this will include provision on a service-by-service basis as well as in packages of services. In some cases, the Council may decide to offer packages of services with a discount for schools taking up a wider range of services.

8.3 Service Level Agreements (SLA)

- a) If services or facilities are provided by the Council under a service level agreement, whether free or on a buyback basis, the terms of any agreement will be reviewed at least every three years if the agreement lasts longer than that.
- b) Services, if offered at all by the Council, will be available on a basis that is not related to an extended agreement, as well as on the basis of such agreements.
- c) 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.
- d) Service Level Agreements must be in place by 31st January each year in order to be effective for the following financial year. Schools will have a minimum of one month in which to consider the terms of the agreements.
- e) Centrally funded premises and liability insurances are specifically excluded from these provisions.
- f) In order to ensure the performance of the duty on the Authority to supply Teachers' Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares. The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the authority to provide payroll services.

8.4 Teachers' pensions

- a) In order to ensure that the performance of the duty on the authority to supply Teachers Pensions with the information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.
- b) The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the authority to provide payroll services.
- c) A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.
- d) A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the authority which the authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. 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.

SECTION 9: PFI/PPP

- 9.1 The LA reserves the right to charge against an individual schools budget amounts agreed under a PFI/PPP agreement entered into by the governing body of the school.

SECTION 10: INSURANCE

10.1 Insurance cover

- a) Since April 2020, the Department for Education's Risk Protection Arrangement (RPA) has been the principal insurance mechanism for maintained schools and academies. The RPA provides cover broadly equivalent to traditional insurance and includes property damage, employer's and public liability, legal expenses and other standard protections.
- b) The Council no longer provides a collective insurance scheme for schools. However, the following minimum standards are retained for reference where a school is not eligible for, or has opted out of, the RPA, and instead maintains commercial insurance.
- c) Such schools must provide annual evidence of cover (e.g. policy schedule or certificate of insurance) to confirm that their arrangements meet or exceed the following minimum levels:
 - Employer's Liability: £25 million
 - Public Liability: £25 million (including volunteers and governors)
 - Libel/Slander: £1 million
 - Personal Accident: Death benefit at 5 x annual salary (minimum £35,000), scaled for injury; governors up to £50,000; volunteers up to £10,000
 - Fidelity Guarantee: Cover for school and PTA funds against employee fraud or dishonesty
 - Property: Reinstatement basis for insured perils
 - Engineering: Damage to plant, machinery, or sudden/unforeseen failure
 - Cash: Sums insured as appropriate to cash holdings
- d) Schools may also purchase additional coverage where necessary according to their specific risks.

10.2 Additional cover

- a) The RPA does not include insurance for Motor Vehicles. Schools that operate minibuses or other vehicles must arrange separate comprehensive motor cover through a commercial insurer or broker.
- b) Optional cover (for schools not in the RPA or with additional needs):
 - Loss of Revenue/Hirings – loss of income following insured damage
 - School Journey/Travel Cover – for pupils and accompanying staff on school trips
 - Personal Accident (Pupils) – during school or offsite activities
 - Balance of Risks – for buildings/contents not covered by RPA (if opted out)

10.3 Administration and evidence of cover

- a) Schools participating in the RPA are not required to submit evidence to the Council, as membership is confirmed via the DfE.
- b) Schools outside of the RPA must provide copies of insurance schedules and certificates annually, no later than 1 February prior to renewal.
- c) The Council will maintain oversight only to ensure that such schools meet the required minimum standards of cover.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

Each governing body is required to supply any financial and other information that might reasonably be needed to enable the Council to satisfy itself as to the school's management of its delegated budget or the use made of any central expenditure by the Council (such as earmarked funds) at the school.

11.2 Liability of governors

In view of the fact that the governing body of a school is a corporate body, and because of the terms of s.50 (7) of the SSAF Act, 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. In this context "good faith" refers to contracts entered into honestly and with no ulterior motive: an example of behaviour which is not in good faith is the carrying out of fraudulent acts.

11.3 Governors' Expenses

- a) Under schedule 11 of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. No other payments to governors are permitted. Schools may not pay expenses duplicating those paid by the Secretary of State to any additional governors appointed by him to schools under special measures.
- b) The Council may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

11.4 Responsibility for legal costs

- a) The cost of legal actions, including costs awarded against the Council, may be charged in full or in part to the school's delegated budget if the governing body fails to act in accordance with the advice of the Council or if the governing body initiates or causes action without appropriate prior agreement. In general, the Council would meet legal costs arising from its statutory responsibilities to maintain schools.
- b) In a situation where a governing body believes that legal advice made through the Council reflects the Council's interests rather than that of the school, the governing body may purchase legal advice from another source of its choosing. In such cases, the school will be responsible for the cost of that legal advice and also for any consequential costs that may be incurred. A school will not be reimbursed for the cost of legal action against the Council itself.

11.5 Health and safety

Governing bodies are required to have due regard to duties placed on the Council in relation to health and safety and the Council's policy on health and safety matters when planning spending against the school's delegated budget allocation. The Council may issue directions on Health and Safety, as and when appropriate. The Council's requirements on health and safety policies are set out more fully in Annex L.

11.6 Right of attendance for Chief Finance Officer

The scheme requires governing bodies to permit the Chief Finance Officer of the Council or their representative to attend meetings of the governing body at which any agenda items are relevant to the exercise of their responsibilities.

11.7 Special Educational Needs

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

11.8 Interest on late payments

Schools should be aware that suppliers have the legal right to claim interest on late payments of invoices. Any interest claims received will be charged to the school unless resulting from inappropriate LA attention.

11.9 Whistleblowing

- a) Where a member of staff or a governor has serious concerns about financial management or financial propriety at the school, these concerns should normally be raised with the appropriate line manager or the Headteacher. Concerns might, for example, include possible fraud and corruption or the unauthorised use of public funds.
- b) It is however appreciated that the member of staff or governor may, depending on the issues involved, feel unable to express their concerns in this way. In such circumstances, concerns may be raised via Herefordshire Council's whistleblowing policy which is available via the council's website: [Whistleblowing policy - Herefordshire Council](#)
- c) Staff and governors are advised that raising such concerns will not open them up to victimisation or discrimination of any kind. It is recognised that many cases will have to proceed on a confidential basis.

11.10 Child Protection

Provision is made to reimburse schools for necessary class teaching cover for authorised teaching staff to attend child protection case conferences.

11.11 Redundancies and early retirements

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 in law 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 Council 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 are taken.

Charge of dismissal/resignation costs to delegated school budget in the following circumstances;

- 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

The Council will be adhering to the statutory position as set out by the DfE in Annex F and in particular the circumstances listed above where redundancy costs can be charged to a schools delegated budget.

A 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 school forum agree to a de-delegated budget in accordance with Schedule 2 Part 7, of the Finance Regulations.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Division of responsibilities

- a) 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-minimus limit applied by the DfE to categorise such work, not the de-minimus limit used by the authority.
- b) All funding for repairs and maintenance is delegated to schools in their delegated budgets. Only capital expenditure is to be retained by the Council. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the Council for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting. In particular, where, in line with the Code of Practice, the Council may use de minimis limits for defining what expenditure is treated as capital and what is revenue in their financial accounts, the same de minimis limits is used in defining what is delegated. The Herefordshire Council currently does not operate under any de minimis limit in relation to capital expenditure.
- c) For the sake of clarity, the distinction between repairs and maintenance to be delegated to schools, and capital expenditure met by the Council, are specified in detail in Annex O.

SECTION 13: PROVISION OF COMMUNITY FACILITIES IN SCHOOLS

13.1 Introduction

- a) Under s.27 (1) of the Education Act 2002 schools may provide community facilities, subject to specified controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the Council. 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. Annex M gives further information. The budget share of a school may be used to fund community facilities – either start up costs or on-going expenditure- or to meet deficits arising from such activities.
- b) Mismanagement of community facilities funds can be grounds for the suspension of the right to a delegated budget.

13.2 Consultation with the Council – financial aspects

- a) Prior to establishing community or extended facilities in school, governing bodies must consult the LA by writing to the Director of Children's Services at least two months prior to the proposed commencement date.
- b) This consultation must include copies of the relevant minutes of the governing body. Prior to consulting the LA, the governing body of the school must have approved a business plan setting out the purpose of the community or extended facility, a risk assessment, income and expenditure projections for at least 12 months and some consideration of potential actions to be taken should the actual income and expenditure vary sufficiently from planned to cause a deficit to materialise. Redundancy costs and accrued financial losses arising from failed schemes are the responsibility of the governing body. Where a license to operate on school premises is being considered which may provide rights of tenancy the formal agreement of the LA is necessary
- c) The Director of Children's Services will reply in writing within four weeks either approving the application or to offer further advice so that the governing body may reconsider their plans accordingly. The governing body must inform the LA of the action taken following the LA advice.

13.3 Funding Agreements – LA powers

- a) 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 in the provision. A very wide range of bodies and organisations are potentially involved.
- b) If the provision of community facilities is dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision the LA requires that the governing body seek legal advice to protect both themselves and the LA. The LA requires a copy of the proposed agreement and the legal advice at least seven working days prior to signature. If an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the Council is seriously prejudicial to the interests of the school or the Council, such an agreement may constitute grounds for suspension of the right to a delegated budget. Governing bodies should be aware that a very wide range of bodies and organisations are potentially involved.

13.4 Other prohibitions, restrictions and limitations

The LA may not veto either the funding agreements with third parties, or for other proposed uses of the community facilities power. However, in the specific instance of use of the community facilities power by a governing body, the governing body must make arrangements to protect the financial interests of the Council 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 LA.

13.5 Supply of financial information

- a) Schools which exercise the community facilities power may be asked to provide the Council every six months with a summary statement, in a form determined by the Council, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.
- b) The Council may, 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, require such financial statements to be supplied every three months and, if the Council sees fit, to require the submission of a recovery plan for the activity in question.

13.6 Audit

- a) The school is required to grant access to the school's records connected with the exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.
- b) Schools must ensure that agreements, including funding agreements with other persons pursuant to the exercise of the community facilities power, contain adequate provision for access by the Council 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 Council to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of income and surpluses

- a) Schools are permitted to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person.
- b) The school is permitted to carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Council at the end of each financial year, transfer all or part of it to the budget share balance.

13.8 Health and safety matters

- a) All provisions relating to school regarding health and safety matters within this Scheme for Financing Schools also apply to the community facilities.
- b) The governing body is responsible for securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing Bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

13.9 Insurance

- a) It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The school should seek the Council's advice before finalising any insurance arrangement for community facilities.
- b) The Council may 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, make arrangements itself and charge the resultant costs to the school. Such costs should not be charged to the school budget share.

13.10 Taxation

- a) The school must seek the advice of the Council and the local VAT office on any issues relating to the imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility.
- b) If any member of staff employed by the school or LA 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 likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.
- c) The school must follow the LA advice in relation to the Construction Industry Scheme where it is relevant to the exercise of the community facilities power.

13.11 Banking

- a) The school should either maintain separate bank accounts for budget share and community facilities, or has one account but with adequate internal accounting controls to maintain separation of funds. Alternatively the school may use the Council's banking arrangements which would permit adequate separation of such funds from the school budget share and other LA funds.
- b) The banking arrangements regarding the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters as set out in section 3 of this scheme apply with the exception that a mandate to show the LA as owner of the funds in the account should exempt the community facilities funds if they are in the same account as the budget share.
- c) 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 LA.

ANNEX A – DIRECTORY OF ANNEXES

The LMS annexes provide further information relevant to Herefordshire's scheme of delegated management and also clarification in areas where the regulations are perceived as complex. The annexes change from time-to-time as needs change. The date of the last revision is shown in brackets.

ANNEX B (2011) – Schedule of Schools in the Scheme

ANNEX C (2010) – Expenditure covered by the Funding Formula

ANNEX D (2011) – Funding Managed Centrally

ANNEX E (2004) – The underlying element of the formula - **WITHDRAWN** - see Annex C

ANNEX F (2011) – DfE guidance on funding school redundancies

ANNEX G (2010) – Local school bank accounts and enhanced imprest accounts

ANNEX H (2010) – Schools Loans Scheme

ANNEX I (2010) – Legal Liabilities and Suspension of Delegation

ANNEX J (2010) – Policy on permitted charging of parents

ANNEX K (2010) – Arrangements for providing meals services in schools - **WITHDRAWN**

ANNEX L (2010) – Health and Safety

ANNEX M (2010) – Council's Scheme for Community Facilities in Schools

ANNEX N (2010) – Shared and Community Use of Premises

ANNEX O (2010) – Property Management and Maintenance

ANNEX P (2010) – Supplies and Services Responsibilities

ANNEX Q (2010) – Staff Absence Arrangement

ANNEX R (2010) – Best Value - **WITHDRAWN**

ANNEX B

SCHEDULE OF SCHOOLS WITHIN THE SCOPE OF THE SCHEME

SCHOOL NAME	SCHOOL STATUS	AGE RANGE
Maintained Primary & Nursery Schools		
Almeley Primary	Community	3-11
Ashfield Park Primary School	Community	3-11
Bosbury CE Primary	Controlled	5-11
Brampton Abbott's CE Primary	Aided	5-11
Bridstow CE Primary	Aided	5-11
Broadlands Primary School	Community	3-11
Cleghonger CE Primary	Controlled	5-11
Clifford Primary	Community	5-11
Colwall CE Primary	Controlled	5-11
Cradley CE Primary	Aided	3-11
Eardisley CE Primary	Controlled	5-11
Ewyas Harold Primary	Community	5-11
Garway Primary	Community	3-11
Gorsley Goffs Endowed Primary	Controlled	5-11
Hampton Dene Primary	Community	3-11
Ivington CE Primary	Aided	3-11
Kimbolton, St. James' CE Primary	Aided	5-11
Kingsland CE Primary	Aided	5-11
Kington Primary	Community	3-11
Lea CE Primary	Aided	5-11
Ledbury Primary	Community	3-11
Leintwardine Endowed Primary	Aided	5-11
Leominster Primary	Community	3-11
Little Dewchurch CE Primary	Controlled	5-11
Longtown Primary	Community	5-11
Luston Primary	Community	3-11
Madley Primary	Community	5-11
Michaelchurch Escley Primary	Community	5-11
Much Birch CE Primary	Controlled	5-11
Orleton CE Primary	Controlled	5-11
Our Lady's RC Primary	Aided	3-11
Pencombe CE Primary	Aided	5-11
Peterchurch Primary	Community	5-11
Riverside Primary	Community	3-11
Shobdon Primary	Community	5-11
St. Francis Xavier's RC Primary	Aided	5-11
St. Joseph's RC Primary	Aided	3-11
St. Mary's CE Primary (Credenhill)	Controlled	5-11
St. Mary's CE Primary (Fownhope)	Aided	5-11
Staunton-on-Wye Endowed Primary	Aided	5-11
Trinity Primary	Community	5-11
Walford Primary	Community	5-11
Weobley Primary	Community	3-11
Weston-Under-Penyard CE Primary	Aided	5-11
Whitchurch CE Primary	Aided	5-11
Withington Primary	Community	3-11

SCHOOL NAME	SCHOOL STATUS	AGE RANGE
Maintained Secondary Schools		
Aylestone School-Business & Enterprise College	Community	11-16
Earl Mortimer College	Community	11-18
St. Mary's RC High School	Aided	11-16
The Bishop of Hereford's Bluecoat School	Aided	11-16
Weobley High School	Community	11-16
Maintained Special Schools		
Westfield, Leominster	Community Special	5-16
Maintained Pupil Referral Units		
Herefordshire Pupil Referral Service (HPRS)	Community PRU	11-16

ANNEX D

FUNDING MANAGED CENTRALLY

D01. Total funds delegated to schools, other than capital, is called the **Individual Schools Budget** or ISB. Other funding, generally managed centrally, is divided between the Schools Budget (funded by Dedicated Schools Grant) and the LA Budget (funded by the Council). In creating this new split of funding, the Government originally intended that items in the Schools Budget would all be capable of being delegated to schools. Items in the LA Budget, on the other hand, were intended to be the statutory functions of the LA and would not normally be delegated. However, included within the Dedicated Schools Grant are pupil related budgets such as provision for Nursery Education Funding in Private Voluntary and Independent Nursery settings and fees to Independent Special Schools for specialist SEN provision which could not be delegated to schools. In the LA budget there are items that, arguably, could be delegated to schools e.g. severance and pension liabilities, part of transport costs and aspects of School Improvement.

D02.

Items managed centrally within Dedicated Schools Grant	Brief Description
1. Provision for pupils with SEN	Higher cost provision is provided by Band 3 and Band 4 SEN funding for individual pupils and is not currently delegated. Funding for lower cost provision is delegated to schools (i.e. Band 1 and Band 2 funding) The retained provision includes pupils not in school e.g. hospital teaching.
2. Support for pupils with SEN	Some support services providing tuition, assessment, monitoring and training for individual pupils where not otherwise delegated.
3. Provision for pupils in independent schools.	Fees for statemented pupils whose needs cannot be met in LA provision.
4. Promoting good practice and integration.	A range of intervention and advice to prevent exclusion and promote re-integration.
5. Education other than in schools.	Support for pupils educated at home or in other centres, hospital etc
6. Pupil Referral Units	Three PRUs operate on delegated budgets but their spending does not count as delegated.
7. Inter-Authority Recoupment	Mutual charging arrangements between LAs for statemented pupils in their care.
8. Early Years Education	LAs now have responsibility to provide Nursery Education Funding for 3 and 4 year olds in private, voluntary and independent (PVI) settings. A single early years formula for PVI providers and nursery classes in schools was introduced in April 2010. Other services such as SEN support, training and mentoring for PVI settings are included here.
9. Provision of meals and milk	The meals service in Herefordshire is entirely delegated to schools. There is a small administrative cost associated with the EU milk scheme operated in schools.
10. Contingencies and miscellaneous.	A range of costs incurred on behalf of schools of a contingency nature, for example, emergencies and additional costs of unplanned special school admissions in September.
11. Admissions	LAs are responsible for administering a co-

	ordinated school admissions process for their local area.
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D03.

Items managed centrally within the LA Budget	Brief description
1. Strategic Management	Planning, administrative and committee functions, finance, legal, property management, personnel, etc including meeting Government needs for information.
2. Severance, pension liability and staff replacement costs.	Long standing pension and severance obligations incurred pre LMS as well those arising under the former Hereford and Worcester County Council. New severance and pension obligations arising from school needs to reduce staffing due to financial reasons. Staff sickness costs in schools are covered within the delegated sickness insurance arrangement.
3. Special Educational Services	Statutory Education Psychology, assessment and SEN statementing services and central functions not involving individual pupil provision.
4. School Improvement	Most of the costs of the Inspection and Advisory Services are covered within this category.
5. Transport	All home to school and post-16 transport arrangements, so that the Council can meet its statutory obligations to pupils who live more than the designated distances from the appropriate school.
6. Educational Welfare Service	The Council has a statutory duty to ensure that pupils receive efficient and full-time education by working with and encouraging parents to fulfil their responsibility for their pupil's attendance in school.
7. Asset management	The survey and maintenance of registers of assets for schools including condition, sufficiency and suitability of accommodation in schools.
9. Outdoor education, music and arts	The LA has responsibilities for co-ordinating Health and Safety for out-door education and provides small sums to support the music service and developments in the arts.
9. Youth and Community services	Basic provision for the Youth Service, a contribution to the Youth Offending Team and the cost of administering applications for grants for Further and Higher Education.

ANNEX F

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

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

Section 37 of the 2002 Education Act says:

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

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

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

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

Charge of dismissal/resignation costs to delegated school budget

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

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

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

Costs of new early retirements or redundancies can also be charged to the central part of the Schools Budget if the Schools Forum agree and the local authority can demonstrate that the "revenue savings achieved by any termination of employment are equal to or greater than the costs incurred". The Schools Forum must agree to any increase in this budget over the previous financial year. If the Schools Forum does not agree with the local authority's proposal, then the authority can appeal to the Secretary of State. The Schools Forum would also be involved if the additional expenditure resulted in a breach of the central expenditure limit, whereby central expenditure increases faster than the Schools Budget as a whole.

An example of where a charge to the central Schools Budget might be appropriate would be a school reorganisation. A reorganisation involving the closure of a number of schools would be likely to result in savings because there would be a reduced amount being allocated through the formula for factors such as flat rate amounts to all schools or floor area. If the savings in the formula exceeded the ongoing costs of the VER/redundancy then this would qualify.

It would be possible to consider savings at an individual school level as well, but this needs to be carefully managed so that there are clear ground rules in place for applications, recommendations and approval. It may be sensible to agree criteria for eligibility which are consistent with the general approach as to when costs should be centrally funded.

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.

There are clearly difficulties in setting a budget, whether inside or outside the Schools Budget, at a point prior to the beginning of the financial year before schools have set their budgets and made staffing decisions. Local authorities can only make a best estimate of what may be needed, based on past experience, local knowledge of the financial position of individual schools and the context of that year's funding settlement. There are dangers in raising expectations that costs will be met centrally if the budget is set too high, and so an alternative would be to keep the budget tight and use

contingency or schools in financial difficulties budgets if there is an unexpected need for staffing reductions and it is not appropriate for delegated budgets to fund VER/redundancy costs. To achieve best use of resources, local authorities should also have an active redeployment policy, to match staff at risk to vacancies.

One of the permitted uses of the contingency is where “a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share” while local authorities are also allowed to retain funding for schools in financial difficulties “provided that the authority consult the schools forum on their arrangements for the implementation of such support.”

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, but not from the delegated budget. Section 37 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.

(8)Any amount payable by virtue of subsection (7) by the governing body of a maintained school to the local education authority shall not be met by the governing body out of the school's budget share for any financial year.

(9)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.

(We will review this provision in the context of the forthcoming changes which will allow other community facilities costs to be charged to delegated budgets from 1 April 2011, but this remains the legal position for the time being).

ANNEX G

(Applicable to all Schools)

LOCAL SCHOOL BANK ACCOUNTS AND ENHANCED IMPREST ACCOUNTS

(Note: Bank has been used to mean Banks or Building Societies)

G01. INTRODUCTION – The range of options available to schools

All schools with delegated budgets may opt to run their finances through an external bank account of their choice. Alternatively, schools can continue to use the Council's own banking and transaction arrangements paying bills either all through the creditors system or partly through the creditors system and partly through their own cheque book "imprest" account.

G02. NEW APPROVALS FOR EXTERNAL BANK ACCOUNTS

New approvals for schools to open external bank accounts will be given only if –

- the school can demonstrate a good record of financial management and budget control, the school provides a 3 year forward plan indicating that the school is not likely to be in a deficit position during that period, and that the Head and bursar/administration are aware of and sign up to specified monthly information and budget reconciliation requirements;
- the Head and bursar/finance administrator undertake a course of training approved by the Council's Chief Financial Officer.
- a charge is levied to reflect the additional administrative costs for the Council of external bank accounts.

G03. WITHDRAWAL OF EXTERNAL BANK ACCOUNTS

Approval for a school to operate an external bank account would be withdrawn, after appropriate discussions and warnings, if –

- the school fails to provide the Council's Chief Financial Officer with specified information for the central accounts by stipulated times;
- the school fails to reconcile each month the information in the school system (including the approved budget plan) with the transactions in the bank account and those, including pay, in the Council's financial system;
- the school has gone into deficit or is approaching that position without being able to demonstrate effective plans to control it or fails to produce a satisfactory budget plan by 1st June of the financial year.

G04. TYPES OF SCHOOL BANKING ARRANGEMENTS

If a school decides to have an external bank account, there are 2 options available.

- A full account holds all of the delegated funds (paid over in instalments) and the cheque book meets all expenditure including salaries (paid back in instalments). Under this option interest on unspent funds is within the private banking arrangement and it is for the school to negotiate the level. The school does not receive any interest from the Council.

- A non-staff account holds only the funding for non-staff payments. Under this option, staff costs are charged directly to each school's monthly account from the payroll and interest on any unspent staffing element would be allocated from the Council's account. Interest on the non-staff element would be within the private banking arrangement.

G05. Under either option, the school will need to operate its own financial management system (such as Capita-FMS, LRM) and employ appropriate financial staff who are responsible for monitoring income and expenditure. Regular monitoring, reporting and reconciliation procedures are required for the operation of external accounts. Where a school is in a deficit situation, the move to an external bank account can only take place when the school has returned to a surplus position. Schools with external accounts falling into deficit may be required to close the external account and return to the Council's bank as part of its deficit recovery plan.

G06. **If a school decides to continue with the Council's banking arrangements** there are also 2 options.

- Schools can choose to have a petty cash arrangement where the Resources Directorate sends the school a cheque periodically to cash at their local bank so that money is available for small purchases.
- Schools can choose to have an **enhanced imprest account** with a branch of the Council's bank, the National Westminster. The Resources Directorate arranges for an agreed level of funds to be maintained each month and the school signs cheques for selected purchases. Under this option, the account is still part of the Council's account and interest is calculated on the end-year budget balance rather than the funds left in the bank.

Under either option it is not essential for the school to run its own financial management system although, in larger schools, such a system for monitoring is desirable. The Council's central accounting system supplies monthly statements of all transactions.

G07. **FACTORS GOVERNING THE CHOICE OF ACCOUNT**

The choice of banking arrangements depends on the preferences of the Governors and their local circumstances. There is no financial advantage in having an external bank account as interest rates are generally lower than the Council's mechanism for allocating interest on school balances. There is no difference in the ability of schools to take advantage of discounts for cash purchase, since they can do this with their cheque books under either arrangement.

G08. With either system there are advantages and disadvantages. Information obtained over the years from comments made by schools, indicate that the main disadvantages of banking through the Council are some delays affecting some transactions reaching the accounts, and the direct charges for services to the accounts. The main disadvantages with separate banking are the complexity of operating 2 systems that have to be reconciled and the need for a higher level of effective control and management in the school. In the Council's system the accounts are "live" each month, which means that the expenditure statement in the Authority's financial system is the school's official accounts. In the external banking system the Council's account is not, necessarily, "live" as it depends on quarterly reports of transactions at the bank from the schools' internal computer system: If those reports are not up-to-date or are inaccurate, the actual figures are not likely to be discovered until the end-year reconciliation of external bank statements to the school's system.

G09. **RESTRICTIONS ON USE OF BANK ACCOUNTS** (this section applies to private accounts and imprest accounts)

External bank account holders should elect to pay all their own services e.g. electricity, telephones, West Mercia Supplies etc. and the provider should invoice the

school separately. Limited arrangements will continue for bad debt recovery to be made via the Council and schools with an external bank account will only receive the income when the council has received payment from the debtor.

G10. The school bank accounts must **not** be used to meet the following –

- any payments or part-payments to employees other than through the Council's payroll service or a school's private payroll service. In other words, all payments to staff must be made through a payroll arrangement, including travel and subsistence. This restriction is in order to meet Inland Revenue requirements.
- any items to be met through centrally held budgets unless the central budget holder has agreed in writing to reimburse the school.
- any items relating to activities that are not for the education and care of pupils at the school. It is against the law to pay for items (e.g. for local activities) not for the benefit of the pupils in the school.
- any activities which may not legally be undertaken by the LA or schools

G11. Money can be paid into the private bank account only from –

- advances from Herefordshire Council, including reimbursement for VAT and tax reimbursements;
- any income generated by the school and which is credited to its delegated budget;
- any contributions towards school expenditure through authorised donations from school funds, etc.

G12. **ADVANCES TO EXTERNAL BANK ACCOUNTS**

Advances will be made monthly by LMS & Finance to the school's bank account in 12 instalments, i.e. at the end of April and at the end of each subsequent month before payroll out-goings are debited. The proportions paid in each of the months may be varied if a school can demonstrate a need for such variation to meet its individual pattern of spending for the year in question.

G13. School Standards Grant will be paid in one amount during May before a date determined by the DfE rather than allocated monthly, also a further payment is made in September for School Standards Grant Personalisation. Other Standards Fund Grants will be paid in full only where the terms of the grant require this.

G14. All advances and reimbursements to school bank accounts will be made by BACS transfer (the Bankers' Automated Clearing Services system).

G15. In the case of schools with bank accounts, although there is a loss of interest to Herefordshire Council, and the national regulations permit charging schools for loss of interest, it has been agreed not to make any such deduction. If, however, the rate of inflation increases significantly from its present low level and interest rates, generally, begin to rise, the Council would review the position on charging for loss of interest.

G16. **ADDITIONAL AUDITING REQUIREMENTS**

Schools with private bank accounts will need an audit visit each year because of the significantly higher risk of problems arising. Schools continuing to bank through the Council will be audited according to the normal risk assessment procedure. At present, all audit activity in schools is paid for centrally. In future, however, the funds for audit may be delegated with schools being charged the costs.

G17. BANKING ARRANGEMENTS FOR EXTERNAL ACCOUNTS

Schools with private bank accounts can use any banks of the main high street or building societies. Arrangements with foreign or off shore institutions are not permitted. If there are any doubts about the nature of the organisation being considered please contact the Council's Chief Financial Officer.

G18. All accounts must include Herefordshire Council or HC in the title of the account, e.g. HC..... School.

G19. Schools must notify the Council's Chief Financial Officer of the bank selected and the names and numbers of all accounts before any transactions are made.

G20. Schools will retain interest earned on their accounts and bear any charges made by their bank.

G21. Investment of temporary surplus cash must be made directly in current or deposit accounts of an approved bank, or in local authority deposit schemes where there is no risk to the capital sum. Loans must not be made to any other organisation or individual. **Herefordshire Council has a deposit scheme and advances can be abated by any sums the school wishes to remain invested with interest in the Council.**

G22. Investments must not be arranged through any intermediaries.

G23. Schools must not themselves offer any security to the bank. Any requests for references or guarantees should be referred to the Council's Chief Financial Officer.

G24. School bank accounts must not go overdrawn at any time.

G25. Schools must not make arrangements for overdrafts, loans or any other forms of credit or deferred purchases.

G26. OPERATION OF EXTERNAL BANK ACCOUNTS

All payments out of the account will normally be made by cheque although payments by BACS are also permitted. Direct Debits will be permitted to facilitate alternative arrangements for the purchase of goods and services where necessary.

G27. Schools will order their own cheques from their own bank.

G28. The design of cheques can be determined between the School and the bank, e.g. to include school crest or logo, but it must include the name of Herefordshire Council or HC in the title of the account.

G29. Schools can prepare their cheques manually from a cheque book. If that is the case, all details of payments must be entered into the approved computer module before the cheques are drawn.

G30. Alternatively schools can opt to use the facility within the approved computer module to prepare their cheques on continuous cheque stationery.

G31. Cheques must be signed in manuscript by two members of staff, not governors of the school unless they are also members of staff. The school must notify the Council's Chief Financial Officer of the signatories to the account.

G32. Cash dispensers must not be used in any circumstances.

G33. ACCOUNTING ARRANGEMENTS FOR SCHOOLS WITH EXTERNAL ACCOUNTS

Schools will be required to send to LMS & Finance quarterly a reconciled statement of income and expenditure in order that the school's expenditure and income are reflected properly in the Council's accounts. Claims for recovery of VAT should be

submitted monthly to allow VAT to be correctly accounted for and refunded to the school bank account. The supporting print outs will be run off the schools FRM 6 system (or equivalent) which all external bank account schools must operate.

- G34. The Bank Accounts must be properly reconciled monthly by staff who are not authorised to sign cheques.
- G35. A complete year-end income and expenditure statement must be submitted to LMS & Finance, including creditors and debtors within three weeks of the end of the financial year. Accounting guidance will be issued annually regarding the closure of the year-end accounts.

FINANCIAL REGULATIONS, STANDING ORDERS AND OTHER CONDITIONS

- G36. All schools using external bank accounts remain subject to the Council's financial regulations and standing orders, and should refer to the appropriate accounting instruction - '**School Bank Accounts**'.
- G37. If the Council incurs a loss or penalty due to the failure by a school to comply with procedures laid down in this scheme or in financial regulations, the Council reserves the right to recover such loss or penalty from the bank account of the school concerned.
- G38. Where a school substantially or persistently fails to comply with the requirements of this scheme, or is not managing its expenditure in a satisfactory fashion, the Council may suspend the school's right to an external bank account.

ANNEX H

SCHOOL CAPITAL LOANS SCHEME

Aim of the Loan Scheme

- H01. The purpose of the scheme is to make available a proportion of school balances held by the Council to provide schools with loans to purchase equipment or to carry out minor capital improvements or works (where such works are consistent with technical assessments by the Property Services Officer). The scheme is also used to provide schools a means to forward borrow against Devolved Formula Capital.
- H02. Schools will be able to borrow money against balances to fund purchases with the repayments being spread over a number of years. NOTE: The statutory right of any school to draw on its accumulated balance in hand is not affected. The loan scheme is based on the assumption that all schools are unlikely to spend all their balances in any one year.

Purposes of the Loan

- H03. Loans are available to fund expenditure of a capital nature, defined as expenditure on or in connection with -
- a) the acquisition, reclamation, improvement or laying out of any land.
 - b) the acquisition, construction, enlargement, improvement repair or demolition of any building, wall fence or other structure, or any playground or other hard-standing area.
 - c) the laying out of playing fields and other facilities for social activities and physical recreation; and
 - d) the provision of any furniture, plant machinery, apparatus, vehicles, vessels and equipment, (including IT equipment).
- H04. Schools must seek the approval of the Property Services Officer on any proposal to alter County-owned or leased premises will still apply.
- H05. Loans under the scheme are generally **not available for revenue spending**. Schools in budget difficulty may, as part of the procedures for recovering a budget balance, request a loan or licenced deficit. Loans and deficits agreed under those circumstances, however, would be released from Council reserves or contingencies for helping schools in budget deficit, not the School Loans Scheme.

Eligible Schools

- H06. Any maintained school can apply for a loan, including schools without significant balances. Applications from schools with their own bank accounts would be considered but might have to be given lower priority if there is pressure on the fund because their balances are held in their own external bank accounts, and are therefore not available to support the school loan scheme.
- H07. **Applications for Loans**
- a) Applications must be supported by a resolution of the governing body and supported by evidence that the school is able to meet repayments (e.g. budget plans over the life of the loan).
 - b) In the case of proposals to alter Council-owned or leased premises, applications would need the support of the Property Services Officer.
 - c) Sums of less than £5,000 will not normally be considered.
 - d) Applications will be subject to legal, procedural and financial checks before approval.

- e) Applications from schools with a potential deficit budget will not be approved.

H08. Terms on which the loans will be granted.

- a) Repayments will normally be over 2-4 years, with repayments completed by the end of the 3rd full financial year from the date of the loan. The facility to make early repayments will be available to schools. Note: Loans can be used only for the provision of an asset with a life of at least the duration of the loan.
- b) Interest charged will be based on the interest paid on Council-held school balances (e.g. 1% below Bank of England base rate).
- c) The loan repayment, based on equal instalments of principal plus interest on the outstanding balance at 31st March each year, will be charged to the school at the beginning of the financial year.
- d) Interest will be charged from the date of the advance in the first year.

Amounts that could be borrowed by an individual school

- H09. It is proposed that the annual repayment of principal and interest for each school is limited to a maximum of 2% of the current school budget allocation for the school year in question. This will allow the maximum number of schools to receive loans while allowing schools to benefit from a useful loan scheme.
- H10. Schools will be able to have more than one loan at a time as long as the total repayment does not exceed the maximum allowed.

Council total available for loans.

- H11. The amount available for loans in any one year will depend on the anticipated level of school balances, expected repayments, the number of schools opting to have their own external bank accounts and possibly other factors such as the need to be able to offer loans each year. The amount made available for loans would be limited to 25% of the total balances held by eligible schools in the first year of the school, and 50% thereafter.
- H12. The Director of Children's Services and the Council's Chief Financial Officer will consider the total amount available for loans each year. Where the level of applications is expected to exceed this amount, it may be necessary to set up an Applications Panel to consider which applications can be approved.

ANNEX I

SUPPORTING INFORMATION

LEGAL LIABILITIES AND SUSPENSION OF DELEGATION

PERSONAL LIABILITY OF GOVERNORS (including Aided Schools' Governors)

- I01. The governors of schools with delegated powers have a wide range of duties and powers. Governors will not normally be personally liable in respect of anything done in good faith in the exercise of their delegated budget powers, as provided by the Education Acts.
- I02. The Council will arrange insurance cover to protect all governors against liability that might arise from their actions or decisions connected with their work as governors. The cost of such cover is delegated to schools under a service level agreement. Schools may choose to arrange their own cover instead of buying it through the service level agreement, although it should be noted that individual schools are unlikely to receive such favourable rates as the Council can for all schools.
- I03. It must be noted, however, that the 'good faith' provision of the Education Acts, and the insurance cover arranged by the Council, do not rule out all possibility of personal liability. Governors may still be held personally responsible in the case of:
- (a) corrupt or deliberately irregular behaviour.
 - (b) gross or deliberate carelessness, e.g. as for health and safety matters.
- I04. Governors will need to make sure that they follow the procedures set out in the Council's scheme for adequately maintaining the premises and for meeting other relevant requirements relating to health and safety in the school.

CONTRACTS - DECLARATIONS OF INTEREST

- I05. A governor with a pecuniary interest direct or indirect in a personal capacity in any contract with the school must declare that interest to the governing body or relevant committee of the governing body and withdraw from any meeting where the subject matter is under consideration.

NOTICE OF CONCERN

- I06. Rather than withdrawing delegated powers, the LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Council's Chief Financial Officer and the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school. Details of the circumstances under which such actions may be taken are shown in the main body of the Scheme (Section 2.16).

WITHDRAWAL OF DELEGATED FINANCIAL RESPONSIBILITY

- I07. The Standards and Framework Act 1998 provides for the possibility that delegated powers might need to be withdrawn from governing bodies. The Council has the power, under Section 51 (and Schedule 15) of the Act, to suspend the governing body's right to decide how to spend its delegated budget, in cases where it judges that the governors:
- (a) have been guilty of a substantial or persistent failure to comply with any requirements under the Council's scheme for the financing of its schools; or
 - (b) are not managing the delegated budget satisfactorily.

Under Section 17 of the Act, the Council also has power to suspend delegated budget powers if:

- (c) the school has received a formal warning notice, but the matter has not been remedied to the Council's satisfaction.
- (d) the school has been found by OFSTED to require special measures or to have serious weaknesses.

108. Evidence of mismanagement/irregularities which might lead to withdrawal of delegation would include:

- (a) significant overspending of the school's budget in a single year, with inadequate plans for eliminating the deficit.
- (b) clear evidence, from the official accounts maintained by the Council's Chief Financial Officer, and from the school's internal records of commitments, of probable significant overspending in the current financial year, with inadequate measures to contain expenditure.
- (c) failure to provide the required regular budget and monitoring plans, combined with failure to maintain systematic records of expenditure and commitments.
- (d) expenditure on items not relevant to the education of the age range of the school.
- (e) serious irregularities in breach of Financial Regulations, legislation etc.
- (f) an overall approach to spending that endangers delivery of the National Curriculum and/or the health, safety and welfare of children in the school.
- (g) failure to exercise staffing powers with due regard to the rights of employees under the Education Reform Act or under general employment law.
- (h) failing to carry out building maintenance work to maintain a healthy or safe environment in accordance with the School Premises Regulations 1986.

109. Suspension of powers of delegated responsibility would normally take effect one month after the Council - through the Director of Children's Services - has given one month's notice of its intention to do so. The school's delegated budget would then be managed centrally. Where the Council suspends delegation, the related staffing powers are also restricted.

110. In cases of gross incompetence or mismanagement or other emergency circumstances, delegated responsibilities could be suspended more quickly or immediately, and the Council would notify the school and the Secretary of State of its emergency action.

111. In all cases of suspension, the Director of Children's Services would provide a written explanation to the governing body, with a copy to the headteacher. The governing body would have a right of appeal to the Secretary of State.

112. Where the Council decides to suspend delegation, it would be able to devolve back to the governing body such decision making powers as it considers appropriate, allowing the Council to be selective in identifying the areas in which it needs to take decisions. For example, the Council might have direct involvement in staffing decisions, if that is where the problem lies, while still leaving the governing body to take decisions on non-staffing expenditure.

113. Before the start of each subsequent financial year, the Council would review any suspension in accordance with the Act.

114. Where delegated powers are restored, the decision would take effect from the start of the ensuing financial year.

- I15. Notwithstanding any suspension of delegated powers, the school's money budget will at all times be determined by the Council's formula, and by the rules of this scheme.
- I16. Fuller details concerning suspension of delegated budget powers are set out in the **Code of Practice on LA-School Relations**.

ANNEX J

SUPPORTING INFORMATION

THE COUNCIL'S POLICY ON PERMITTED CHARGING OF PARENTS

J01. The policy of the Council in relation to charging and remission of charges for school activities taking place mainly in school time is as follows -

(a) **Charging**

- (i) Each school may levy a charge representing the cost of board and lodging for residential activities it organises.
- (ii) Each relevant school provides transport free of charge to pupils attending outdoor activity centres and provides transport for Advanced Level Courses that form an essential part of the examination syllabus. Free transport is not provided for other activities.
- (iii) Each school may charge parents at least part of the cost of **instrumental music tuition** provided for their children, whether that tuition takes the form of individual lessons or of group lessons involving no more than 4 pupils, as permitted under the Education Act 1996. Such charging does not apply to tuition required as part of a course of GCSE study for which the pupil is being prepared by the school. The scheme for purchase, storage and loan of instruments and sheet music is subject to leasing charges according to the level of pupils' use.
- (iv) Each school meets the hiring of, transport to and tuition costs of approved swimming facilities.
- (v) Each relevant school may charge for entry to prescribed public examinations where the pupil has not been prepared by the school, and may also charge for entry fees required for any non-prescribed public examinations.

(b) **Remissions**

Any charges made in respect of items (i), (iii) and (v) above may be remitted at the discretion of schools individually.

Note on Funding

J02. The Council meets the costs of the items above through the delegated budget allocations to schools, who themselves decide the relevant provision to be made for the pupils. General provision for the potential cost of remissions by schools is included in delegated budget allocations, particularly through that part of the budget formula that provides allocations for "social deprivation" based the percentage of pupils entitled to free school meals.

ANNEX L

SUPPORTING INFORMATION THE COUNCIL'S PROVISIONS AND ADVICE ON HEALTH AND SAFETY

GENERAL LEGAL POSITION

- L01. In Community and Voluntary Controlled schools, the Council retains the primary responsibility as employer, under sections 2 and 3 of the Health and Safety at Work Act, 1974, and in practice acts as the agent of the governors of Voluntary Aided schools. Section 2 of the Act requires employers to ensure the health, safety and welfare of their employees. Section 3 places a similar duty with respect to pupils and members of the public.
- L02. All employees have a duty under the Act (Sections 7 and 8) to take reasonable care for the health, safety and welfare of themselves and other persons who may be affected by their actions or omissions. They must also co-operate with the employer (including the governors where appropriate) in respect of their legal duties. The headteacher has the day to day responsibility for ensuring the health and safety of all employees, pupils and visitors.
- L03. Locally delegated management of schools, however, also brings governing bodies more clearly into the health and safety network. The 1974 Act places duties on any persons who have control of the premises or exercise any of the employer's functions. Consequently, governing bodies with delegated authority will also (along with the Council and its employees) be potentially liable under the Act. Governors may therefore be held personally liable in criminal and/or civil law for acts or omissions that would not necessarily be indemnified by the Council.
- L04. Under the system of local management, therefore, responsibility for health and safety is shared - by the Council, its employees and school governors.

SPECIFIC RESPONSIBILITIES OF GOVERNING BODIES

- L05. Governors and headteachers must follow the Council's health and safety policy. When governors approve the school's own health and safety policy it must not conflict with the Council's Health and Safety policy or other guidance issued from time to time.
- L06. Where governors ignore Council policy, or do not spend on measures needed to ensure the health and safety of pupils, staff and visitors, the Council may remedy deficiencies and charge the related expenditure to the school's own budget.
- L07. Governing bodies have particular responsibility for such matters as:
- (a) monitoring the (health and safety) need for non-structural maintenance in the school and actioning such maintenance in consultation with the Director of Children's Services as necessary.
 - (b) advising the Director of Children's Services of structural defects that could adversely affect the health and safety of staff, pupils and the public.
 - (c) the safe condition, storage and maintenance of such equipment, vehicles and plant for which they have responsibility and ensuring that such equipment can be used safely in the normal running of the school.
 - (d) ensuring that the premises, the means of access and exit, and any plant or substance on the premises, are safe and without risks to health.
 - (e) ensuring that safety rules, concerning the use of premises and equipment, are displayed at appropriate locations within the school and are enforced.

- (f) ensuring the assessment of significant risk and the adoption of safe working practices by staff and pupils, and by contractors when on site.
- (g) acting to deal with potential hazards to health and safety, liaising where appropriate with representatives of the Council, the staff (normally through trade union safety representations) and contracting organisations.
- (h) ensuring that appropriate health and safety policies are drawn up for the school, and keeping and making returns as required by the Council and the Health and Safety Executive.
- (i) reporting accidents and near miss accidents to pupils or adults promptly to the Council and recording in the school's accident books.
- (j) notifying the Council of educational visits extending beyond the school day (the Council notifies the County Emergency Planning Officer).
- (k) completing the annual health and safety audit and making returns to the Council.

L08. Governing bodies and staff should take all reasonable action to ensure that health and safety considerations (including segregation of work from pupils, staff and visitors to the school, safe storage and condition of equipment) are borne in mind by outside contractors.

L09. Governing bodies and staff should ensure that goods purchased conform with European and British Standards, and that any equipment (including electrical equipment) is suitably and safely installed by a competent/qualified person. Prior approval by the Director of Children's Services is needed for any expenditure requiring installations to water, gas or electricity services, or involving installation of fixed PE equipment.

L10. Governing bodies and staff should note that an Inspector from the Health and Safety Executive or the Health and Safety Officer from the Risk Management Department can at any reasonable time, or immediately if there is a dangerous situation, enter premises, to carry out an inspection of any relevant statutory or Council requirement, and monitor compliance.

L11. Regular inspection of fire safety equipment, heavy craft and fixed PE equipment, and other plant and the consequent repairs are the responsibility of the governing body.

ADVICE AND MONITORING BY THE COUNCIL

L12. Any officer of the Council concerned about a health and safety matter in a school will notify the headteacher of his concern and will immediately notify the Council's Health and Safety Officer who will arrange for the problem to be investigated and for the necessary work to be carried out, if it has not already been commissioned by the school.

L13. Recognised Trade Union Health and Safety Representatives have a statutory right to carry out Health and Safety Inspections at quarterly intervals (in practice this is normally done once per term in schools) unless more frequent intervals have been agreed, and to investigate dangerous occurrences immediately.

L14. Where the Council's policy does not fully cover health and safety circumstances in the school, headteachers should seek advice from Herefordshire Council's Health and Safety Officer for schools, email: kazimierz.szostak@herefordshire.gov.uk

ANNEX M

New powers for Governing Bodies to open Community Facilities, under sections 27 and 28 of the Education Act 2002 (also known as Extended Schools).

- M01. From 2nd September 2002, Governing Bodies may provide community facilities or services which will benefit pupils, their families or people living and working in the locality of the school concerned. Councils are required to prepare a scheme of guidance for Governors supported by an advisory network. A cross directorate team of officers was formed to work on the details of a Council scheme of Guidance incorporating recommendations from the DfES.
- M02. The Council's scheme focuses on the level of risk identified within each project and governing bodies are required to submit an initial business plan which describes the following:
- The objectives of the facility
 - Activities and operations
 - Outcomes
 - Set up and ongoing costs
 - Funding, including grants, including any third party involvement or partnerships
 - Management and business standing (e.g. limited company)
 - Financial management and control
 - Employment.
 - Relationships with the school (including and use of premises or staff)
 - Time-scale (start date, end date etc)
- M03. As part of its business plan, the governing body must undertake a risk assessment in order to describe any impact and identify any risks to the school or the Council. The Council would expect identified risks to be covered by insurance or active management. The following risk management headings should be used in the assessment.
- Child protection, police checks
 - Health and safety
 - Property and security
 - Environmental impact
 - Hidden costs potentially falling on the school budget (e.g. caretaking and heating costs)
 - Costs potentially falling on the LEA (failed businesses, staff severance)
 - Staffing, contracts of employment, employment conditions, redundancy, pensions
 - Taxation and VAT, fraud, propriety, funding security, loans etc
 - Legal issues (e.g. compliance with existing laws, constitutional matters, third party agreements, planning applications, public access, competition?)
 - Policy and Partnership issues/conflicts of interest
 - School administrative issues e.g. pupil registration, organisation, school opening times, transport, holidays
 - Members, public perception, reputation and media issues
 - Morale in the school
 - Responsibility and ownership
- M04. The Council will provide advice to governing bodies about their proposal, free of charge, within a specified time period. governing bodies would be expected to report back to the Council what action has been taken following their advice within a further specified time period.

- M05. The Council may also be able to offer some charged services e.g. a payroll bureau facility, an insurance arrangement to cover risk (possibly under contract with a private firm), personnel services etc.
- M06. The financial management of all community facilities and extended schools run directly by the governing body must be arranged through the accounts of the Herefordshire Council. Any scheme run by a group independent of the governing body must be properly set up with private accounts and audited as per the constitution of the group.
- M07. The Secretary of State has not specified activities permissible under the regulations. The Council scheme, however, makes a distinction between activities "in-keeping with school activities" such as child care and adult learning and those "not in-keeping with school activities" such as public facilities (e.g. dentists, doctors), shops or post offices. The latter category would be subject to a higher level of scrutiny and financial control because of the much greater potential for business liability and VAT implications. Activities such as breakfast clubs, after school clubs and holiday clubs, involving only those pupils already enrolled at the school, will not be regarded as community facilities under the regulations, since they are already permitted under LMS regulations.

ANNEX N

SHARED AND COMMUNITY USE OF PREMISES

INTRODUCTION

- N01. Many schools share premises with neighbouring schools, education and other Council services. There is also extensive out of hours use of school premises under the Council's lettings policy. This annex explains how each type of situation will be dealt with under the scheme of delegated management. Community use of premises is strongly encouraged by the Council for the benefit of local communities.
- N02. Under LMS regulations, school budgets must not bear the cost of non-school use and the school should seek compensation where premises are shared either by specific agreement with users or according to a standard lettings arrangement. Assistance can be obtained from the Education Directorate in cases where costs are difficult to measure or estimate.

DUAL USE FACILITIES

- N03. There are currently several schools where a joint project has been undertaken in the past to provide facilities for both the school and the community. Projects range from large Sports Centres to smaller schemes involving meeting rooms or village halls. School Governors are subject to the legal obligations which the Council have undertaken as part of the joint use scheme whether there is a formal agreement or not. The dual use areas are defined in the property management document relating to the particular school.
- N04. Recharge or recoupment mechanisms should be in place to ensure that the school is not using any part of its delegated budget to fund community use. If the school feels a change in the agreement is needed, either because of a shortfall between income received from partners and the cost of community use, or because of difficulties in meeting other procedures or regulations, such as health and safety, the Council will undertake to negotiate an improved arrangement.

FUTURE DUAL USE SCHEMES

- N05. The Council may seek to initiate new dual use schemes from time to time on school premises. Any future proposal for such projects would be subject to consultation with the Governors and would take account of the operational, financial and legal implications.

USE BY OUTSIDE BODIES UNDER LICENCE OR LEASE

- N06. Governing Bodies do not have any power to enter into licences or leases for the use of Council-owned premises; that restriction includes agreements relating to the installation of telecommunications equipment. All such agreements will be drawn up by the Council. Existing licences and leases will be identified and described when school premises are defined. All Council obligations under the terms of licences and leases must be honoured. Income derived from licences or leases, other than catering licences, for the use of premises as determined by the Council is not generated by the school and accordingly will not be credited to the school's accounts, except in the case of catering income. Conversely, the Council will bear centrally the cost of any outgoings associated with such agreements, other than costs associated with catering licences.

CASUAL LETTINGS

- N07. Casual lettings in County schools are covered by S.40 and Schedule 13 of the School Standards and Framework Act 1998. The existing powers of Governors of Voluntary

Aided, Special Agreement and Voluntary Controlled Schools are not affected. S.40 and Schedule 13 of the School Standards and Framework Act 1998 confers the responsibility for the management of County school premises out of school hours on the governing body, emphasising that the governing body is to have regard to the desirability of the school premises being available for community use. However, the Council has the right to give directions, such as:

- (a) security and caretaking;
- (b) the coverage of costs;
- (c) safeguarding facilities from overuse;

LETTINGS ACCOUNTS

- N08. Schools are free to set their own level of charges but in doing so must ensure that no subsidy, for lettings falls on the school's delegated budget.

ADMINISTRATION OF CASUAL LETTINGS

- N09. Schools are responsible for the administration of all lettings.
- N10. The school manages lettings of school premises subject to any directions and advice issued by the Council. The school is responsible for any marketing, the establishment of a charging policy for non-subsidised users, the processing of applications, making caretaking and cleaning arrangements, and issuing invoices. It is advisable to use the Councils Revenues Unit Invoice request service to generate invoices to 3rd party hirers. Benefits include, the income being credited to the school's account straight away and debts will be chased up on the schools behalf, and court action initiated if deemed necessary.
- N11. Under its powers in S.40 and Schedule 13 of the School Standards and Framework Act 1998 the Council can make directions on the youth service, adult education, etc. Advice is also given on conditions of hire and procedures to be adopted, but the Governors would be free to make their own decisions, within the general directions given by the Council, e.g. a caretaker must be employed for all lettings.

LETTINGS: STATUTORY OBLIGATIONS

- N12. There are certain statutory rights enabling schools to be used (a) for public meetings of candidates at Parliamentary and local elections; (b) as polling stations; (c) for meetings of Parish Councils and Parish meetings; and (d) for meetings arising out of the Smallholdings and Allotment Act 1908. In addition, the Council has nominated certain schools as 'rest centres' in the case of civil emergencies. The costs of using schools for elections and meetings can be reclaimed (as a casual letting) from the Returning Office or Parish Council/Parish Meeting and would be credited to the school's account.
- N13. Money provided through school delegated budgets for the education of pupils should not be used to subsidise unrelated activities. Lettings fees determined by schools, therefore, should be set at levels that at least cover costs.

PLAYGROUPS

- N14. Schools are encouraged to consider the use of any surplus space by voluntary playgroups if there is a need in the area and it does not compete with existing provision. Advice on the establishment of such activity is available from the Early Years Team, Children & Young People's Directorate, Herefordshire Council, Plough Lane, Hereford, HR4 0DE. The school budget would receive income and bear the costs of expenditure linked with that use.

CHANGES IN THE OCCUPATION OF ACCOMMODATION

- N15. Any alteration in the shared use of premises (other than casual lettings) between schools or between a school and an external body requires the approval of the Director of Education. Budgets are amended for such changes, as necessary.
- N16. If a school wishes to release space on a permanent or temporary basis, it should notify the Council of that intention. Relevant budgets and responsibilities are then adjusted accordingly. The Council reserves the right to find suitable alternative use for any space declared surplus to the school's requirements, though always after discussion with the school. Income produced by releasing accommodation will not be credited to the school.

ANNEX O

SCHEDULE OF MAINTENANCE RESPONSIBILITY

BUILDING AND ENGINEERING ITEMS APPLICABLE TO COMMUNITY SCHOOLS

This document identifies maintenance responsibilities following further delegation to community and voluntary controlled schools

It applies to temporary and permanent buildings.

It does not apply to aided or special agreement premises.

Definition of Maintenance Responsibility for Building and Engineering Items Applicable to Community Schools

General Rules

1.0 The **school** will be responsible for:

1.1 All emergency repairs: Defined as unforeseen works required to keep building users safe or to keep the building watertight or secure. The works are normally required as a result of breakdown of vital services or fabric defects involving risk to occupants or contents. See Clause 2.1 regarding replacement of major items of plant.

1.2 All urgent work: Defects which whilst not a positive danger cause some inconvenience to the user and/or may develop into more serious faults if left unattended.

1.3 All routine servicing, inspection and testing: This includes all essential repairs identified by the servicing engineer, which would normally be categorised as emergency or urgent work as defined above.

1.4 Cyclical Maintenance where the Renewal Cycle is 7 years or Less: External redecoration and preparatory repairs. Cleaning of self finished surfaces to external claddings.

1.5 Maintenance Responsibility Already Delegated under Local Management in Schools (Defined in Annex O (dated 1999) to the Scheme for Delegation)

2.0 The **LA** will be responsible for:

2.1 Emergency or urgent replacement of major items of plant e.g. boilers, unless the failure is the result of inadequate servicing.

2.2 All cyclical maintenance with a renewal cycle in excess of 7 years except those items previously delegated to schools under LMS (these are clarified in the following schedule).

SECTION 1: INDEX

	<u>CLAUSE NUMBER</u>
Access Control Systems	16.7
Alarms	16.2
Amplifying System	16.7
- TV Aerial	16.7
Appliances (See under type e.g. Kitchen, Fire)	
Asbestos	21.2
Balustrades	7.0
Basins (See: Sanitary Appliances)	
Bell/Class Change System	16.2
Blackboards	12.1
Blinds	12.3
Boiler	16.1
Boundary Fence/Wall	19.2
Burglar Alarm	16.2
Car Parks	19.1
Carpets	6.0, 7.1
Cavity Wall Insulation	4.1
CCTV	16.7
Ceilings	10.0
Chalkboards	12.1
Chimneys	2.3
Clocks	16.2
Cooking Equipment	16.3
Cupboards	12.1
Curtains and Tracks	12.3
Curtain Partitions	4.2
Cycle Sheds	21.3
Damp Proof Course	4.1, 4.2, 6.0
Decorations	11.0
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Dishwashers	16.3
Domestic Science (See: Home Economics)	
Doors	9.0
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Drinking Fountains	14.0
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Dust Extraction Systems	16.1
Electrical Installation	16.1
Emergency Lighting	16.2
Emergency Repairs	1.0
Extractor Fans	16.1
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Fire	
- Alarm Systems	16.2
- Exit Signs	12.3
- Extinguishers	17.0
- Fireplaces	2.3
- Hose	17.0
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Fixed Seating	12.1
Floor Coverings/Finishes	6.0

	<u>CLAUSE NUMBER</u>
Flues (See: Chimneys)	
Fuel Tanks	16.1
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Gas Installations	16.1
Gates	19.2
Glazing	8.0
Greenhouses	21.4
Grounds	20.0
Gutters	2.2
Gymnasium Equipment	12.2
Handrails	4.2, 7.1, 7.2
Heating Equipment and Installations	16.1
Home Economics Units, Cupboards etc.	12.1
Insulation	
- Roof	2.0
- Ceiling	10.0
- Wall	4.1
Intruder Alarm	16.2
Kitchen Equipment	16.3
Laboratory Benching	12.1
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Lighting	16.1
Lightning Conductor	16.7
Meters (Gas, Electricity)	16.1
Nameboards	12.3
Noticeboards	12.1
Oil Installations, Tanks etc.	16.1
Outbuildings	21.4
Paths	19.1
Partitions	4.2
Pest Control	21.1
Pinboards	12.1
Plaster - Wall	4.2
- Ceiling	10.0
Playgrounds	19.1
Power Points (Electrics)	16.1
Rainwater Pipes and Gutters	2.2
Retaining Walls	19.2
Roads	19.1
Roofs	2.0
Roof Lights	2.1
Seating (Fixed)	12.1
Security (Intruder Alarms)	16.2
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- Mechanical and Electrical	16.0
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Sheds (Outbuildings)	21.4
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Signs	12.3
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	<u>CLAUSE NUMBER</u>
Stage Lighting	16.1
Stairs	7.0
- Internal	7.1
- External	7.2
Structural Frame	3.0
Standby Generators	16.1
Swimming Pools	18.0
Tanks	16.1
Television Aerials	16.7
Temporary Classrooms	21.6
Toilets (Sanitary Fittings)	14.0
Vehicle Access (Roads etc.)	19.1
Verandah Glazing	8.0
Ventilation	16.1
Walls	19.2
- Boundary	4.1
- External	
- Finishes (See Internal/External Walls)	
- Internal	4.2
- Retaining	19.2
Water Heaters	16.1
Water Services	13.0
Water Softeners	16.3
Windows (and Fittings)	8.0
- Glazing	8.0
- Blinds	12.3
Worktops	12.1

SECTION 2 : SCHEDULE OF MAINTENANCE RESPONSIBILITIES

SCHOOL RESPONSIBLE FOR:	LEA RESPONSIBLE FOR:
1.0 Emergency Repairs All emergency repairs and urgent work as defined in "General Rules" on page O1.	Emergency replacement of major items of plant, e.g. boilers, unless the failure is the result of inadequate servicing.
2.0 Roofs As Clause 1.0	Complete renewal of roofs or roof coverings, including any insulation, as part of a planned maintenance programme.
2.1 Rooflights As Clause 1.0 Day to day repairs to roof glazing. (No cost limit)	Complete renewal as part of a planned maintenance programme. All work associated with planned replacement of roof coverings.
2.2 Roof Rainwater Drainage, above ground As Clause 1.0 Cleaning and removal of leaves etc. (No cost limit)	Complete renewal as part of a planned maintenance programme. All work associated with planned replacement of roof coverings.

SCHOOL RESPONSIBLE FOR:		LEA RESPONSIBLE FOR:
2.3	Chimneys As Clause 1.0, plus regular inspection by specialists where applicable. Fireplaces: all removable equipment and applied finishes. (No cost limit)	Complete renewal as part of a planned maintenance programme. All work associated with planned replacement of roof coverings. Complete renewal as part of a planned maintenance programme. All work associated with planned replacement of roof coverings.
3.0	Structural Frame As Clause 1.0	Major repairs as part of a planned maintenance programme.
4.0	Walls	
4.1	External Walls As Clause 1.0	Major repairs or rebuilding as part of a planned maintenance programme to all parts including any externally applied finish and any insulation.
4.2	Internal Walls (Including Handrails) As Clause 1.0 Curtains acting as folding partition. Internal wall finishes (e.g. plaster, tiles or sheet finishes). Servicing of folding partitions	Major repairs or rebuilding as part of a planned maintenance programme to all internal walls and folding partitions except curtains acting as folding partition. Excluding wall finishes.

5.0	Foundations As Clause 1.0. This will include any urgent temporary support work required as a result of foundation failure.	Major reinstatement as part of a planned maintenance programme.
6.0	Floors As Clause 1.0 All applied floor finishes (e.g. sheet/tiles including timber block, quarry tiles, carpeting etc.) including line markings to sports floors. (No cost limit)	Major repairs to the sub-floor structure and damp proof membrane, as part of a planned maintenance programme. Excludes applied finishes.
7.0	Staircases (Including Balustrades and Handrails)	
7.1	Internal As Clause 1.0 Finishes as Clause 6.0 including nosings to stairs. (No cost limit)	Major repairs to the structure as part of a planned maintenance programme, but excluding applied finishes.
7.2	External As Clause 1.0	Major repairs to the structure as part of a planned maintenance programme, but excluding applied finishes.
8.0	Windows and Fittings As Clause 1.0 All repairs to glazing. (No cost limit). Pre-decoration repairs, replacement of individual units.	Complete renewal of windows as part of a planned maintenance programme.
9.0	Doors and Fittings All as windows and fittings.	Replacement as part of complete renewal of wall cladding.
10.0	Ceilings All parts.	No responsibility for repairs.
11.1	External Decoration All types including pre-paint repairs.	No responsibility for redecoration.
11.2	Internal Decoration All types	No responsibility for redecoration.
12.0	Fixtures and Fittings Reference should also be made to Appendix P concerning fixed equipment.	
12.1	Internal Joinery Fixtures Including kitchen units, home economic units, science laboratory pedestals, cupboards, fume cupboards, shelving, picture rails, coat rails, notice or display boards, fixed chalk boards, fixed seating including coverings.	Replacement as part of an approved refurbishment scheme

12.2	Specialist fittings Gymnasium equipment Safety inspections and consequential repairs.	
12.3	Miscellaneous Fittings Provision and maintenance of blinds, signs, curtains and tracks, stage curtains. Flag poles and all School signs	No liability.
13.0	Water Services As Clause 1.0 Water quality monitoring and sterilisation (private and stored water supply systems)	Replacement as part of a planned maintenance programme.
14.0	Sanitary Fittings and Associated Pipework As Clause 1.0	Replacement as part of a planned maintenance programme.
15.0	Drainage Below Ground Repairs as Clause 1.0 Cleaning and removal of blockages. (No cost limit). Servicing and associated repairs (see "General Rules" page 2)	Replacement as part of a planned maintenance programme.
16.0	Mechanical and Electrical Services	
16.1	Fuel Supply systems, Heating, Air Conditioning, Power and Lighting installations. Ventilation and Dust Extraction systems As Clause 1.0 All servicing, inspection and testing plus associated repairs (see "General Rules" page 2). Replacement of individual fittings.	Emergency replacement of major items of plant following failure (unless caused by inadequate servicing). Replacement of installations as part of a planned maintenance programme
16.2	Alarm, Emergency and Time Systems As Clause 1.0 including resetting. Servicing (see "General Rules", page 2)	Replacement as part of a planned maintenance programme to upgrade to current standards
16.3	Kitchen Equipment (Including Water Softeners) All repairs and servicing. (No cost limit) Except where the responsibility of the catering contractor.	
16.4	Laundry Equipment All equipment including services and drainage.	Replacement depending the circumstances of each case
16.5	Portable Electrical Equipment All testing and replacement.	No maintenance liability
16.6	Lifts, Hoists, Barriers, Lifting Aids As Clause 1.0. Servicing and inspection (see	Replacement as part of a planned maintenance programme.

“General Rules” page 2). Includes insurance inspections.

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| 16.7 | Television/Communication Aerials, Amplifiers and Associated Trunking CCTV and Access Control Systems
All parts (including lightning protection systems, repairs, servicing and maintenance of all installations). | No maintenance liability |
| 16.8 | Temporary Heaters
All maintenance and running costs. | Supply of units in an emergency situation only. |
| 16.9 | Fixed Fume Cupboards
As Clause 1.0 | No maintenance responsibility. |
| 17.0 | Fire Fighting Equipment/Fire Precautions
Servicing, inspection and testing.
Renewal of portable appliances. | Replacement of fixed installations as part of a planned maintenance programme.
All fire precaution improvements required following an inspection by the Fire Officer excluding portable fire extinguishers, fire blankets. |
| 18.0 | Swimming Pools (Maintained by the LEA)
As Clause 1.0
Chemical dosing and cleaning.
All servicing, winterisation and summerisation works. | Major repairs or renewals as part of a planned maintenance programme (where it is an LEA maintained pool). |
| | Other Swimming Pools
All costs. | No maintenance responsibility. |
| 19.0 | External Works | |
| 19.1 | Roads, Paths, Car Parks and Playgrounds
As Clause 1.0
All minor repairs and Major repair or renewal as part of a planned maintenance programme, including the re-marking of playgrounds or car parks after resurfacing. | |
| 19.2 | External Perimeter Walls and Fencing including Gates, Retaining Walls
As Clause 1.0
All works to fencing and walls other than site boundary. | Major repair or replacement as part of a planned maintenance programme to all fencing and walls forming the site boundary. |
| 20.0 | Grounds
Maintenance of grounds (trees, grasscutting, soft landscaping etc.) | <i>Emergency maintenance of mature trees.</i> |
| 21.0 | Miscellaneous | |
| 21.1 | Pest Control
All aspects | |

- | | | |
|------|---|---|
| 21.2 | Asbestos | All works including testing and monitoring |
| 21.3 | Cycle Sheds
As Clause 1.0 | |
| 21.4 | Outbuildings, Greenhouses etc. Maintained by the LEA
As Clause 1.0 | Replacement as part of a planned maintenance programme. |
| 21.5 | Demolition | All aspects |
| 21.6 | Temporary Classrooms (mobiles) -
The rules apply as for permanent buildings | |

ANNEX O (Voluntary Aided)

SCHEDULE OF MAINTENANCE RESPONSIBILITY

BUILDING AND ENGINEERING ITEMS APPLICABLE TO VOLUNTARY AIDED SCHOOLS

O01. This document applies to temporary and permanent buildings *on the school site* it does not apply to county schools

RESPONSIBILITY FOR BUILDING AND ENGINEERING MAINTENANCE IN AIDED SCHOOLS

BACKGROUND

O02. The Department for Education and Skills has reviewed the liabilities and funding arrangements for VA schools. The rules for determining premises liabilities have been simplified.

O03. VA governing bodies are now liable for capital work to the school buildings and playground. LA's are liable for capital work to playing fields and their associated buildings. All revenue work is LA liability but this has in the main delegated to governing bodies under the Fairer Funding initiatives.

DEFINITION OF CAPITAL AND REVENUE WORKS

O04. Revenue work describes those repairs that are of a cyclical nature and have a life expectancy of 7 years or less i.e:

- **Emergency repairs** - defined as unforeseen works to keep building users safe or to keep the building watertight or secure. The works are normally required as a result of breakdown of vital services or fabric defects involving risk to occupants or contents.
- **Urgent repairs** - defects whilst not a positive danger, cause some inconvenience to the user and/or may develop into more serious faults if left unattended.
- **Routine servicing, inspections and testing** - this includes all essential repairs identified by the servicing engineer that would normally be categorised as urgent as defined above.
- **Redecoration**

O05. Capital work describes repairs that are of a substantial nature and have a life expectancy of greater than 7 years.

GENERAL RULES

O06. Maintenance responsibility is shared between:

- 1) **Trustees Responsibility** - generally all aspects of building and engineering services (for which grant aid is normally available for Capital repairs).
- 2) **Governors' Delegated Responsibility** - maintenance and renewal that was delegated under Local Management in Schools in 1991. Fairer Funding in 1998 and further delegation in 2001. This includes all emergency and day to day repairs, all servicing and all revenue planned maintenance.

- 3) **LA Responsibility** - now limited to planned replacement of buildings associated with playing fields.

SCHEDULE

O07. A schedule of elements follows which is intended to assist in determining who is responsible for the funding of a particular repair or replacement.

CAPITAL LIABILITY	
VA Governing Bodies	LA
The existing buildings and services (internal and external).	
Those buildings currently known as excepted (kitchens, dining areas, medical/dental rooms, swimming pools, caretakers dwelling houses).	
Perimeter walls and fences.	Playing fields.
Playgrounds.	Buildings on playing fields and related to their use.
Furniture, fixtures and fittings.	
Large scale removal of asbestos.	
Other capital items.	
REVENUE LIABILITY	
All emergency and urgent works.	Property services will organise BUT NOT FUND asbestos removal (no fees to be charged).
All servicing and consequential repairs.	
Internal and external redecoration (unless part of a capital repair, e.g. external refurbishment).	

ANNEX P

SUPPLIES AND SERVICES RESPONSIBILITIES

FURNITURE, FURNISHINGS AND FITTINGS

PO1. Each school's budget is intended to cover the maintenance of existing, and the purchase of replacement and additional, furniture, fittings etc., including any required for increased pupil numbers, with the exception of approved expenditure directly related to major building projects undertaken under the Council's Capital Building Programmes. Capital projects initiated by the school, under their own devolved capital spending arrangements would not come under central funding arrangements.

	School Responsibility	LA Responsibility and Decision
P02. Furniture		
Provision of additional/replacement or repairs/renovation of:-		
Pupils' desks, tables, chairs	X	
Teachers' furniture	X	
Free-standing storage units, cupboards, tray units, including trays, paper storage units, plan chests, bookcases in classrooms and practical spaces	X	
Free-standing specialist tables and benches, chairs and stools in Home Economics, Textiles, Art, Craft, Design, Technical Drawing, Heavy Craft, Pottery, Science, Computer Studies, Information Technology, Business Studies rooms etc.	X	
Library tables, shelving, catalogue drawers and other library furniture	X	
Examination desks, piano stools	X	
Dining tables, chairs and kitchen equipment.	X	
Flammable liquids cupboards, poisons cupboards	X	
First Aid cabinets, Key cabinets	X	
Fifth and Sixth Form Common Room chairs/tables, study bays etc.	X	
Staff Room furniture, e.g. easy chairs, coffee tables and storage	X	
Office desks, chairs, filing cabinets, storage furniture, safes	X	

	School Responsibility	LA Responsibility and Decision
Pupils' lockers, locks, keys	X	
Medical Room furniture including rest beds	X	
All trolleys (computer, A/V, TV, Needlework, Music and general)	X	
Free-standing screens and chalkboards/ marker boards	X	
Approved provision of new furniture or refurbished second-hand furniture related to additional or remodelled accommodation under the Council's Capital Building Programme.		X
P03. Furnishings and Fittings		
Provision of additional, replacement, Repairs to:-		
Aesthetic curtains, dim-out/blackout curtains, hall curtains and stage curtains including tracks and cording sets	X	
Divider curtains	X	
Venetian blinds, vertical blinds, roller blinds, Audio visual blinds	X	
Chalkboards, wall fixed, leizer boards, marker boards, free laid carpets	X	
Carpet tiles, vinyl flooring, fitted carpets	X	
Notice-boards, pinboards, display surfaces	X	
Shelving, mirrors, clocks	X	
Mobile cloakroom fittings	X	
Fixed cloakroom fittings	X	
Electric lamps, TV sockets and aerials, tubes and covers	X	
Soap dispensers, warm air hand dryers	X	
Free-standing heaters	X	
Portable fans	X	
Theatre/lecture theatre seating	X	

	School Responsibility	LA Responsibility and Decision
Staging Units	X	
Playing field and playground seating	X	
Fitted benching and storage units in classrooms, practical areas, Science Labs, Home Economics and other specialist rooms. Science pedestal units	X	
Provision of new furnishings and fittings if directly related to additional or remodelled accommodation under the Council's Capital Building Programme.		X

NOTES

- P04. Schools are required to use their own ordering system for all supplies of furniture, fittings and furnishings requisitioned from their own school budget allocation. Only approved items of central expenditure directly relating to approved Capital Programme projects will be requisitioned by the Director of Education. Invoices relating to centrally requisitioned and funded furniture and fittings should be certified if correct and passed for payment direct to the Education Directorate.
- P05. Schools must always follow the Council's Standing Orders relating to contracts.
- P06. Herefordshire Council is a full member of the Counties Furniture Group and as such is entitled to the preferential prices available to full members. Price lists are circulated periodically as and when amendments are made. There are, however, some areas of furnishing not available in the CFG range, e.g. Craft room benching, Technical Drawing stations, residential furniture, chalkboards, curtains, blinds, carpets etc. In addition schools are expected to secure value for money by seeking alternative suppliers. Advice is readily available on alternative sources of supply within the Education Directorate if required.

British Standards

- P08. In selecting furniture, schools should be aware of the need to ensure all Health and Safety considerations are taken fully into account. As with all purchasing, it is particularly important to ensure that the best value for money is achieved at all times and at the same time it is important to check carefully that furniture and furnishings comply fully to the relevant British Standard. The regulations change from time to time but are available via the Internet. Assistance is also available from the Education Directorate Accommodation team.
- P09. Particular attention should be given to the BS regulation that gives the relevant specification for tables and chairs used in educational establishments, including strength and stability.
- P10. Heads should be aware of Statutory Instrument No. 1324 1988 - The Furniture and Furnishings (Fire) (Safety) Regulations 1988. Although these regulations relate specifically to the domestic upholstered furniture market, it is recommended that the same standards are applied to upholstered furniture purchased for educational establishments. The main elements of these Regulations are -
- no upholstered furniture should include any filling material which fails the BS 5852 Part 2 Ignition Source 5.
 - the covering material should comply with cigarette and match source 1 of BS 5852 Part 1.

- P11. All upholstered furniture in the CFG range complies fully with the requirements of the Furniture and Furnishings (Fire) (Safety) Regulations 1988.
- P12. It is also strongly recommended that all fabrics for curtains and drapes requisitioned by schools should conform with the requirements of British Standard 3120: 1959 and British Standard 5867 Parts 1 and 2: 1980. Ideally, all fabrics should be inherently flame proofed or at least treated with pyrovatex or similar.
- P13. Further details and guidance are readily available on all aspects of purchase of furniture and fittings from the Education Directorate.

EDUCATIONAL BOOKS, MATERIALS, EQUIPMENT AND SERVICES

- P14. The division of responsibility is as set out below.

	School Responsibility	LEA Responsibility And Decision
Provision of, repairs to and replacement of all educational equipment, apparatus, tools and materials (with the exception of the initial inspection of heavy craft and fixed and large portable PE equipment)	X	
Servicing and maintenance	X	
Hire charges (e.g. Home Economics equipment)	X	
Television licences	X	
Library books, text books, periodicals	X	
Attendance registers	X	
Admission registers	X	
Log books	X	
School vehicle expenses	X	
Econet computer installations Technology trunking installations - or similar	X	
Supply of plants for environmental education	X	
Small school co-operative expenditure	X	
Approved subscriptions (e.g. Copyright, ROSPA etc.)	X	
Loss of LEA owned equipment, books and materials etc. through vandalism, theft or flood	X	
Support for locally approved curriculum Initiative	X	
Approved national curriculum support	X	

	School Responsibility	LEA Responsibility And Decision
Special allocations for statemented pupils (except as specified in Annex C)		
Approved support arising from HMI and Ofsted reports (at LEA discretion)		X
County Library Service Support	X	
Maintenance charges incurred by use of Audio/Visual contractors	X	
Specified items of large equipment provided in conjunction with the Council's Capital Building Programme.		X

NOTES

- P15. Schools are required to use their own or West Mercia Supplies ordering systems as appropriate for educational supplies and services.
- P16. Schools should always follow the Council's Standing Orders relating to contracts and should ensure the items purchased comply with the relevant British Standard.
- P17. In the purchase of specialist teaching equipment schools are recommended to seek prior advice and guidance where necessary.
- P18. Schools are advised to check carefully on any associated installation costs before committing themselves to the purchase of expensive items of equipment, particularly where connection to main services, e.g. gas, electricity, water and drainage or where new mechanical ventilation systems are required following purchase of new machines by the school since they could also have to meet installation costs from their budget.
- P19. Schools should note that the **principles** of Best Value do apply and a range of suppliers should be considered in any procurement.
- P20. Forward commitment of planned expenditure on particular items may be permitted by prior arrangement.

Purchases from Donated Sums

- P21. The arrangements, especially in relation to VAT regulations, under which donated sums may be used for purchasing goods for use in schools, are explained in guidance issued by the Director of Education from time to time.

HEALTH AND SAFETY

- P22. The LA has primary responsibility and power to issue directions on Health and Safety provision, and school Governing Bodies will be expected to comply.
- P23. In view of the Governors' first line responsibility for Health and Safety most of the funds for this purpose are delegated and the following division of responsibility applies:

	School Responsibility	LA Responsibility And Decision
P24 Fire Fighting Equipment		

	School Responsibility	LA Responsibility And Decision
Replacement, recharging and inspection charges for all portable fire fighting equipment, fixed hose reels, rewind mechanisms and nozzles	X	
Provision of portable equipment directly related to new or remodelled accommodation under the Council's Capital Programme.		X
P25. Art/Craft Heavy Equipment		
Initial inspection and preparation of reports annually on all workshop heavy equipment on mechanical and electrical faults (including kilns, pugmills and pottery wheels)	X	
Repairs arising from inspection reports	X	
Replacement of machines/ equipment necessary as a result of inspection	X	
P26. PE Equipment (Fixed and large portable)		
Annual inspection of fixed PE equipment and large portable apparatus in use in gymnasium/halls and sports halls, including a schedule of basic routine maintenance work	X	
Repair work included on report forms and replacement of portable apparatus and fixed equipment	X	
P27. Fixed Playground Equipment		
Monthly routine inspections of existing equipment.	X	
Annual Inspection (by qualified inspector) of existing equipment.	X	
Inspection of new equipment to comply with European Standards.	X	
P28. Mobile Fume Cupboards		
Fixed fume cupboards	X	
Regular testing, maintenance (including possible replacement of main filter bed, as and when necessary)	X	
P29. Portable Electrical Appliances		
Regular inspection of all electrical apparatus/appliances which can be plugged into an electrical mains circuit.	X	

	School Responsibility	LA Responsibility And Decision
This inspection to be carried out by a competent person		
P30. Protective Clothing		
Provision of approved protective clothing for caretakers, school-based groundsman, playground superintendents laboratory and workshop ancillaries/technicians.	X	
P31. Swimming Pools		
Supply of swimming pool chemicals, provision of swimming aids and other equipment and materials required, e.g. hoses, pool surround matting	X	
P32. Other Items		
First aid boxes and requisites	X	
Flammable liquid	X	
Cupboards/containers	X	
Poisons cupboards	X	
Expenditure incurred on repairing or removal of defective or surplus playground equipment	X	
Expenditure incurred on movement or disposal of hazardous materials	X	
Pest control	X	
Expenditure incurred in complying with Public Entertainments Licence	X	
Warning and advisory notices	X	
Maintenance and upgrades of dust and fume extraction equipment etc.	X	
Minibuses – All costs including MOT and maintenance	X	
Other motorised plant	X	

NOTES

- P33. Contracts are available through Facilities Management for regular Health and Safety inspection of heavy craft and fixed and portable PE equipment. The LEA monitors inspection reports and the contract.
- P34. All expenditure on replacement or repair of equipment, materials etc. arising from Health and Safety reports, whether initiated by the LEA or Governors are chargeable to the

school's budget.

- P35. Schools are required to use their own or West Mercia Supplies ordering systems as appropriate for all supplies and services required under Health and Safety, with the exception of items to be funded centrally by the LEA (e.g. equipment related to capital building projects).
- P36. Schools must always follow the Council's Standing Orders relating to contracts and should ensure the items purchased comply with the relevant British Standard.
- P37. Advice is readily available from the Council.

ADMINISTRATION, DOMESTIC, CLEANING AND GROUNDS

	School Responsibility	LA Responsibility And Decision
P38. Administration		
Provision of additional, replacement and maintenance of all office equipment, including computer hardware, duplicators, typewriters, word processors, copiers, offset lithos, stencil cutters etc.	X	
Office materials, stationery, software	X	
Postage including examination postage	X	
P39. Cleaning and Domestic		
External window cleaning	X	
Removal of rubbish, including charges for collection, skips, etc.	X	
Removal of rubbish related to the Council's Capital building programme and school closures		X
Laundry equipment, cookers, refrigerators, washing machines, dishwashers, tools, small equipment, beds, bed linen, glassware, crockery, cutlery, materials etc.	X	
Paper towels and dispensers	X	
Warm air hand dryers	X	
Toilet paper and dispensers	X	
Liquid soap and dispensers	X	
Other soaps and detergents	X	
Sanitary towel disposal	X	
P40. Caretaker items:		
Mechanical cleaning equipment, servicing	X	

	School Responsibility	LA Responsibility And Decision
of cleaning equipment, brooms, brushes, mops, miscellaneous cleaning equipment, dust control and barrier matting, ladders, stepladders, towers, trucks and trolleys, waste bins, dustbins, bulk refuse containers, cleaning materials, floor seals, disinfectants, descalers.		
Contract cleaning charges (cleaning equipment and materials used by contractors would be paid for indirectly, through the service contract charge)	X	
Monitoring the use of chemicals for each school.		X
Annual inspection of building cleaning standards		X
Health and Safety with regard to cleaning equipment and floor surface.	X	
P41. Catering		
Food hygiene inspections.	X	
Cost of food safety inspections, including transported meals, using food heat testing equipment for Council arranged provision for primary schools		X
Cost of food safety inspections on meals arranged by schools with private providers.		X
Management, monitoring and control of CCT contract for sandwich packs.		X
Annual condition survey on kitchen equipment.	X	
P42. Grounds		
Equipment and materials not covered by contract work (e.g. sand and gravel)	X	
Contracted grounds services charges (equipment and materials used by contractors would be paid for indirectly, through the service contract charge)	X	
Plants and consultancy service for environmental education	X	
Emergency maintenance of mature trees	X	
Specialist maintenance of playing fields (mole drainage, fertiliser)	X	

	School Responsibility	LA Responsibility And Decision
application, turf conditioning, and replacement of shrubs)		
Monitoring and control of the application of pesticides and herbicides, including those used for line marking	X	

NOTES

- P43. Schools should use their own or West Mercia Central Stores ordering systems as appropriate for all equipment, materials and services with the exception of any approved expensive items to be provided centrally in conjunction with Major or Small Work capital schemes.
- P44. Schools should always follow the Council's Standing Orders relating to contracts and should ensure the items purchased comply with the relevant British Standard.
- P45. Schools are advised to check carefully on any associated installation costs before committing themselves in the purchase of expensive items of equipment, particularly where connection to main services, e.g. gas, electricity, water and drainage are concerned since they could also have to meet installation costs from their budget.
- P46. Schools are reminded to adopt Best Value principles in the procurement process.
- P47. Advice on the type, quality and source of supply of cleaning materials and equipment is available from the Education Directorate.

OTHER ITEMS

	School Responsibility	LEA Responsibility And Decision
P48. Establishment Expenses		
Printing expenditure	X	
Advertising expenditure	X	
Extra curricula travelling expenses	X	
Replacement of telephone system	X	
Alterations to telephone systems, e.g. Additional handsets and extensions	X	
Rental and maintenance charges of telephone systems	X	
Telephone call charges	X	
New telephone systems	X	
Alterations to existing telephone systems arising through works under the Capital Building Programme.	X	
P49. Miscellaneous Expenditure		

	School Responsibility	LEA Responsibility And Decision
Removal costs arising from works under the Council's Capital Building Programme.		X
Removal costs arising from school closures.		X
All other removal expenses, e.g. movement of large items such as pianos from room to room	X	

Improvements to Buildings and Grounds

- P50. The LEA no longer maintains an annual capital fund for small building/grounds improvements (the De Minimis building fund). Schools operate their own improvement programmes under devolved maintenance and capital budgets. Schools also can fund items of a capital nature from their general delegated revenue budget.
- P51. It is open to any school to undertake a small improvement from their own budget, provided:
- (i) prior central approval is obtained
 - (ii) the Council's Standing Orders relating to contracts are adhered to.
 - (iii) only contractors included on the Council's approved list are employed.
 - (iv) where the work proposed is likely to have some effect on the structure, e.g. load bearing walls etc., connections/alterations to services, then the Director of Education should be consulted before work is authorised.
 - (v) costs of advice and professional services for school initiated projects (not from the Council's Capital Programme) would be met by the school.

Security

- P52. If it proves possible to continue to allocate resources for such purposes it is open to schools to apply for grants to improve security at schools.
- P53. Separate procedures for applying for inclusion in a Council Capital Programme are applicable. Schools should, in the first instance, make formal application in writing, to the Director of Education.

INCOME

- P54. Schools are free to raise income from fund-raising and other activities, subject to the provisions of the scheme.
- P55. Where a school derives income from the sale of a moveable asset for which responsibility is delegated under the Local Financial Management Scheme, e.g. surplus items of equipment, old furniture, books, materials etc., the income is credited to the school's accounts.
- P56. The income from the sale of items purchased from funds retained centrally reverts to the LA.

ANNEX Q

STAFF ABSENCE ARRANGEMENTS

INTRODUCTION

- Q01. **MEETING THE COSTS** All schools receive budget provision for staff absence costs through the funding formula and have freedom to decide replacement arrangements. Under 'specified' circumstances school can receive compensation for absence replacements. In the case of civic, social and professional duties, compensation is open to all schools. In the case of high levels of sickness absence, and for maternity/adoption leave, compensation is available to schools joining the Council's insurance scheme.
- Q02. **OCCASIONAL REPLACEMENT APPOINTMENTS** Schools decide all occasional appointments, including supply engagements and occasional additional hours required for staff replacement, as well as cover for school-based staff involved in centrally funded activities.
- Q03. **RATES OF PAYMENT TO STAFF** All teachers, including supply teachers employed at the daily rate are paid in accordance with the School Teachers Pay and Conditions Regulations. Non-teaching staff are paid according to the grade appropriate to the duties carried out and, where appropriate, according to the rules applicable when existing staff work additional hours.

Q04. COMPENSATION ARRANGEMENTS FOR SPECIFIED STAFF REPLACEMENT

(NOTE: in the case of PART-TIME staff the defined replacement levels shown in the Tables apply in the relevant proportion, e.g. for an employee working half-time, the replacement level is the defined number of half-days.)

Schools making appropriate claims are credited with replacement costs up to the following maximum number of days in any one financial year. Replacement costs for absences beyond the levels shown have to be met from the school's delegated budget.

Q04(a) - CIVIC AND SOCIAL DUTIES

1	Member of a County, District or Parish Council	6
2	Magistrate	11
3	Member of a statutory Tribunal	As required by the tribunal
4	Member of a Regional or Area Health Authority	3

Q04(b) - PROFESSIONAL DUTIES

1	Members of official advisory groups	As required by the LA
2	Representative of Director of Children's Services	10

Q04(c) - UNION AND PROFESSIONAL ORGANISATIONS

The LA as employer is required by Law to make provision for time off work for Union Officers and members in certain circumstances. A number of days cover is agreed annually and supply cover vouchers are issued to Unions according to a formula. Where schools receive direct requests from members of staff or Unions, such requests should always be passed on to the Director of Children's Services.

Q04(d) - STAFF TRAINING

Replacement costs for staff involved in defined training activities, where approved centrally, are met from the training element of excepted expenditure. (In other cases costs are met, at school discretion, from schools' Standards Fund allocations or from their delegated budgets.)

Q04(e) - PERSONAL CIRCUMSTANCES

Employees under redundancy notice – up to 5 days leave pay to look for alternative work or to arrange re-training.

Q04(f) – OTHER SUSPENSION

Where a member of staff at a school is suspended from duty, either as a result of the action of an agreed disciplinary procedure, under the terms of Regulation 10 of the Education (Teachers) Regulations 1993 or successor documents, and where such a suspension is agreed by the Director of Children's Services, the costs of replacing necessary standard scale teaching duties will be paid from a central reserve from the day of such suspension until such time as the suspension is terminated either by return to school or by dismissal. In exceptional cases, as approved by the Director of Children's Services, the cost of replacing other duties may also be considered. (In the case of suspension for ill health, central funding will be available only for schools that are currently contributing to the relevant staff absence insurance scheme).

ACCOUNTING ARRANGEMENTS FOR ALL CENTRALLY FUNDED SUPPORT

- Q05. All replacement costs for items listed in Table Q1 are charged initially to school budgets with credits allocated on the basis of claims made by the school.
- Q06. Notification of absence and staff replacement arrangements must be in a form specified by the LA and must be returned within the defined time limit.
- Q07. Credits are made for expenditure on items listed in Table Q1 only when the school concerned has actually engaged a replacement member of staff or has a member of staff specifically designated for such purposes. If there has been no actual replacement there will be no payment.
- Q08. Credits are not paid in cases where schools receive income in lieu of salary.
- Q09. **With effect from 1st April 2018 the council no longer operates a staff absence insurance scheme.**



Title of report: Annual Review of Schools Forum Membership

Meeting: Herefordshire Schools Forum

Meeting date: Friday 10 July 2026

Report by: Democratic Services Officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To report on the annual review of membership of Herefordshire Schools Forum (the forum) and Budget Working Group (the working group) and to approve action as necessary to maintain proportionality.

Recommendation(s)

That:

- a) The outcome of the annual review of proportionality is noted;
- b) 1 seat be transferred from Academies to Maintained Secondary Schools to ensure proportionality on the forum,
- c) 1 seat be transferred from Academies to Maintained Secondary Schools to ensure proportionality on the Working Group.

Alternative options

1. The forum could choose to disregard proportionality in respect of the forum and the working group. This option is not recommended as it is preferable for the effective functioning of both groups that the different types of schools in Herefordshire are fairly represented.

Key considerations

2. The composition of the forum is reviewed annually to ensure that Local Authority maintained schools and academies are represented proportionately on the forum, based on the number of pupils registered in each category of school, and that the membership complies with regulations.

3. In July 2024, the Herefordshire school's forum agreed to remove a seat for Maintained Primary Schools taking the composition of members of the forum down to 25. This was due to the number of vacancies and lack of appetite to fill the spaces.
4. Herefordshire school's forum is composed of 25 seats allocated between schools' members, academies members and non-school members. Schools and academies members together must number at least two-thirds of the total membership of the schools forum and the balance between maintained primary, maintained secondary and academies members must be broadly proportionate to the pupil numbers in each category. The membership of the forum is reviewed annually to ensure the allocation of seats remains proportionate.
5. Herefordshire allocates 18 seats between the schools and academies members. One seat each is allocated to mainstream special schools, academy special schools, and the Pupil Referral Unit management committee. The 15 remaining seats are allocated to mainstream schools and academies, divided proportionally. The annual review has been carried out for 2026, and the results are set out below.
6. Regulations make no distinction between primary phase and secondary phase academies. Guidance states that Free Schools are to be classed as academies for the purpose of this exercise. The calculations of proportionality set out below are based on pupil numbers taken from the January 2026 school census and translate these proportions into numbers of seats on the forum, rounded, as necessary.
7. Total pupil population in mainstream schools was 20,477 broken down as follows:

School category	Number of pupils	Proportion	Proposed number of seats (rounded)	Current number of seats
Maintained Primary	7,163	35.0%	5	5
Maintained Secondary	3,313	16.2%	3	2
Academies	10,001	48.8%	7	8
Total			15	15

8. Based on this assessment, it is proposed that a seat is transferred from the allocation of seats for Academies to Maintained Secondary Schools to ensure representation is proportionate on the Schools Forum.

Membership of Budget Working Group

9. The Working Group is a permanent advisory sub-group of the forum. Regulations prescribe how the forum itself is to be constituted but these provisions do not apply to the composition of sub-groups. The composition of the Working Group is therefore a matter for the forum itself. It is open to the forum to agree to disregard proportionality for the working group, amend the number of seats or set minimum representation for particular groups.
10. The forum agreed in October 2012 that the Budget Working Group would consist of 14 members. Two seats were allocated to early year's settings and one to special schools. The remaining 11 places available to primary schools, secondary schools and academies, were to be allocated on a broadly proportionate basis based on pupil numbers in each category. The forum also agreed that there should be a minimum of one maintained school representative from the secondary sector and one academy representative from the primary school sector.
11. Total pupil population in mainstream schools was 20,477 broken down as follows:

School category	Number of pupils	Proportion	Proposed number of seats (rounded)	Current number of seats
Maintained Primary	7,163	35.0%	4	4
Maintained Secondary	3,313	16.2%	2	1
Academies	10,001	48.8%	5	6
Total			11	11

12. Based on this assessment, it is proposed that a seat be removed from Academies and added to Maintained Secondary Schools to ensure representation is proportionate on the Budget Working Group.

Community impact

13. The items considered and decisions made by the forum should have regard to what matters to schools and settings in Herefordshire and how the forum can best contribute to managing the current changing and challenging financial circumstances.
14. The constitution ensures that the membership of the schools forum continues to reflect the range of types of school and setting across Herefordshire and that all groups have the opportunity to shape the decisions of the forum.
15. The amendments to the constitution as a result of the new regulations ensure that the work of the forum can continue and that all interested parties are able to observe the meetings of the forum.

Environmental Impact

16. Whilst this review will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

17. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. In relation to schools finance it is the responsibility of individual governing bodies to commit expenditure according to the individual pupil need. However, the decisions of the schools forum should have regard to this duty and the potential implications of any decisions made.
18. The mandatory equality impact screening checklist has been completed for this decision and it has been found to have no impact for equality

Resource implications

19. A budget of £19k has been allocated for administering the schools forum and associated activities for the 2026/27 financial year. This is funded from the dedicated schools grant received from central government.

Legal implications

20. The schools forum is established under section 47A of the School Standards and Framework Act 1998. The current regulations pertaining to the operation and management of schools forums are set out in The Schools Forums (England) Regulations 2012.
21. The Education & Skills Funding Agency (ESFA) sets out guidance on the operation of schools forums, with the most recent version published in March 2021. This document also gives examples of good practice which the ESFA have drawn from a number of schools forums and the Department for Education. It is not designed to be prescriptive except where it refers directly to the Schools Forum Regulations 2012.
22. The council must ensure that the schools forum for their area is constituted in accordance with the regulations and is responsible for determining the size and composition of the forum, and the members' terms of office.

Risk management

23. There are no identified risks associated with approval of the recommendations contained in this report. If the membership of the forum and working group is not proportional, there is a risk some categories of schools could feel that they are not fairly represented and object to decisions taken by the forum.

Consultees

24. The Working Group were consulted on the proposed changes on 30 June 2026.

Appendices

None

Background papers

None

SCHOOLS FORUM WORK PROGRAMME 2026/27

23 October 2026	
Appointments	To appoint a chairperson and vice-chairperson for the Forum. To appoint a chairperson for the Budget Working Group if required
DSG Deficit Management Plan and SEND Reforms	To receive an update on the plan and strategies in place for the deficit management plan and SEND Reforms.
Dedicated Schools Grant 2026/27 Outturn	To provide an update to the Schools Forum on the Dedicated Schools Grant (DSG) outturn.
Schools National Funding Formula 2027/28 Update	To provide an update to the Forum on the Schools National Funding Formula 2027/28, including the recommendations of the Budget Working Group (BWG) on the Herefordshire schools' budget 2027/28.
Disapplication Requests	To consider any disapplication requests to support the 2027/28 budget setting process, for submission to the Secretary of State.
De-Delegations and Education Management Function 2027/28	To agree the proposed 2027/28 De-delegated Services and Education Management Functions.
19 January 2027	
DSG Deficit Management Plan and SEND Reforms	To receive an update on the plan and strategies in place for the deficit management plan and SEND Reforms.
Dedicated Schools Grant 2027/28 Budget – Schools, Early Years and Central	To receive a report on the DSG 2027/28 provisional settlement and consider proposed budget for Schools Block, Early Years Block and Central School Services Block.
Dedicated Schools Grant 2026/27 Outturn	To provide an update to the Schools Forum on the Dedicated Schools Grant (DSG) outturn.
Whitecross PFI contract - triennial review	To review the financial position of the Whitecross PFI contract and inform Schools Forum of any necessary action.
19 March 2027 9:30am	
DSG Deficit Management Plan and SEND Reforms	To receive an update on the plan and strategies in place for the deficit management plan and SEND Reforms.
Dedicated Schools Grant 2026/27 Outturn	To provide an update to the Schools Forum on the Dedicated Schools Grant (DSG) outturn.
Dedicated Schools Grant 2027/28 Budget – High Needs	To consider proposed 2027/28 budget for the High Needs Block.
16 July 2027 9:30am	
DSG Deficit Management Plan and SEND Reforms	To receive an update on the plan and strategies in place for the deficit management plan and SEND Reforms.
Dedicated Schools Grant 2026/27 Outturn	To receive an update on the DSG outturn for 2026/27.
Central Services Schools Block – Service Updates	To receive an update from the services provided to schools as part of the Central Services Schools Block (CSSB) for 2027/28.

Revisions to Herefordshire's Scheme for Financing Schools	To review and update the Forum on changes to the scheme.
Annual review of membership	To review the membership of the Schools Forum to ensure proportionality.
Work programme 2027/28	To approve dates for meetings and the work programme for the forum for 2027/28 academic year.