

# AGENDA

## Herefordshire Schools Forum

Date: **Friday 12 July 2013**

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Time: **9.30 am**

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Place: **Council Chamber, Brockington, 35 Hafod Road,  
Hereford HR1 1SH**

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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

**Chairman** Mrs D Strutt  
**Vice-Chairman** Mr NPJ Griffiths

## Non Voting

<b>Mrs S Bailey</b>	Special Schools
<b>Mr P Barns</b>	Pupil Referral Unit
<b>Mrs L Brazewell</b>	Local Authority Maintained Primary School Governor
<b>Mr P Burbidge</b>	Roman Catholic Church
<b>Mrs S Catlow-Hawkins</b>	Local Authority Maintained Secondary School
<b>Mrs J Cecil</b>	Academies
<b>Mr J A Chapman</b>	Church of England
<b>Mr K Crawford</b>	Academies
<b>Mr J Docherty</b>	Academies
<b>Mr T Edwards</b>	Local Authority Maintained Secondary School Governor
<b>Mrs A Jackson</b>	Early Years Representative
<b>Ms T Kneale</b>	Locally Maintained Primary School (Nursery)
<b>Mr R Leece</b>	Trade Union Representative
<b>Mr C Lewandowski</b>	Trade Union Representative
<b>Mrs R Lloyd</b>	Early Years Representative
<b>Mr S Matthews</b>	Academies
<b>Mr S Pugh</b>	Local Authority Maintained Primary Schools
<b>Mrs J Rees</b>	Local Authority Maintained Primary School
<b>Mr S Robertson</b>	14-19 Partnership
<b>Mrs K Rooke</b>	Special Schools Governor
<b>Mr A Shaw</b>	Academies
<b>Mrs L Townsend</b>	Local Authority Maintained Primary School
<b>Mrs S Woodrow</b>	Locally Maintained Secondary Schools
<b>Mrs C Woods</b>	Local Authority Maintained Primary School
<b>Mr K Wright</b>	Local Authority Maintained Primary School

## AGENDA

		Pages
1.	<b>APOLOGIES FOR ABSENCE</b> To receive apologies for absence.	
2.	<b>NAMED SUBSTITUTES (IF ANY)</b> To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.	
3.	<b>DECLARATIONS OF INTEREST</b> To receive any declarations of interest by Members in respect of items on the Agenda.	
4.	<b>MINUTES</b> To approve and sign the minutes of the meeting held on 3 May 2013.	9 - 12
5.	<b>REPORT OF BUDGET WORKING GROUP</b> To consider the report of the Budget Working Group on the following matters: changes to the national funding formula, Dedicated Schools Grant Underspend 2012/13, Special Educational Needs Support Services, provision for sponsored academies deficits and the use of school balances.	13 - 70
6.	<b>SCHOOLS CAPITAL INVESTMENT PROGRAMME</b> To note and endorse the proposed approach to expenditure and accountability of the Locally Coordinated Voluntary Aided Programme (LCVAP), Basic Need Capital and Maintenance budgets.	71 - 82
7.	<b>SCHOOL FUNDING SCHEME CHANGES</b> To approve the Department for Education (DfE) directed changes to the Herefordshire Scheme for Financing Schools effective from 1 September 2013.	83 - 180
8.	<b>WORK PROGRAMME</b> To consider the Forum's work programme.	181 - 182
9.	<b>MEETING DATES</b> The following meeting dates have been scheduled:  Friday 25 October 2013 9.30 am  Friday 29 November 2013 9.30 am  Friday 17 January 2014 2.00 pm  Friday 28 February 2.00 pm  Monday 17 March 2014 9.30 am  Friday 16 May 2014 9.30 am	



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# COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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HEREFORDSHIRE COUNCIL

**MINUTES of the meeting of Herefordshire Schools Forum held at Council Chamber - Brockington on Friday 3 May 2013 at 9.30 am**

**Present:** Mrs D Strutt (Chairman)  
Mr NPJ Griffiths (Vice-Chairman)

Mrs S Bailey, Mr P Barns, Mrs L Brazewell, Mrs S Catlow- Hawkins,  
Mr J Docherty, Mr T E Edwards, Ms T Kneale, Mr R Leece, Mr C Lewandowski,  
Mrs R Lloyd, Mr S Matthews, Mrs J Rees, Mr S Robertson, Mr A Shaw,  
Mrs L Townsend, Mrs S Woodrow, Mrs C Woods and Mr K Wright

**In attendance:** Councillor GJ Powell (Cabinet Member – Education and Infrastructure)

**Officers:** Mr C Baird, Assistant Director People’s Services Commissioning, Mr M Green, Senior Finance Manager, Mr L Knight, Head of Provider Services (Additional Needs) and Mr T Brown – Governance Services.

**118. APOLOGIES FOR ABSENCE**

Apologies were received from Mr P Burbidge, Mrs J Cecil, Mr J Chapman, Mr K Crawford and Mrs A Jackson.

The Chairman welcomed Mrs S Catlow-Hawkins to the meeting as the new 14-19 Partnership representative in place of Mr I Peake.

**119. NAMED SUBSTITUTES**

Ms E Stackhouse substituted for Mrs J Cecil.

**120. DECLARATIONS OF INTEREST**

Mr S Robertson and Mrs S Woodrow declared interests in relation to agenda item 5: Dedicated Schools Grant Underspend 2011/12 as members of staff at Aylestone Business and Excellence College.

**121. MINUTES**

**RESOLVED:** That the Minutes of the meeting held on 12 March 2013 be confirmed as a correct record and signed by the Chairman.

**122. DEDICATED SCHOOLS GRANT UNDERSPEND 2011/12**

*(Mr S Robertson and Mrs S Woodrow declared interests and did not vote.)*

The Forum was asked to consider recommending to the Cabinet Member (Education & Infrastructure) an appropriate level of funding for retention in the provision for potential school deficits arising from sponsored academy conversions.

The Forum had agreed in January 2013 that a provision of £900k be allocated from the Dedicated Schools Grant (DSG) underspend 2011/12 for potential sponsored academies deficits – to be released only with agreement of Schools Forum in future if deficits crystallised, and subject to a further report being made to the Forum on 3 May 2013 in the

expectation that further information would then be available from the Department for Education (DfE).

The Chairman informed the Forum that it was intended to propose that the recommended option in the report should be amended to provide that the retention of a provision to match the deficit at Aylestone Business and Excellence College (Aylestone) should be subject to further review in October 2013.

The Senior Finance Manager (SFM) then presented the report setting out the options identified for treating the £900k provision. These ranged from the retention of the whole £900k, the most risk averse option, to distribution of the whole amount to schools and early years providers. The financial benefit to schools under each option was detailed in the report. The SFM emphasised that the Council considered the risk involved in the distribution of the whole provision to be unacceptable.

The SFM drew attention to the statement in the report that there were no known Department for Education (DfE) plans for either Aylestone or Broadlands Primary School to become a sponsored academy. If, however, the GCSE results at Aylestone were below the floor target this year then the DfE might well review the School's status and begin discussions about a sponsored academy conversion. This had prompted the proposal that the Forum further review the retention of a provision to meet the deficit at Aylestone in October 2013.

In discussion the following principal points were made:

- It was emphasised that the discussion was about the principle of making a provision for potential school deficits arising from sponsored academy conversions.

It was observed that there would be increasing potential for further directed conversions to academies as the floor target for exam results was raised. It was proposed that the Budget Working Group should therefore be asked to consider the implications of future forced conversions to academies and possible approaches.

- It was recognised that the Forum was, in effect, being required to make a risk assessment. The Headteacher of Aylestone was invited to comment and outlined the background to the current position. She explained that there had not been any contact with the DfE about the possibility of conversion to a sponsored academy for some months and the school itself had no plans to follow that route. However, as the report noted there was a risk.

It was questioned whether the DfE would in reality insist upon the authority clawing back funds from schools given the public opprobrium this would be likely to generate, especially if there were to be an increasing number of forced conversions across the Country. The Assistant Director informed the Forum that officers had to proceed on the basis of the statements made to the authority by the DfE, which were as set out in the report.

The SFM confirmed that, if it was agreed to revisit the need to retain a provision for Aylestone in October, information would be sought from other authorities on how they were dealing with the matter.

#### **RESOLVED:**

- That (a) the Cabinet Member for Education & Infrastructure is recommended to approve Option 4 – the Matched Retention for Aylestone only so that**
- i. a provision of £485,000 is retained for a potential deficit**

arising from sponsored academy conversion, subject to review in October 2013;

- ii. a distribution to mainstream schools, including academies of £371,840 is made on a per pupil basis;
- iii. a distribution to special schools of £20,750 is made on a commissioned place basis;
- iv. a distribution to Pupil Referral Units of £4,150 is made on a commissioned place basis;
- v. a distribution to early years providers of £18,260 is made on the number of pupils recorded by the January 2013 Early Years census; and

- (b) the Budget Working Group be asked to consider the implications of future forced conversions to academies and possible approaches.

### **123. MEMBERSHIP OF THE SCHOOLS FORUM**

The Forum reviewed the membership of the Schools Forum and the Budget Working Group.

The report noted that, consistent with Department for Education guidance, the Forum had agreed to keep its membership under annual review to provide flexibility to ensure that broad proportionality of primary schools, secondary schools and academies was maintained. The current composition was not strictly proportionate but it was suggested that the Forum had the discretion to continue with its current membership if the relevant appointing groups were content.

No change to the membership of the Budget Working Group needed to be considered.

#### **RESOLVED:**

- That
- (a) subject to the agreement of Herefordshire Association of Secondary Head Teachers and the Herefordshire Association of Governors the current membership of the Forum continues; and
  - (b) it be noted that no amendment to the membership of the Budget Working Group is required.

### **124. MEETING DATES**

Noted.

The meeting ended at 10.10 am

**CHAIRMAN**



<b>MEETING</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>12 JULY 2013</b>
<b>TITLE OF REPORT:</b>	<b>REPORT OF THE BUDGET WORKING GROUP</b>
<b>REPORT BY:</b>	<b>GOVERNANCE SERVICES</b>

## 1. Classification

Open

## 2. Key Decision

This is not an executive decision.

## 3. Wards Affected

County-wide

## 4. Purpose

To consider the report of the Budget Working Group on the following matters: changes to the national funding formula, Dedicated Schools Grant Underspend 2012/13, Special Educational Needs Support Services, provision for sponsored academies deficits and the use of school balances.

## 5. Recommendation(s)

- THAT (a) consideration be given to changes to the lump sum and models worked up for further discussion by the Budget Working Group;**
- (b) a sparsity factor should be applied and models worked up, based on the principle that the primary sector should pay for the application of the sparsity factor within the primary phase and the secondary sector should pay for its application within the secondary phase;**
- (c) a strategic plan should be developed for managed incremental change, moving part way towards the average primary/secondary ratio over a few years, making provision for reviewing the position annually to permit adjustments to be made if appropriate;**

- (d) **the extent of pupil movement be investigated and, subject to the findings, consideration be given to including a section on the mobility factor in the consultation paper;**
- (e) **the extent to which changes should be considered in isolation or as part of a package of measures should be reviewed once the various funding models were presented to the Budget Working Group;**
- (f) **it should be noted that proposals were being made on the basis that funding levels would remain the same, noting that if they were to decrease further work on the various models would be needed;**
- (g) **in reviewing the financial risk assessment framework the Authority and schools should in particular consider what risk indicators it would be beneficial for Headteachers and governors to keep informed of, in order to provide the best means of governors, and where necessary the local authority, taking early preventative action to avoid deficits arising;**
- (h) **the Cabinet Member (Children's Services) be recommended that the Dedicated Schools Grant underspend of £44k for 2012/13 be transferred to the High Needs Block.**
- (i) **the Forum is asked to confirm that it is satisfied that the requirement that Forum papers, minutes and decisions are being published promptly on the Authority's website is being met; and**
- (j) **consideration be given to whether communication within the groups represented on the Forum can be improved.**

## **6. Key Points Summary**

- The Department for Education (DfE) has published: School Funding Reform: Findings from the Review of 2013/14 and Arrangements and Changes for 2014-15. The Education Funding Agency (EFA) has published 2014-15 Revenue Funding Arrangements: Operational Guidance for local authorities.
- The EFA guidance introduces a number of changes to the National Funding Formula. The main issues that the Forum is invited to consider in this report are the introduction of a sparsity factor to support rural schools, changes to the lump sum to permit differing amounts for primary and secondary schools and proposals locally to move incrementally towards the national average ratio of funding for primary to secondary school funding per pupil. Initial views of the Forum are being sought on the recommendations of the Budget Working Group (BWG) to inform the preparation of a consultation paper. The consultation paper is to be issued in September and the findings reported to the Forum on 25 October prior to the submission of draft school budget proposals to the EFA at the end of October.
- There is a modest Dedicated Schools Grant underspend of £44k for 2012/13. It is proposed that this is transferred to the High Needs Block.
- As requested by the Forum the BWG has considered the implications of future forced conversions to academies and possible approaches.

- The BWG has agreed that a report on school balances will be made to it in September.
- The Forum is invited to note that new Regulations will require a further change to its composition. It is also asked to consider some matters relating to the operation of the Forum.

## **7. Alternative Options**

- 7.1 There are a range of possible alternative options. The principal alternatives are described in the report and further options will be considered in detail by the BWG.

## **8. Reasons for Recommendations**

- 8.1 The EFA operational guidance for local authorities 2014-15 Revenue Funding Arrangements requires local authorities to gain Schools Forum/political approval for the provisional 2014-15 funding formula. Authorities are required to submit the provisional 2014-15 school budget proforma to the EFA by 31 October 2013.

## **9. Introduction and Background**

- 9.1 The BWG met on 7 June 2013 to consider changes to the national funding formula, Dedicated Schools Grant Underspend 2012/13, Special Educational Needs Support Services, provision for sponsored academies deficits and the use of school balances. A copy of the Notes of this meeting is being circulated separately to Members of the Forum.
- 9.2 A further meeting of the BWG is being held on 8 July. An update from that meeting will be provided to the Forum at its meeting on 12 July, as appropriate.
- 9.3 Following discussion with the BWG in early September, a detailed consultation paper setting out a number of options for change will be circulated to schools. The consultation paper will also include proposals for a replacement of the current banded funding system with a system of multi-tariffs which will apply for all special education needs including special schools.
- 9.4 There will be a series of briefings at the end of September to answer questions. The BWG will then meet again to consider the outcome of the consultation and make recommendations to Schools Forum on 25 October, prior to the submission of draft school budget proposals to the EFA at the end of October.

## **10. Key Considerations**

### **National Funding Formula**

- 10.1 In March the Forum submitted a response to the DfE review of 2013/14 School Funding Arrangements. The DfE has now published their findings from the review and announced the details of the changes that will be made in the 2014/15 settlement. A summary of the changes is attached at Appendix 1.
- 10.2 A copy of the document produced by the EFA: 2014-15 Revenue Funding Arrangements: operational guidance for local authorities has been previously circulated separately to Members of the Forum and is appended for ease of reference.
- 10.3 The main issues the Forum will need to consider are the introduction of the sparsity factor

to support rural schools, changes to the lump sum to permit differing amounts for primary and secondary schools; and proposals to move incrementally towards the national average ratio of funding for primary to secondary school funding per pupil.

- 10.4 The Forum is advised that there is no suggestion that the DfE will provide additional money to authorities. Any changes to one formula factor locally would have to be financed by an amendment to the provision under another of the formulae.

### **Sparsity Factor**

- 10.5 The sparsity factor allows a fixed or variable amount to be applied to small schools where the average distance to pupils' second nearest school is more than 2 miles (primary) or 3 miles (secondary). (Paragraphs 20-25 of the EFA document refer.)
- 10.6 Given the representations the Authority has made over the years seeking recognition of the rural nature of Herefordshire, the BWG recommends that the Authority should make use of the sparsity factor.
- 10.7 In the absence of additional resources the allocation of funding to recognise sparsity will have to be met from elsewhere within the DSG. The BWG considers that as a matter of principle the primary sector should pay for the application of the sparsity factor within the primary phase and the secondary sector should pay for its application within the secondary phase. This would avoid any impact on the primary/secondary ratio. Money released by reducing the lump sum, discussed in more detail below, could be one means of funding the sparsity factor as well as contributing towards a move towards the national average primary secondary ratio.
- 10.8 The DfE will notify the Authority of the sparsity values for each school and the BWG intends to consider funding models at its next meeting.
- 10.9 It is intended to produce a model proposing funding on a tapered basis (to avoid cliff edges in funding). It is also proposed that the model should be based on a sparsity lump sum of £80k for both primary and secondary schools and primary school sizes of 150, 105 and 70. For secondary schools it is proposed to prepare a model based on school sizes of 600 and 450. Previous work during schools reviews has indicated these school sizes to be most viable.

### **Primary/Secondary Ratio**

- 10.10 Paragraph 33 of the EFA document on the funding ratios between primary and secondary schools states:

*"We are not, at this stage, prescribing constraints on the primary/secondary ratio, but we have not ruled this out for future years and authorities should be aware of where they are within the range."*

- 10.11 The national average ratio of funding for primary to secondary funding per pupil is 1:1.27. Herefordshire's ratio is 1:1.18, one of the five lowest ratios in the Country.
- 10.12 A summary of primary:secondary per pupil funding ratios is set out at appendix 3.
- 10.13 The implication of a national funding formula is that the current variation in ratios will not be permitted. It was likely that a range of ratios will be allowed, but with much less degree of variance than at present. The choice therefore appears to be for the Forum to wait for an



instruction from the DfE, or to develop a strategic plan for managed incremental change. The BWG considers that a strategic approach is the best course, moving towards the average ratio over a few years, reviewing the position annually to permit adjustments to be made if appropriate.

- 10.14 The implications for primary schools are potentially significant. An immediate move to the average ratio would involve a reduction in the lump sum funding per Primary School of £25k which would be unaffordable as the Minimum Funding Guarantee would be too expensive.
- 10.15 A possible approach would be to seek to move to a ratio of 1:1.23 on the basis of a 1% change per year for 5 years. It is estimated that for each 1% change in the ratio the primary lump sum would reduce by £2,500.
- 10.16 The BWG has proposed that a series of examples should be worked up and presented to the Group's next meeting allowing the BWG to assess the impact various approaches might have.

### **Lump Sum**

- 10.17 Paragraphs 26-28 of the EFA guidance provide that a differentiated lump sum can be set for primary and secondary schools. The DfE has indicated that it does not intend to allow authorities to vary the lump sum value according to the size of the school.
- 10.18 Currently all Schools in the County receive a lump sum of £105k.
- 10.19 The EFA guidance provides that a differentiated lump sum can be set for primary and secondary schools. The DfE has indicated that it does not intend to allow authorities to vary the lump sum value according to the size of the school.
- 10.20 The DfE has clarified (paragraph 67 of the EFA guidance) that *"the main purpose of the lump sum is to provide sufficient funding to necessarily small schools which could not operate on the basis of per-pupil funding alone. The sparsity factor we are introducing in 2014-15 will enable local authorities to target funding more accurately to small schools in sparse rural areas."*
- 10.21 The DfE has also decided that in 2014/15 the maximum lump sum will be £175k. The aim is *"to put more money through the pupil-led factors so that funding genuinely follows pupils"*.
- 10.22 In the Forum's response to the DfE consultation on the national funding formula it was calculated that the fixed costs of a small primary school were approximately £70k. It is acknowledged that this does not meet the fixed costs of a larger primary school but these are offset by the additional per pupil funding they receive. Given the gap between the £70k and the current lump sum of £105k paid to all Herefordshire schools it was suggested to the BWG that one option would be to reduce the lump sum for primary schools phased over a number of years and it was proposed that this should be included in the consultation paper. The DfE had indicated that their research suggested a national average value for the primary school lump sum of £95k
- 10.23 The BWG agreed to recommend that consideration be given to changes to the lump sum indicating that it needed to see possible funding models worked up for further consideration.

### **Mobility Factor**

- 10.24 The EFA guidance (paragraph 18-19) states that funding may be targeted only at those schools experiencing pupil mobility above a 10% threshold, and funding is not provided for the first 10% of mobile pupils
- 10.25 Some Members of the BWG highlighted significant influxes of pupils, many with significant needs, including English as an additional language.
- 10.26 The BWG proposes that the extent of pupil movement be investigated and, subject to the findings, consideration be given to including a section on the mobility factor in the consultation paper.

### **Dedicated Schools Grant Underspend 2012/13**

- 10.27 The BWG has been informed that there was a modest DSG underspend of £44k for 2012/13 (equating to £2 per pupil if distributed). Given the pressure on the High Needs Block including the increasing number of special school places the BWG recommends that the underspend is transferred to the High Needs Block. A report on the DSG outturn 2012/13 is attached at Appendix 4.

### **Special Educational Needs Support Services**

- 10.28 The BWG has been presented with a report: to provide a common understanding of the SEN support services that are funded through DSG; to initiate a review of the pattern of services leading to potential recommendations for change; and to review the model of trading SEN Services and consider other options.
- 10.29 There was consensus at the BWG that further consideration needed to be given to these issues. A further report on the trading of SEN support services will be made to the Group in September.

### **Provision for Future Sponsored Academies Deficits**

- 10.30 The BWG was reminded that in May 2013 the Schools Forum had discussed the principle of making a provision for potential school deficits arising from sponsored academy conversions.
- 10.31 During that discussion it had been suggested that there would be increasing potential for further directed conversions to academies as the floor target for exam results was raised. The Forum had agreed that the Budget Working Group should consider the implications of future forced conversions to academies and possible approaches.
- 10.32 The BWG noted that very few schools were currently in deficit and there were no significant deficits that could not currently be readily managed. However, experience had shown that the situation at an individual school could change rapidly. Deficits incurred by large primary and secondary schools, or a large number of small primary schools could present a risk.
- 10.33 There was consensus at the BWG that the key was to identify warning signs and prevent a school going into deficit in the first place because, once in deficit, problems could escalate so fast, and costs could not be reduced quickly enough. It was acknowledged that predicting problems and intervening at an early stage was easier said than done. It was, however, suggested that, allied to better financial management, the risk framework could be strengthened to include factors that represented possible warning signs. For example, the departure of a headteacher and changes in pupil numbers were recognised risks. The

BWG was advised that consideration was already being given to improving the robustness of the risk assessment framework as part of the work on new models for the school improvement service. It was suggested that particular consideration could usefully be given to what risk indicators the Authority could include in the assessment.

### **Use of School Balances**

- 10.34 A number of schools retain significant sums in balances and have retained those balances for a significant period of time. These balances have in the main been funded from the Dedicated Schools Grant. Given the Forum's view on the importance of directing available funding to expenditure on pupils it was suggested to the BWG that it seemed timely to review the level of school balances held by all schools, and the length of time for which they had been held, as part of its system leadership role.
- 10.35 The BWG has agreed that that a report on school balances be made to the BWG in September 2013. Academy balances would have to be collected direct from each academy as this information was not held centrally.

### **Additional Matter (not considered by the BWG) - Operation of the Schools Forum**

- 10.36 The EFA operational guidance (paragraph 58-63) makes a number of observations on the operation of Schools Forums. The Budget Working Group did not consider these matters. However, rather than provide a separate report these observations are being included in this report for the Forum itself to consider.
- 10.37 Schools Forums will be required by new Regulations to include one elected representative from an institution (other than from a school or academy) providing education to 16-19 year olds (but may also be providing education for 14-16 year olds and/or for 20-24 year olds with high needs). This will replace the current requirement for a representative from the 14-19 partnership. Currently the Forum has 2 14-19 representatives. A report will be brought to the Forum for consideration once the new provisions are published.
- 10.38 The Guidance states that "*there is inconsistent practice across authorities in meeting the legal requirement to publish Forum papers, minutes and decisions promptly in a public area of their website. We expect authorities to review their current practice to ensure that this requirement is being met with immediate effect.*"
- 10.39 Officers consider that this requirement is being met. The Forum is invited to support this view.
- 10.40 The guidance also reiterates that, "*it is incumbent on each group of Schools Forum members to ensure that they communicate with the people or organisations they represent at least before debating major issues and again afterwards. Authorities will need to make sure that meeting papers and other information are circulated sufficiently in advance of Schools Forum meetings to allow representatives time for this communication. Authorities may be able to facilitate the communication, for example through early years networks or governor newsletters, where such channels do not currently exist. Authorities and Schools Forum members should consider whether communication within the groups represented can be improved.*"
- 10.41 Comments from the Forum are invited.

## **11. Community Impact**

11.1 There is no significant community impact.

## **12. Equality and Human Rights**

12.1 There are no implications for the public sector equality duty.

## **13. Financial Implications**

13.1 The proposals within this report can be financed from within existing budgets.

## **14. Legal Implications**

14.1 There are no legal implications.

## **15. Risk Management**

15.1 There are no significant risks associated with the proposals in this report.

## **16. Consultees**

16.1 None

## **17. Appendices**

Appendix 1 – Summary of Findings from the Review of 2013/14 School Funding Arrangements and Changes for 2014/15

Appendix 2 - Education Funding Agency: 2014-15 Revenue Funding Arrangements: operational guidance for local authorities

Appendix 3 - Summary of primary secondary per pupil funding ratios

Appendix 4 – Dedicated Schools Grant Outturn 2012/13

## **18. Background Papers**

18.1 None identified.

## Findings from the Review of 2013/14 School Funding Arrangements and Changes for 2014/15

5 June 2013

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On 5 June 2013 the Minister for Schools, David Laws, announced the publication of DfE's [findings from the review of the 2013/14 arrangements and details of the changes that will be made to the 2014/15 settlement](#). DfE believe these changes "will move us closer to a national funding formula and will also address concerns that have been raised with [them] over recent months". This briefing aims to summarise these announcements and a consolidated list of changes can be found in Annex A.

### Changes for 2014/15 to School Funding

Most of the changes applied to the 2013/14 settlement will continue in 2014/15. However a number of amendments will be applied to address "the unintended consequences which arose as a result of the 2013-14 reforms".

#### Pupil-Led Funding

A key element of the school funding reform is to move to a situation where a much greater proportion of funding is allocated on a per-pupil basis. A minimum threshold was not set for pupil-led factors in 2013/14, but the Department considered this as part of their review. The majority of responses to the review opposed its introduction calling on the need for local discretion.

DfE state that under the National Funding Formula it will not be possible to maintain the same level of local flexibility provided by local funding formulae. However, DfE believe that they have introduced in a number of changes to solve problems in relation to small schools and lump sums where local flexibility was legitimately needed (please see separate sections for details on these). In light of this they will be requiring all local authorities to allocate a minimum of 80% of their delegated schools block funding via pupil-led factors.

For small schools and large schools alike, the number of pupils on roll and the rate set for the basic entitlement will be the main determinant of their budget. To ensure changes set out by the review do not "compromise" these Age Weighted Pupil Units (AWPUs) DfE will require LAs to set an AWPU rate of at least £2,000 for primary and at least £3,000 for KS3 and KS4 in 2014/15.

#### Prior Attainment

In 2013/14, LAs were able to target funding to schools for pupils with low cost, high incidence special educational needs (SEN) partly through the optional prior attainment factor. DfE acknowledged that there was no perfect way of identifying pupils with low cost SEN but that prior attainment provided a reasonable proxy for some kinds of SEN. However, it would not identify all low cost SEN, so suggested LAs use other factors (such as deprivation) alongside it.

During the review, DfE asked whether the Early Years Foundation Stage Profile (EYFSP) data should continue to be used as an indicator of prior attainment. A number of alternatives were considered but DfE will be retaining the EYFSP as the main indicator for prior attainment for primary aged pupils. Due to a change in EYFSP, pupils will qualify for the prior attainment factor, where they have not achieved a good level of development.

DfE has looked again at the measure used for secondary-aged pupils to ensure it identifies pupils who are at risk of not attaining well at KS4. After reviewing attainment data, pupils will be identified as having low prior attainment, if they fail to achieve a level 4 or higher in English or a level 4 or higher in maths.

Deprivation

Consultation evidence suggested that the proportion or quantum of funding for deprivation was determined based on historic approaches or a combination of the historic approach and an approach which minimised turbulence. DfE will continue to ask that Schools Forums and LAs determine locally an appropriate proportion or quantum of their schools block funding to allocate through this factor.

DfE examined why some LAs were unable to use the allowable deprivation indicators to prevent significant losses to schools with a high number of deprived pupils. In light of responses to the review DfE are not changing the allowable indicators for use with this measure to avoid turbulence.

Looked After Children

LAs can use one of three measures for this factor, identifying children who have been looked after for one day or more, six months or more or 12 months or more. In the move to the National Funding Formula one single measure will be needed. Evidence shows that children who have been looked after for one day are equally likely to under-perform at KS4 as those who are looked after for 12 months or more and may have equally challenging backgrounds. Given the evidence DfE will require LAs which use the looked after children factor, to use a single one day or more measure for both primary and secondary.

Pupil Mobility and Service Children

The mobility factor is intended to address the administrative costs incurred by schools that experience high levels of pupils leaving and joining throughout the academic year. However, there is concern that the factor does not address the number of mobile pupils. In the review DfE suggested whether they should adjust the factor so that it enables authorities to target funding to schools only when mobility is a significant issue and whether they should set a threshold.

The review findings provide evidence that where local authorities have used this factor, it has spread mobility funding thinly across a large number of schools in the local authority area, and has not consistently targeted funding to those schools which most needed additional support.

DfE intend to revise this factor so that it targets funding to schools which experience the highest levels of mobility. A 10% threshold will therefore be applied to the mobility factor, so that it will only support schools which experience a significant change in their pupil numbers.

The Department also reviewed whether, once deprivation, mobility and pastoral care were accounted for through the pupil premium, there is any evidence that service children require additional funding in order to achieve as well as non-service children. A large proportion of those that had considered this issue in their response felt that the pupil premium (service premium) was sufficient to meet the needs of these children.

Sparsity

To enable local authorities to target additional funding to support schools where per-pupil funding alone may not be enough to ensure their viability, the Department has developed a sparsity factor which measures the distance pupils live from their second nearest school. A sparse school will be identified according to the following steps, using a hypothetical Sparse Primary School to illustrate:

1. Identify the pupils for whom Sparse Primary School is their nearest school. There are 100 pupils for whom this is true.
2. For each of those 100 pupils, measure the distance they live from their second nearest school. The second nearest school will include faith schools but will not include selective schools (such as grammar schools).
3. Take an average of these distances to derive the sparsity distance. For Sparse Primary School, the average is over two miles, making it eligible for sparsity funding.

The measure uses crow flies distances rather than actual travel distance as the DfE has been unable to secure a reliable travel distance measure that would work nationally. However, they are continuing to explore this for future years. To address concerns regarding this measure of distance DfE are allowing LAs to make exceptional applications for schools that have been excluded because the relevant road distance is significantly higher than the distance as the crow flies.

### Lump Sums

In 2013/14 LAs were able to provide a single optional lump sum to all schools up to a maximum of £200,000. The Department's view is that the main purpose of the lump sum is to provide sufficient funding to necessarily small schools which could not operate on the basis of per-pupil funding alone. The sparsity factor the Department are introducing in 2014/15 will enable local authorities to target funding more accurately to small schools in sparse rural areas.

DfE has decided that in 2014/15 the maximum lump sum will be £175,000. Reducing the size of the lump sum supports DfE's aim of moving towards a more pupil-led funding system, but also ensures that small rural schools have sufficient funding to remain viable.

However, to provide LAs with additional flexibility DfE will enable them to differentiate the lump sum by phase, provided that for each phase the lump sum level does not exceed the £175,000 cap

DfE do not intend to allow LAs to vary the lump sum value according to the size of the school because they do not want lump sum funding to offer additional funding to schools which have fewer pupils on roll because they are unpopular.

To afford merging schools some funding protection, while all efficiency savings resulting from the merger accrue, two merging schools will be able to keep 85% of the two lump sums for the next full financial year following the year in which they merge. The Department will consider also whether further tapered protection should be provided for merged schools for up to two further years.

### Falling Rolls

During the review, DfE examined what is preventing good and necessary schools staying open in cases where a population increase is imminent. It would be inefficient for example to make redundancies because of short term falling rolls, only to need to employ staff again when rolls increase. To allow some additional support for schools in this situation LAs will be able to create a small fund to support schools with falling rolls in exceptional circumstances, using top-sliced DSG.

### Schools Forums

The review considered whether Schools Forums were now operating more democratically and transparently. In light of responses the Department will re-issue the good practice guide and continue to monitor Forums.

A change will also be made to regulations (on which DfE will consult) requiring that all Forums include one elected representative from an institution (other than from a school or academy) providing education beyond age 16 (but may also be providing education for 14-16 year olds). This will replace the current requirement for a representative from the 14-19 partnership.

## **High Needs Funding**

### Notional SEN

In 2013/14 DfE allowed LAs to use their high needs budget to make additional allocations outside the formula to schools that have a disproportionate population of pupils with high needs. Although a majority of respondees considered it important to include a factor in the formula to reflect the incidence of high needs in a school, the Department has concluded that more time is needed to consider how such a factor would work. LAs will continue to be able to target funds from their high

needs budget, in cases where the notional SEN budget produced by the formula is comparatively low.

For the introduction of the new high needs funding arrangements in 2013/14, DfE strongly recommended that LAs should delegate funding for schools to be able to pay for costs of additional support, up to a threshold of £6,000. In light of responses DfE intend to make the £6,000 threshold a requirement through the finance regulations.

The continuation of the flexibility available to all LAs to apply additional funding from their high needs budget should mean that any adverse impact is minimal. Nevertheless, officials from the Department will be available to help local authorities make the necessary adjustments and explain them to their schools.

### **Minimum Funding Guarantee**

The Minimum Funding Guarantee will continue to apply at -1.5% (excluding the lump sum, post-16 funding, allocations from the High Needs Block, including those for named pupils with SEN, allocations made through the early years single funding formula and rates from the calculations).



## Annex A Summary of 2014/15 Changes

### School Funding

#### Pupil-Led Funding

- LAs will be required to allocate a minimum of 80% of their delegated schools block funding via pupil-led factors.
- LAs will be required to set an AWPU rate of at least £2,000 for primary and at least £3,000 for KS3 and KS4.

#### Prior Attainment

- EYFSP will be retained the as the main indicator for prior attainment for primary aged pupils,
- Pupils will qualify for the prior attainment factor, where they have not achieved a good level of development.
- Pupils will be identified as having low prior attainment, if they fail to achieve a level 4 or higher in English *or* a level 4 or higher in maths.

#### Deprivation

- DfE will continue to ask that Schools Forums and local authorities determine locally an appropriate proportion or quantum of their schools block funding to allocate through this factor.
- The allowable indicators for use with the deprivation measure will not be changed.

#### Looked After Children

- LAs, which use the looked after children factor, will be required to use a single one day or more measure for both primary and secondary.

#### Pupil Mobility and Service Children

- A 10% threshold will be applied to the mobility factor, so that it will only support schools which experience a significant change in their pupil numbers.

#### Sparsity

- An optional sparsity based factor, which measures the distance pupils live from their second nearest school, will be introduced.
- LAs will be allowed to make exceptional applications for schools that have been excluded because the relevant road distance is significantly higher than the distance as the crow flies.

#### Lump Sum Funding

- The maximum lump sum will be £175,000.
- LAs will be able to differentiate the lump sum by phase for 2014/15, provided that for each phase the lump sum level does not exceed the £175,000 cap.
- Two merging schools will be able to keep 85% of the two lump sums for the next full financial year following the year in which they merge.

#### Schools with Falling Rolls

- LAs will be allowed to create a small fund (using top-sliced DSG funding) to support schools with falling rolls in exceptional circumstances.

#### Schools Forums

- All Forums will be required to include one elected representative from an institution (other than from a school or academy) providing education beyond age 16 (but may also be providing education for 14-16 year olds). This will replace the current requirement for a representative from the 14-19 partnership.

## **High Needs Funding**

### Notional SEN

- A new high needs formula factor will not be introduced, but DfE will continue to consider the case for this in the future.
- DfE intend that the £6,000 threshold will be made a requirement through the finance regulations.
- Officials from the Department will be available to help LAs make the necessary adjustments and explain them to their schools.

### Pre- and Post-16 Arrangements and Dissemination of Good Practice

- Operational guidance from the EFA will explain how improvements to the high needs allocations process will be implemented over the next 12 months.



Education  
Funding  
Agency

# **2014-15 Revenue Funding Arrangements: Operational Guidance for local Authorities**

**[June 2013]**

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## Introduction

1. This guidance is to assist local authorities and their Schools Forums in planning the local implementation of the reformed funding system for 2014-15, continuing on from the significant reforms for 2013-14 and taking into account the feedback from the review of these changes. It includes more information to allow work to begin modelling and consultation so that we can continue to collectively achieve the benefits of issuing earlier budgets.
2. We will be consulting shortly on the revised finance regulations which give effect to the decisions set out in the announcement for 2014-15. We hope to issue the consultation before the end of the summer term and it will run through until early autumn.
3. In determining how much to allocate through the formula, authorities will need to make strategic decisions on how funding is distributed between the schools, high needs and early years blocks, taking into account demographic and other pressures. We propose to keep the schools block per pupil unit of funding and the early years block per pupil unit of funding in 2014-15 the same for each local authority as in 2013-14 and we are not proposing to change the formal boundary of the high needs block. However authorities will continue to be free to move funding between the blocks provided that they comply with requirements on the Minimum Funding Guarantee (MFG) and have the agreement of Schools Forum on central expenditure levels.

## Reviewing the pre 16 schools funding formula

4. Authorities may wish to review the factors they included in the primary and secondary formulae from 2013-14. There must be open and transparent consultation on any proposals for change with all maintained schools and academies, and with Schools Forums. The formula must work for both academies and maintained schools, and authorities should always consider their needs on equal terms. Any consultation should show the effect for each school and recoupment academy of any formula changes, including the effect of protection. This may not be possible for non-recoupment academies and free schools, but these should nevertheless be consulted on the changes and their circumstances taken into account in constructing the formula. It is the responsibility of local authorities to take the final decisions on the formula.
5. There are 13 allowable factors:

	<b>Factor</b>	<b>Further Information</b>
a.	A basic per-pupil entitlement (Mandatory factor)	There will be a single unit for primary aged pupils and a single unit for each of Key Stage 3 and Key Stage 4. The value for primary pupils must be at least £2,000 and the value for both Key Stage 3 and Key Stage 4 pupils must be at least £3,000

b.	Deprivation (Mandatory factor)	Measured by free school meals (FSM or FSM6) and/or Income Deprivation Affecting Children Index (IDACI). There can be separate unit values for primary and secondary pupils. For further information on how this factor will be measured, please see paragraph 8.
c.	Prior Attainment	A prior attainment factor may be applied for primary pupils identified as not achieving a good level of development within the Early Years Foundation Stage Profile (EYFSP) and for secondary pupils not reaching L4 at KS2 in either English <u>or</u> maths. For further information on how this factor will be measured, please see paragraphs 9-15.
d.	Looked After Children	A single unit value may be applied for any child who has been looked after for one day or more. Further information on this factor is shown at paragraph 16.
e.	English as an additional language (EAL)	EAL pupils may attract funding for a maximum of 3 years after the pupil enters the statutory age school system. There can be separate unit values for primary and secondary. Further information on this factor is shown at paragraph 17.
f.	Pupil mobility	Funding may be targeted at schools experiencing pupil mobility above a 10% threshold. Further information on this factor is shown at paragraphs 18-19.
g.	Sparsity	A fixed or variable amount may be applied to small schools where the average distance to pupils' second nearest school is more than 2 miles (primary) or 3 miles (secondary). The maximum value for the sparsity factor is £100,000 per school (including fringe uplift). For more information on this factor, please refer to paragraphs 20-25.
h.	Lump sum	The lump sum, if used, must apply to all schools, although the value may be different for primary and secondary schools. The upper limit of the lump sum is £175,000 (including fringe uplift). More information on calculating the lump sum is shown at paragraphs 26-27.
i.	Split sites	The allocations must be based on objective criteria, both for the definition of a split site and for how much is paid (see Annex 1).
j.	Rates	These must be funded at the authority's estimate of the actual cost. Any adjustment to the estimate must be made in the next funding period.

k.	Private Finance Initiative (PFI) contracts	The allocations must be based on objective criteria, capable of being replicated for any academies in the authority area (see Annex 2).
l.	London fringe	This factor may be used only by 5 authorities (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex) for schools within the London fringe area. The factor provides an uplift to enable higher teacher pay scales in affected schools to be reflected.
m.	Post-16	A per-pupil value which continues funding for post-16 pupils up to the level that the authority provided in 2013-14.

6. In addition to the factors shown above, local authorities may request approval to include an exceptional factor or factors relating to premises costs (see paragraphs 30 to 32). They may also request that a school be eligible for the sparsity factor where the relevant road distance is significantly higher than the distance as the crow flies (see paragraph 25), or to lower the threshold of lump sum retention in the first financial year following the year in which schools merge (see paragraph 27). We also expect authorities to request approval to vary the pupil numbers used for specific schools where:

- there has been, or is going to be, a reorganisation or
- a school has changed, or is going to change, its age range either by adding or losing year groups.

In these cases, they should use a weighted average of pupil numbers, taking into account the changes in pupil numbers from the new academic year. If this is not done, we reserve the right to adjust amounts recouped to enable us to properly fund academies affected by this.

7. Please note that the Department will update the datasets, which should be used when setting local authority formulae. This will ensure that maintained schools and academies are funded on the same basis. A technical specification will be provided to support the new datasets. For the main part, the specification for 2013-14 will be updated with the most recent data. This is available at [2013-2014 Schools Block Dataset](#). Further detail on calculating the amended factors is shown in the following paragraphs.

8. **Deprivation** –Free school meal eligibility and IDACI (with the option for banding) are used as the two deprivation indicators. This data will be taken from the October School Census at pupil level and aggregated to school level. We will provide the data separately for primary and secondary pupils.

9. **Prior Attainment** –Local authorities may use Early Years Foundation Stage Profile (EYFSP) and Key Stage 2 results to reflect the incidence of some kinds of SEN. The measure will apply to all pupils in the school with a valid result.

10. Primary schools: A new EYFSP was published in March 2012. The new Profile was introduced in September 2012 and the first assessments using the new Profile will



take place in the summer of 2013. This means that for pupils in October 2013, pupils in year 1 will have been assessed using the new Profile and pupils in other years will have been assessed using the old Profile.

11. For pupils assessed using the old Profile, local authorities will continue to be able to choose between two EYFSP scores. Funding can be targeted to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP.

12. For pupils assessed using the new Profile, local authorities will be able to target funding at all pupils who did not achieve the expected level of development. In practice this means that we will provide two indicators at school level:

- Low Prior Attainment Primary (78) which will be derived from the number of pupils in years 2 to 5 who achieved fewer than 78 points and pupils in year 1 who did not achieve a good level of development.
- Low Prior Attainment Primary (73) which will be derived from the number of pupils in years 2 to 5 who achieved fewer than 73 points and pupils in year 1 who did not achieve a good level of development.

13. We will continue to monitor this indicator, but anticipate that as pupils on the new indicator work through the system, we will move to a new indicator.

14. For secondary schools, funding can be targeted at all pupils who achieved a Level 3 or below in either English **or** mathematics at Key Stage 2

15. In 2012 the KS2 English assessment methodology was changed and now includes a reading test, a new grammar, punctuation and spelling test and teacher assessed writing. For those assessed at Key Stage 2 up to 2011, the English element of the KS2 measure will identify those pupils who fail to achieve a level 4 in English. For pupils assessed at Key Stage 2 from 2012 onwards and who have been part of these new arrangements, the English element of the KS2 measure will identify those who do not achieve a level 4 in either the reading or teacher assessed writing elements

16. **Looked After Children** – This will use data collected from the March SSDA903 and mapped to schools using the January School Census and will enable authorities and the EFA to identify the number of looked after children in each school/academy. This factor has been amended for 2014-15 and a single indicator will be provided, covering all pupils who have been looked after for one day or more on 31<sup>st</sup> March 2013.

17. **English as an Additional Language** – This will be calculated using the National Pupil Database (NPD). We will provide data for pupils who have been in the system for up to 1 year, 2 years or 3 years, and will separate the data into primary and secondary pupils.

18. **Pupil mobility** – This has been calculated using the school start date for each pupil from the October School Census. It will include pupils who started in the last three academic years, but did not start in August or September (or January for year R). We will provide this data separately for primary and secondary age pupils so that a separate unit value can be applied to each phase.

19. Funding may be targeted only at those schools experiencing pupil mobility above a 10% threshold, and funding is not provided for the first 10% of mobile pupils. Worked examples are provided below:

- 5% of the pupils in school A are mobile. This school is not eligible for mobility funding as it is below the 10% threshold
- 15% of the pupils in school B are mobile. This school is eligible for mobility funding and funding can be provided for 5% of pupils (15% minus 10%)

20. **Sparsity** – Funding may be targeted at schools that have been identified by the Department’s sparsity factor. This factor measures the distance that pupils live from their second nearest school. This has been calculated using pupil and school postcode coordinates from the October Pupil level and School level Census. For each school we have identified the pupils that live nearest to it, and have then calculated the distance they live from their second nearest school (for the purposes of this factor, selective schools, such as grammar schools, are not considered when identifying the second nearest school). We then calculate the mean distance for these pupils, and this is the school’s sparsity distance. A worked example is provided below:

- School A is the closest school for 50 pupils (although this is not necessarily the school that they attend).
- The distance that these 50 pupils live from their second nearest school is calculated.
- The mean distance is calculated for these 50 pupils. This is the sparsity distance for School A.

21. We will provide the school level measure for each school. A school may attract sparsity funding if it is:

- Primary and has fewer than 150 pupils and an average distance greater than or equal to 2 miles.
- Secondary, Middle or All through and has fewer than 600 pupils and an average distance greater than or equal to 3 miles.

Local authorities may, if they wish, reduce the pupil numbers and distance criteria, but the limits quoted above may not be increased.

22. The maximum permitted value of the sparsity factor is £100,000 per school. Authorities can allocate this either as a lump sum to all schools identified as sparse, or a tapered amount related to school size. The tapering works so that, for the 150 pupil cap, a school with 75 pupils will receive half of the value set by the authority, a school with 30 pupils will receive 80% of the value and a school with 120 pupils will receive 20% of the value. The tapering for any school can be calculated as follows:

- $(\text{Authority sparsity value}) \times (1 - \frac{\text{funded NOR}}{\text{Authority cap size}})$

23. Worked examples are provided below showing whether a school would receive sparsity funding and how much funding they would receive (these assume the authority has not adjusted the distance threshold or the size cap):

- School A is a primary school with a sparsity distance of 1.8 miles. As this distance is less than the primary distance threshold of 2 miles school A is not eligible for sparsity funding
- School B is a primary school with a sparsity distance of 2.2 miles and 200 pupils. This distance is greater than the primary distance threshold, but the number of pupils is greater than the size cap and so school B is not eligible for sparsity funding.
- School C is a primary school with a sparsity distance of 2.2 miles and 130 pupils. The school is eligible for sparsity funding. The authority sets a sparsity value of £100,000 and has decided to allocate funding as a lump sum. School C is allocated £100,000.
- School D is a primary school with a sparsity distance of 2.2 miles and 120 pupils. The school is eligible for sparsity funding. The authority sets a sparsity value of £100,000 and has decided to allocate funding as a tapered amount related to school size. School D is allocated £20,000 (20% of the authority sparsity value).

24. The sparsity distance for each school has been calculated as crow flies distances. Local authorities are able to make exceptional applications for schools that would have had significantly higher distances if road distances had been used instead of crow flies distances.

25. Sparsity distances will be produced for all schools in the schools block dataset and these distances will be made available to each authority. If a school opens after the sparsity distances have been calculated then the authority can make an exceptional application for the school. The process is the same for schools that are affected by neighbouring schools closing. We will not reproduce the calculations in year, as for individual schools it should be possible to make a reasonable estimate for one year. We do not expect that an existing school, qualifying for sparsity funding, would lose that funding in year if a new school opened. Exceptional applications should be agreed with the relevant Schools Forum, and submitted to the EFA to seek approval.

26. **Lump Sum** – Local authorities may set a differentiated lump sum for primary and secondary schools. The maximum permitted value for either phase is £175,000 (including fringe uplift). Any all-through schools within the authority will receive the secondary lump sum value. Middle schools will receive an average lump sum value which will be based on the number of primary and secondary year groups in the authority’s middle schools. A worked example is shown below:

Anyshire local authority has middle schools which cover Year Groups 4 – 8.

The primary lump sum is:	£100,000
The secondary lump sum is:	£120,000

The middle school lump sum is:	
3 year groups (Y4-Y6) at primary rate (3/5 x £100,000)	£60,000
2 year groups (Y7-Y8) at secondary rate (2/5 x £120,000)	£48,000
Lump sum for Anyshire middle schools is:	<b>£108,000</b>

27. Where schools are amalgamating, they will retain the equivalent of 85% of two lump sums for the financial year following the year in which they merge. Authorities can apply to the EFA to lower this in exceptional circumstances.

28. The formula will be reported on a combined modelling tool and proforma, the Authority Proforma Tool (APT) which must be submitted to the EFA for both the October and January submissions; further information on this is in paragraphs 127 to 131. The EFA will calculate academy budgets based on the formula set out in the proforma. Whilst authorities can use their own spreadsheet modelling for their formula we would **strongly recommend** that the APT is populated alongside their own models to ensure consistency between them and avoid unnecessary delay in the submission process. We are currently in the testing phase of the model and the final version will be issued shortly, along with technical guidance.

## Pupil-led funding

29. Authorities must ensure that at least 80% of delegated funding is allocated through pupil-led factors i.e. basic entitlement, deprivation, prior attainment, Looked After Children, English as an additional language and mobility. The APT will include the calculation of this percentage and will highlight if this minimum is not being met.

## Requesting exceptional premises factors

30. Local authorities may request the inclusion of additional factors in their formula for exceptional circumstances. Additional factors may be approved in cases where the nature of the school premises gives rise to a significant additional cost greater than 1% of the school's total budget, and where such costs affect fewer than 5% of the schools (including academies) in the authority.

31. Where local authorities have already received approval for exceptional premises factors for 2013-14, they may continue to use the approved factors providing the criteria are still being met. Local authorities will need to apply to the EFA for any new exceptional premises factors to be used in 2014-15, setting out the rationale for the factor and demonstrating that the criteria are met. The first opportunity for requesting exceptional factors will close at the end of June and there will be a subsequent opportunity for requests running from July to September. For information, exceptional factors previously approved include:

- Rents
- Joint use of leisure facilities by contractual agreement

- Building Schools for the Future (BSF) schemes - additional contribution to lifecycle maintenance costs
- Hire of PE facilities
- Listed buildings
- School with a farm included as part of its educational provision

32. It should be noted that each case was considered on its own merits and it should not be assumed that a future application will be successful simply because it falls into one of the categories shown above. Authorities are not obliged to request additional factors, but in considering whether to do so they should look at the circumstances of academies and free schools as well as maintained schools.

## Primary/secondary ratio

33. We are not, at this stage, prescribing constraints on the primary/secondary ratio, but we have not ruled this out for future years and authorities should be aware of where they are within the range. The APT will calculate the ratio, apportioning middle school budgets between the phases based on pupil numbers. Authorities will already be aware of where they stand in relation to others for 2013-14 and will be able to benchmark their position for 2014-15 when we publish the authority proformas.

## Modelling protections and limits to gains

34. The pre-16 Minimum Funding Guarantee (MFG) for mainstream schools will continue to be set at minus 1.5% per pupil in 2014-15, continuing with the simplified calculation. We will only exclude factors from the MFG where not doing so would result in excessive protection or be inconsistent with other policies.

35. This MFG applies to pupils in age ranges 5-16 and therefore excludes funding for early years children and young people over 16. The only formula factors which will be automatically excluded from the MFG baseline are:

- Post 16 funding (sixth form factor)
- The lump sum, excluded by deducting the 2014-15 figure from the 2013-14 baseline (see example below). The lump sum is protected because it is added back in both years but is excluded from this calculation because it is not appropriate to treat this as a per pupil amount;
- The sparsity factor, excluded by deducting the 2014-15 figure from the 2013-14 baseline.
- Rates

36. The majority of previously held central funding has already been delegated to schools in 2013-14; however if additional funding is to be newly delegated, then this will need to be excluded from the MFG baseline (a technical exclusion). This is so that the MFG is calculated on a like-for-like basis, and to ensure that schools see the benefit of the additional funding. The adjustments do not need approval from the Secretary of State but will need to be shown and explained in the tables contained within the APT.

**Authorities need to ensure that new delegation is excluded from the MFG calculation in 2014-15. Adjustments should also be made where there are increases or reductions in levels of SEN delegation as a result of the introduction of the mandatory £6,000 threshold, referred to in paragraph 67.**

37. All other funding will be in the MFG baseline and there will be no other automatic adjustments.

38. The majority of approvals to disapply the MFG for 2013-14 related to the transitional arrangements created by the funding reforms. We do not expect these to be repeated, so unlike exceptional factors there will be **no ‘carry-forward’ of previous approvals and authorities will need to submit any application to disapply the MFG for 2014-15.** The initial opportunity for requests closes at the end of June. We will then issue guidance on what exclusions have or have not been approved, and there will be a subsequent opportunity to request additional exclusions running from July to September.

39. Exceptional requests to disapply the MFG will only be considered if there is a **significant** change in a school’s circumstances or pupil numbers for example, where a school qualified for split site funding in 2013-14 but the additional site is no longer in use. The EFA will only consider applications where the inclusion of a factor in the MFG will lead to **significant** inappropriate levels of protection. Authorities should, therefore, provide detailed information on the financial effect of the request.

40. The worked example below shows how the MFG will be calculated

1	School’s budget share 2013-14 (inclusive of any MFG and exclusive of any capping)	£2,045,000
2	Post 16 funding (sixth form factor)	£75,000
3	Rates	£90,000
4	2014-15 lump sum	£100,000
5	2014-15 sparsity value	£30,000
6	Agreed MFG exclusions and technical adjustments	£0
7	2013-14 MFG baseline (1-2-3-4-5-6)	£1,750,000
8	Funded number on roll at October 2012 (excluding reception uplift where used)	500

9	MFG Baseline value per pupil (7 / 8)	£3,500
10	MFG protected value per pupil (9 x 98.5%)	£3,447.50
11	Formula funding 2014-15	£1,983,200
12	Post 16 funding (sixth form factor)	£72,000
13	Rates	£95,600
14	2014-15 lump sum	£100,000
15	2014-15 sparsity value	£30,000
16	Agreed MFG exclusions and technical adjustments	£0
17	2014-15 base funding (11-12-13-14-15-16)	£1,685,600
18	Funded number on roll October 2013 (excluding reception uplift where used)	490
19	2014-15 Base funding per pupil (17 / 18)	£3,440
20	Guaranteed level of funding (10 x 19)	£1,689,275
21	MFG adjustment (20-17)	£3,675
22	Final 2014-15 SBS (11+21)	£1,986,875

For the avoidance of doubt, the MFG calculation for mainstream schools applies only to schools block funding. Funding from the early years block or from EFA for post 16 pupils are also excluded from the calculation, but have not been shown here since they do not form part of the schools block formula funding.

41. As there could be significant amounts of protection required in some areas as a continuing result of the formula simplification, we will again be allowing overall gains for individual schools to be capped as well as scaled back to make it easier to run the formula. Capping and scaling must be applied on the same basis to all schools, so cannot be differentiated by phase. It is applied by the EFA to academy budgets on the same basis as for maintained schools. **Authorities and their Schools Forums will therefore need, as part of their formula modelling, to determine whether and how to limit gains.**

42. One adjustment will be made to the operation of the limits on gains in 2014-15. Capping and scaling factors must not be applied to schools which have opened in the last 7 years and have not reached their full number of year groups.

43. We have made a commitment that the MFG will continue beyond 2014-15, but it is not yet possible to confirm at what level this will be, as this is subject to the outcomes of the spending review.

## Centrally Provided Services

44. The 2013-14 reforms significantly reduced the number of centrally held budgets within the schools block. There are two groups that central services fit into:-

- De-delegated Services. These have to be allocated through formula but can be de-delegated for maintained primary and secondary schools.
- Centrally Retained Services. These can be centrally retained before allocating the formula with the agreement of the Schools Forum. A number of these services are subject to a limitation of no new commitments or increases in expenditure from 2013-14 (Schools Forum approval is required to confirm the amounts on each line). These are clearly identified in paragraph 54.

45. A local authority service offered to schools (other than for high needs or early years) that is not included within the services listed in these two categories (as detailed in the following paragraphs) should be offered as a buy-back service. The governing body of individual schools and academies can buy into any service with funding from their delegated budget.

## De-delegated Services

46. The following services were delegated in 2013-14 but were able to be de-delegated from the primary and/or secondary maintained schools subject to a Schools Forum decision by the representatives of each sector. **De-delegation is not an option for academies, special schools, nurseries or PRUs.** Where de-delegation has been agreed for maintained primary and secondary schools, our presumption is that the local authority will offer the service on a buy-back basis to those schools and academies in their area which are not covered by the de-delegation. In the case of special schools and PRUs, the funding for such services, including free meals, will be included in the top-up.

47. This de-delegation provision is available in 2014-15 and authorities should review their arrangements with schools. This is because any decisions on de-delegation were for 2013-14 only, so decisions for each service will be required for 2014-15:

- Contingencies (including schools in financial difficulties and deficits of closing schools);
- Behaviour support services;
- Support to underperforming ethnic groups and bilingual learners;
- Free school meals eligibility;
- Insurance;
- Museum and library services;
- Licences/subscriptions;
- Staff costs supply cover (e.g. long-term sickness, maternity, trade union and public duties).



48. For each of these, it would be for the Schools Forum members in the relevant phase (primary or secondary) to decide whether that service should be provided centrally. The decision would apply to all maintained mainstream schools in that phase and would mean that the funding for these services was removed from the formula before school budgets were issued. There could be different decisions made for each phase.

**Authorities will, therefore, need to discuss with Forum members representing maintained primary and secondary schools whether there are any services in paragraph 47 which the schools wish to be retained centrally. Authorities will also need to decide what de-delegated services to offer academies, nursery schools, special schools and PRUs so that they can decide whether or not to buy back into these services offered by the local authority.**

49. **For each service de-delegated, authorities will need to make a clear statement of how the funding is being taken out of the formula** (for example – primary insurance £20 per pupil, secondary behaviour support services £30 per FSM pupil). There should be a clear statement of how contingencies and other resources will be allocated. Academies will continue to receive a share of funding for these services in their delegated budget.

50. Where de-delegation is agreed, middle schools will be treated according to their deemed phase. If, for example, the primary sector agreed to de-delegate a service but the secondary sector did not, middle deemed primary schools in the authority would have their formula allocation reduced for all of their pupils at the agreed primary school rate. Middle deemed secondary schools would not be subject to de-delegation.

51. Where a school converts on or after 2<sup>nd</sup> April, up to and including 1<sup>st</sup> September, the authority can retain any de-delegated funding until 1<sup>st</sup> September. Where a school converts to academy status on or after 2<sup>nd</sup> September, up to and including 31<sup>st</sup> March, the authority can retain any de-delegated funding for the remainder of the financial year. This will help services to plan their future operations. After that, the academy will receive the full formula allocation and this will be recouped.

52. Where there has been agreement that a school is entitled to receive an allocation from a de-delegated contingency fund, that agreement should be honoured if the school converts to an academy at any point in the year. Where a school converts to an academy in the period 2<sup>nd</sup> April to 1<sup>st</sup> September, authorities will have an opportunity to present an evidence based case to the Recoupment Team to request a recoupment adjustment for the period 2<sup>nd</sup> September to 31<sup>st</sup> March. Where an academy converts in the period 2<sup>nd</sup> Sept to 31<sup>st</sup> March the authority will continue to receive the de-delegation in respect of the academy.

53. Any unspent de-delegated funding remaining at the year-end should be reported to Schools Forum. Funding may be carried forward to the following funding period as with any other centrally retained budget, but its use would be subject to the regulations operating in the new financial year.

## Centrally Retained Services

54. The table below sets out which services can be retained centrally, and what approval is required. Authorities will need to seek approval from Forums to retain central

funding for all of these services.

<p>Can be centrally retained before allocating formula with agreement of Schools Forum</p>	<ul style="list-style-type: none"> <li>▪ Funding for significant pre-16 pupil growth (any underspend has to be added to the following year's formula allocations), including new schools set up to meet basic need, whether maintained, academy or free school</li> <li>▪ Funding to enable all schools to meet the infant class size requirement</li> <li>▪ Funding for falling rolls to prepare for a future population bulge</li> <li>▪ Equal pay back-pay</li> <li>▪ Places in independent schools for non-SEN pupils</li> <li>▪ Remission of boarding fees at maintained schools and academies</li> <li>▪ Copyright Licensing Agency (CLA) and Music Publishers Association (MPA) licences</li> </ul>
<p>Can be centrally retained before allocating formula but no new commitments or increases in expenditure from 2013-14 (Schools Forum approval is required to confirm the amounts on each line)</p>	<ul style="list-style-type: none"> <li>▪ Admissions</li> <li>▪ Servicing of Schools Forum</li> <li>▪ Capital expenditure funded from revenue</li> <li>▪ Contribution to combined budgets</li> <li>▪ Schools budget centrally funded termination of employment costs (this means that no new redundancy costs can be charged to the central schools budget)</li> <li>▪ Schools budget funded prudential borrowing costs</li> <li>▪ Schools budget funded SEN transport costs</li> </ul>

The main change for 2014-15 is that funding can be retained centrally before the formula is calculated for falling rolls where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an

unmanageable funding shortfall in the short term.

55. Funding can also be retained for a growth fund, and additional classes needed as a consequence of infant class size regulations can be funded as part of this. See annex 3 for examples of appropriate growth fund criteria.

56. Any unspent growth or falling rolls funding at the end of the financial year must be added back into the funding formula for the benefit of all schools in the following funding period. Underspends on other services within the central schools budget would form part of the general flexibility on carrying forward DSG, subject to the regulations in place in the year the underspend was to be used.

57. The requirements of the falling rolls fund and the growth fund are that:

- the falling rolls fund should be restricted to population increases expected in 2-3 years in necessary schools which are classed by OFSTED as good or outstanding. It must not be used to prop up unpopular or failing schools.
- the growth fund can be used only for the purposes of supporting growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet the infant class size regulation and to meet the costs of new schools. These will include the lead-in costs, i.e. to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils. It will also include post start-up costs and any diseconomy of scale costs. These pre and post start-up costs should be provided for academies and free schools where they are created to meet basic need (they will be treated as recoupment academies and therefore their formula budget must be shown on the APT);
- both funds must be used on the same basis for the benefit of both maintained schools and recoupment academies;
- any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and academies through the local formula;
- local authorities will be required to produce criteria on which any falling rolls fund or growth funding is to be allocated (see annex 4). These should provide a transparent and consistent basis (with differences permitted between phases) for the allocation of funding. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid; and
- local authorities will need to propose the criteria for both funds to the Schools Forum and gain its agreement before funding is allocated. The local authority will also need to consult the Schools Forum on the total sum to be top-sliced from each phase and must regularly update the Schools Forum on the use of the funding. The EFA will check the criteria for compliance with the regulations.

## Schools Forums

58. The Schools Forums Regulations 2012 introduced a number of changes regarding the size, independence and voting arrangements for Schools Forums. We are also aware that the pace of academy conversions has meant that authorities are regularly reviewing the structure of Schools Forum to ensure that representation is proportionate.

59. We are pleased to note the positive contribution that the role of the EFA observer has been able to make to many Schools Forums. We will continue to prioritise this role and share good practice through the operational guide.

60. We will require Schools Forums to include one elected representative from an institution (other than from a school or academy) providing education to 16-19 year olds (but may also be providing education for 14-16 year olds and/or for 20-24 year olds with high needs). This will replace the current requirement for a representative from the 14-19 partnership.

61. We are aware that there is inconsistent practice across authorities in meeting the legal requirement to publish Forum papers, minutes and decisions promptly in a public area of their website. **We expect authorities to review their current practice to ensure that this requirement is being met with immediate effect.**

62. It is also incumbent on each group of Schools Forum members – whether, for example, maintained primary school governors, academy or early years private, voluntary and independent (PVI) members, to ensure that they communicate with the people or organisations they represent at least before debating major issues and again afterwards. Authorities will need to make sure that meeting papers and other information are circulated sufficiently in advance of Schools Forum meetings to allow representatives time for this communication. Authorities may be able to facilitate the communication, for example through early years networks or governor newsletters, where such channels do not currently exist. **Authorities and Schools Forum members should consider whether communication within the groups represented can be improved.**

63. Please refer to our website for more information on Schools Forums [Schools Forum guidance](#)

## High needs funding

64. The high needs funding system has been designed to support a continuum of provision for pupils and students with special educational needs (SEN), learning difficulties and disabilities, from their early years to age 25. It is intended to support the most appropriate provision for each individual, taking account of parental and student choice, and to avoid perverse incentives. It is also intended to support good quality alternative provision for pupils who cannot receive their education in schools. With local authorities at the heart of commissioning provision for all children and young people with SEN, learning difficulties and disabilities, we aim to promote a more collaborative approach which builds on the co-operation between authorities that is already evident.

65. In order to remove the need for inter-authority recoupmnt and establish a 0-25 high needs system for 2013-14, some fundamental adjustments to local authorities' DSG allocations were made. The process was time consuming for local authorities, and we want to set in place simpler arrangements for reviewing the distribution of high needs places, that nevertheless allow for further adjustments to be made in line with the commissioning decisions that authorities make. These are set out in paragraphs 108 to 113 below.

66. As in 2013-14, where aspects of high needs provision are not arranged in the form of places – for example, specialist support for pupils with sensory impairments, or tuition for pupils not able to attend school for medical or other reasons – local authorities may fund this provision from their high needs budget as a separate arrangement. Where such services are delivered or commissioned directly by schools or other institutions, the authority may devolve the funds to the institutions under appropriate service level agreements.

## Mainstream schools and academies

67. In considering changes to their new funding formula for mainstream schools and academies, and the appropriate level of delegation of SEN funding, **local authorities must make sure that the budget shares of schools and academies have an appropriate amount that enables them to contribute to the costs of the whole school's additional SEN support arrangements, up to the new mandatory cost threshold of £6,000 per pupil.** Where individual pupils require additional support that costs more than £6,000, the excess over £6,000 should be met by top-up funding associated with the individual pupil with high needs. Top-up funding rates are for local authorities to agree with the schools and academies making the provision, and can reflect both the needs of the individual and the cost of meeting those needs in the school or academy (see paragraphs 114 to 122 below).

68. Most local authorities are already using the £6,000 threshold, and their schools and local academies are either familiar with or becoming accustomed to the approach they need to take. For some, a step change was required in 2013-14. The change has been most difficult to manage where in the past local authorities have operated a cost threshold that, when exceeded, triggers payment of the full cost of the additional support. In these circumstances schools and academies may have used statements of SEN to lever in additional funds to the school even though the additional support required may not cost very much, and there is no need for a statement. Local authorities will need to continue to work with their schools and the local academies, through the Schools Forum and wider communications, to make sure that they understand the new funding arrangements, and how they fit into the wider SEN reforms due for implementation in 2014 when the Children and Families Bill is expected to become law.

69. A minority of local authorities will need to change significantly the way they operate from April 2014 as the new £6,000 threshold requirement kicks in. The EFA is ready to work with any local authorities to advise on how this change can be achieved and managed without disrupting provision for children with SEN, and how they can best communicate the changes to their schools and local academies.

70. In summary, and particularly where a new approach is required, local authorities should help their schools understand:

- how funds are being targeted to them, through the local funding formula, the post-16 national funding formula (if applicable) and additional top-up funding, so that they can provide additional support to all their pupils with SEN, both those with low cost, high incidence SEN, and those needing a higher level of support costing more than £6,000;
- their responsibility for deciding how best to provide the additional support required by their pupils with SEN, using all the funds and resources at their disposal, in accordance with any statement of SEN;
- any changes to SEN processes that will accompany the funding changes;
- how they can contribute to the development of a local offer, in line with the requirements of the proposed legislation.

71. Local authorities should continue to provide additional funding outside the main funding formula for mainstream schools and academies on a consistent and fair basis where the number of their high needs pupils cannot be reflected adequately in their formula funding and they should define the circumstances in which additional funding will be provided from their high needs budget. Similarly, additional funding can also be provided where there is a disproportionate number of pupils with a particular type of SEN. For example, a primary school may have developed a reputation for meeting the needs of high achieving pupils with autistic spectrum disorder, or pupils with physical disabilities, where it is not possible to target additional funding to the school through the prior attainment or other factors.

72. Based on local authorities' experience of distributing such additional funding to their schools and academies in 2013-14, authorities should develop a formula or criteria, agreed with schools well in advance of the next financial year, and should include a description of this on the APT. For their formula, local authorities should primarily consider the number of high needs pupils for whom the school received top-up funding in the previous academic year, bearing in mind the Department's intention to collect this information through the schools census from 2014, and will wish to make sure that their approach does not create perverse incentives for schools to identify additional high needs pupils solely to generate additional funds for the school. In all cases the formula or criteria should be simple and transparent, and should be devised so that additional funds are targeted only to a minority of schools which have particular difficulties because of their disproportionate number of high needs pupils or their characteristics.

## **Notional SEN budget for mainstream schools and academies**

73. Local authorities should identify within each school's budget share a notional SEN budget from which schools and academies can provide a level of support for all their pupils with SEN. This is a notional amount of funding, and should not be regarded by schools and academies as a substitute for their own budget planning and decisions about how much they need to spend on SEN support, or as a fixed budget sum for spending by schools. Nevertheless, local authorities will need to take a view on the level of additional support costs that can be met from each school's notional SEN budget in order to make

sure that schools have sufficient resources to meet those costs up to the £6,000 threshold, and to determine which schools might need additional funds from their high needs budget under the arrangements described in paragraphs 71-72 above.

74. Authorities adopted a wide range of methodologies for calculating the notional SEN budgets in 2013-14. In aggregate, funding identified for this purpose ranged from less than 5% of the overall schools block allocations, to more than 15%. Around one third of local authorities identified a notional SEN budget of between 7.5% and 10% of the overall schools block. Authorities may wish to benchmark their notional SEN budgets against others. Information from the submitted pro formas will be published shortly on the Department's website.

75. A wide range of factors were used to construct the notional SEN budgets and most authorities used a combination of factors as opposed to a single factor. The most popular combination was a mixture of prior attainment, basic entitlement and deprivation, although the proportions of factors used varied significantly.

## Special units, resourced provision and sixth forms in mainstream schools and academies

76. Unless they are delivering a service commissioned by the local authority as part of a centrally provided service, special units and resourced provision are funded according to the number of places that have been agreed by the local authority designating the provision, taking into account the places likely to be used by other authorities. It is possible, however, for such provision to be funded in both ways, depending on the range of services they offer. This specialist provision is not funded through the main school funding formula: the funding comes from the high needs budget rather than the schools budget.

77. Consequently, the number of pupils aged under 16 on which the pre-16 formula funding for the mainstream school is based should exclude those pupils in the provision. This should be calculated by reference to the number of **places** in the provision, although authorities can use a different basis if this is agreed by the EFA.

78. Further information about how the places in these units will be reviewed is set out in paragraphs 108 to 113 below.

79. High needs places for post-16 students in such units will continue to attract basic programme funding through the sixth form grant according to the national formula that applies to all post-16 provision in secondary school sixth forms. In addition, such places will continue to attract high needs funding of £6,000 through the sixth form grant. Local authorities should be aware that the national formula includes prior attainment and deprivation factors that enable funding to be targeted to schools and academies so that they can meet the costs associated with lower level additional learning support in school sixth forms.

80. For pre- and post-16 pupils with high needs, whether they attend a special unit or resourced provision, or are more integrated into the mainstream setting, top-up funding is payable by the local authority responsible for placing the pupil in that school or academy.

## **Sixth form colleges, FE colleges and independent specialist colleges**

81. Provision for post-16 students in sixth form colleges, FE colleges (including commercial and charitable providers of FE) and independent specialist colleges will also continue to be funded through the post-16 national formula, plus £6,000 for each high needs place, in the academic year 2014/15. The values attached to the different formula elements will be confirmed early in 2014, before allocations are finalised. In the meantime local authorities should use 2013/14 place funding levels in making initial determinations of the level of top-up funding, for negotiation with colleges.

82. Further information about the way that the place-led funding will be determined by the EFA, using information from local authorities and institutions, is set out in paragraphs 108 to 113 below.

83. The transitional protection agreed with independent specialist colleges and some FE institutions for 2013/14 will continue into 2014/15 at 80% of the rate received in 2012/13 for each unfilled place. This will not change in any way the arrangements for local authorities in funding these providers for their students, but should help ensure the continued availability of a range of specialist provision from which authorities can commission.

## **Special schools and academies**

84. We are not changing the value of the pre-16 funding per place that forms the majority of base funding provided to maintained and non-maintained special schools, and to special academies and free schools. This will remain at £10,000 per place per annum.

85. We are, however, intending to change the equivalent post-16 funding. For the academic year 2013/14 post-16 funding per place has been determined through the national funding formula, the average allocation being £11,164 per place. Subject to the outcome of consultation on the relevant draft regulations, we propose to use £10,000 per place for all post-16 places in special schools (maintained and non-maintained) and special academies and free schools, so they will get the same amount for all their places, pre- and post-16.

86. Special schools and academies should not lose out from this change as we will transfer the amount of the reduction per place (approximately £1,164) into the high needs element of local authorities' DSG allocations so that they can enhance the top-up funding for students in those places as required to meet their needs in accordance with their statements of SEN.

87. Further information about how the place-led element of funding will be finalised for each school and academy is set out in paragraphs 108 to 113 below.

88. Although a level of protection is given to maintained special schools and special academies through the place-led base funding, which is guaranteed for a year whether or not the places are filled, we will be continuing to offer the additional protection that is being given in 2013-14. Through a condition of grant attached to local authorities' DSG



allocations, authorities will be obliged to maintain each top-up funding rate at no less than 98.5% of its 2013-14 value, ensuring that any reduction in funding per pupil is no greater than 1.5%, as for mainstream schools and academies.

89. As in 2013-14, the protection calculation should ignore all the top-up funding rates that apply to pupils from other local authorities. The protection only applies to top-up funding from the maintaining local authority or, in the case of an academy, the authority that previously maintained it. In many cases local authorities in a region will have agreed to use the maintaining authority's rates for cross border placements, and carrying on with such a collaborative approach will give added protection to their special schools and academies

90. In calculating this protection local authorities should make sure that they are comparing like with like, and adjustments can be made for changes in the nature of the provision. For example, if 2013-14 top-up funding rates included an element – say, £1,000 – for residential accommodation that all pupils could use on an occasional basis, but that will be closed in 2014, the 2013-14 rates would be reduced by £1,000 before a further maximum reduction of 1.5% was applied in calculating the minimum rates for 2014-15.

91. Adjustments should also be made to reflect the enhancements to the top-up funding that will be necessary in 2014-15 because of the adjustments to post-16 place funding referred to in paragraphs 85-86 above. Special schools and academies should see the benefit of the additional funds (about £1,164 per high needs pupil) that will be transferred into local authorities' DSG allocations.

92. It will continue to be possible for local authorities to apply for exemptions from this condition of grant. In applying for exemptions, local authorities will be expected to demonstrate that the relevant changes have the support of those schools and academies affected. Examples of such exemptions might be:

- where it is impracticable to compare the top-up funding rates in 2014-15 with those in 2013-14, despite the allowable adjustments referred to above, because of significant changes resulting from larger scale reorganisation of special school provision or the introduction of a different banding arrangement across all schools and academies in the authority, or
- where a group of local authorities is negotiating a set of common top-up funding tariffs.

## **Independent schools**

93. Independent schools that are specially organised for SEN (some of which are called independent special schools) were excluded from the new high needs funding arrangements in 2013-14. This means that local authorities are meeting the charges levied by such schools for any pupils with high needs they are responsible for, in the same way as previously. The reason for this was because we did not want to anticipate how such schools would be treated in the wider SEN reforms being implemented following primary legislation. It is now clear that, subject to the enactment of the Children and Families Bill currently being considered by Parliament, and to the relevant

regulations due to come into force in 2014, there will be a list of independent schools which will be subject to some of the duties included in the legislation

94. As the list will not be in place until 2014, however, and we will also need time to work with local authorities on the necessary adjustments to their DSG allocations so that the EFA can pay the place-led base funding directly to the schools, we have decided to exclude independent schools from the high needs funding system for 2014-15. The intention will be to include them from 2015-16, but we will keep this timetable under review as we work with local authorities on the implications of this change. Certainly for 2014-15 local authorities will continue to pay the full costs of such provision from their high needs budget.

## **Pupil referral units (PRUs) and alternative provision (AP) academies**

95. All maintained PRUs should have received delegated budgets from April 2013, consisting of place-led funding of £8,000 per place per annum, unless exceptions were agreed by the EFA under the relevant regulations. AP academies and free schools will have also received their budgets on the same basis. We are not changing the value of the pre-16 funding per place that forms the base funding provided to PRUs and AP academies and free schools. This will remain at £8,000 per place per annum. This funding is, of course, base funding only and PRUs and AP academies are likely to receive additional funding for specific pupils and services as set out in paragraph 96.

96. As in 2013-14, local authorities will continue to have flexibility to fund AP in a variety of ways, depending on how it is organised locally. PRUs and AP academies and free schools have budgets that consist of place-led base funding and top-up funding, and may also deliver services, commissioned and paid for by authorities and schools. It is important that local authorities provide information locally so that the commissioning and funding arrangements are clear to all institutions involved:

- the place-led funding of £8,000 per place should form the delegated budget share for maintained PRUs. AP academies and free schools receive the same amount from the EFA according to the agreed number of places;
- the top-up funding follows the principles which apply to all top-up funding (see paragraphs 114 to 122 below), and can be paid by the local authority or school that commissions the place for an individual pupil. If the school commissions the place, they pay the top-up funding either from funds delegated to them through their local funding formula, or from funds devolved to them from the authority's high needs budget. These funding arrangements should work alongside the finance regulation (regulation 23 of the current School and Early Years Finance (England) Regulations 2012) that provides for adjustments to maintained school budget shares to take account of pupils permanently excluded, or otherwise leaving the school, where the local authority makes and funds the required AP. Most academies have clauses in their funding agreements which require them to take part in the same transfer of funding for excluded pupils as for maintained schools, if the authority requests them to do so;

- funding for other AP services commissioned and funded by local authorities – for example, support for pupils with behavioural issues in schools, or home tuition services – or by schools directly.

97. Local authorities should clarify for all maintained PRUs and AP academies formerly maintained by them, how they expect the funding routes to work and how much funding they expect will flow to the institutions, and should assist with their PRUs' budget planning as appropriate.

98. Further guidance will be available to clarify how students aged 16-19 in PRUs and AP academies will be funded.

## Hospital education

99. Hospital education is defined in the current regulations as “education provided at a community special school or foundation special school established in a hospital, or under any arrangements made by the local authority under section 19 of the 1996 Act [i.e. the Education Act 1996] (exceptional provision of education), where the child is being provided with such education by reason of a decision made by a medical practitioner”. We do not intend to change this definition in 2014-15, subject to the consultation on the draft regulations that will apply to that year.

100. In 2013-14 hospital education is being funded either on an amount per place, or as a centrally funded local authority service. An example of the latter is where the authority employs teachers directly to offer home tuition to pupils who are confined to their home because a medical practitioner has decided that is where they should be, rather than their mainstream school, for medical reasons. Some local authorities commission such services through hospital schools or PRUs. In all cases local authorities should clarify from the outset how hospital education is provided and funded locally.

101. Hospital education places can be found in maintained special schools (usually a particular type of special school known as a hospital school), maintained PRUs (sometimes known as medical PRUs), special and AP academies and free schools. Often these institutions will have a combination of hospital education places and other high needs (AP and SEN) places. The requirement in the current regulations is for hospital education places in maintained schools and PRUs to be funded in 2013-14 at the same level per place as in 2012-13.

102. We intend to carry forward this requirement into the regulations that apply in 2014-15, while we work with hospital school and PRU headteachers, local authorities and other interested parties<sup>1</sup> to develop a longer term more sustainable solution for funding these places, if possible from April 2015.

103. As part of this work we will also consider the funding arrangements for hospital education provided by independent providers. In the meantime, local authorities are expected to pay the costs of any hospital education by independent providers from their high needs budgets, to ensure that each child receives suitable education while they are

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<sup>1</sup> The Department is forming a working group with representatives from the relevant institutions and services, and from local authorities, to help take this work forward over the next year.

receiving medical treatment.

104. Hospital education places for students aged 16-19 will be funded in the same way as pre-16 places. Medium secure adolescent psychiatric forensic units, which cater mainly for young people aged 16 and over, are being funded in 2013-14 on the same hospital education funding methodology of an amount per place that is equal to their funding in 2012-13, and this approach will be carried forward to 2014-15 as well. Such education provision exists in maintained schools and academies, where the funding will come from the local authority and EFA respectively, and also in units operated by charitable organisations and mental health trusts funded directly by the EFA.

105. Adjustments were made to local authority DSG allocations in 2013, based on information about the number and location of hospital education places, and the cost of hospital education services, provided by local authorities. The purpose of this exercise was to remove the need for inter-authority recoupment, and to achieve this an amount of £8.50 per pupil was taken from each local authority so that funds could be added back to authorities in accordance with the information they had provided.

106. Continuation of this approach offers the simplest and fairest way to proceed in 2014-15. Local authorities will be funded at the same level per place as in 2013-14.<sup>2</sup> Further information about how data relating to changes in places will be collected is indicated in paragraphs 108 to 113 below. To keep the top-slice from the overall DSG at no more than £8.50 per pupil, local authorities will have to limit the changes they propose, and agree with other authorities and institutions offering hospital education that changes will be cost neutral.

## **Under-5s provision**

107. As in 2013-14, we are not implementing the high needs funding system in 2014-15 for those institutions that cater solely for children aged under 5, such as nursery schools. It is for each local authority to decide how high needs places and children in these institutions are funded, from their early years and high needs budgets.

## **Place-led funding**

108. Information from local authorities about the high needs places they required in 2013-14 enabled the EFA to make adjustments to local authorities' DSG allocations so that inter-authority recoupment of the relevant costs of pupils with high needs could stop, and so that the EFA had sufficient funds for the place-led allocations to those institutions that would be funded directly (academies and non-maintained special schools) and for the post-16 allocations. The information was necessarily based on information available at the time it was required by the EFA and could not accommodate later commissioning decisions.

109. Moving to a system which separates out the place-led base funding from the top-

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<sup>2</sup> Hospital education places identified in hospital schools were funded at their 2012-13 cost, as identified in local authorities' section 251 budget statements for 2012-13 or any later information provided; and hospital education places in PRUs were funded at the average cost of an AP place, which was £18,421.

up funding associated with individual pupils and students has required both local authorities and institutions to take a different approach. Some maintained special schools and special academies have been used to receiving all their funding either on the basis of factors that do not relate to individual pupil costs or on the basis of places, whether or not they are filled. Non-maintained special schools and independent specialist colleges, on the other hand, have been used to receiving all their funding on the basis of individual pupils and students. In all cases local authorities are best placed to embed the necessary changes in discharging their commissioning role.

110. The distribution of place-led funding needs to reflect changes to the distribution of places that result from local authorities' decisions on the commissioning of places. At the same time the EFA needs to ensure that, as far as possible, any place funding adjustments are cost-neutral for authorities.

111. To achieve this, we are developing an integrated process which is clear and intelligible to local authorities and institutions, and which more closely aligns pre- and post-16 funding systems. The key principles that will underpin the distribution of place-led funding from 2014-15, will be as follows:

- Local authorities will be funded for places on an academic year basis.
  - In 2013-14 we combined pre-16 places for the remaining months of the 2012/13 academic year with those for the months up until March 2014 in the 2013/14 academic year, which resulted in fractions of places and unnecessary complications in the calculations.
  - Local authorities' 2014-15 DSG high needs and the equivalent sixth form grant allocations will be based on the number of places in each academic year multiplied by the relevant funding rate for that year.
- The place-led funding will usually be adjusted in accordance with the number of places in each institution that are filled, as determined by the school census and individualised learner record (ILR) data from FE institutions collected in the autumn term of the previous academic year. This will mean that the place-led funding will reflect local authorities' commissioning decisions a year later, and correct for situations where additional top-up funding has been paid because pupils or students have occupied unfunded places. It will also mean that institutions that have funded places that are unfilled will need to plan for a reduction in their place-led funding the following year. We will not, however, be in a position to move immediately to this system for allocating the place-led funding in 2014/15.
  - The school census data required will not be available until 2014. So instead, for schools and other institutions covered by that census, the place-led funding for the 2014/15 academic year will use the pre and post-16 place numbers confirmed to the EFA for the purpose of the 2013/14 allocations as the starting point.
  - Although there will be relevant data from the ILR completed by FE colleges in the autumn term 2013, we will need to consider further with local

authorities and institutions the implications of using this, and whether transitional arrangements will be needed for 2014/15.

- The EFA will accept submissions from local authorities, working collaboratively, where the distribution of places resulting from the adjustments referred to above does not take sufficient account of local requirements (e.g. the need to preserve some unfilled places for later use) or of changes in the pattern of provision locally. We will expect local authorities to work together in groups on proposals for changes to the distribution, on the basis that the total number of places (and the cost of those places) should not increase except in response to demographic and post-16 participation changes. If an area needs new places overall, we will expect authorities to look at stripping out funded places that they know to be unfilled.
- In addition, where such changes are not picked up by local authorities, the EFA will also consider submissions from individual institutions on an exceptional basis, and providing there is evidence of support from the relevant local authorities for any increase in places.

112. The EFA will work with representatives of local authorities and institutions on the detailed criteria and timetable for the submissions, and on other aspects of the place-led funding process described in outline above. We want to proceed carefully, and make sure that we fully consider the implications of the process, and how it will work for local authorities and institutions. We also want to make sure that communications to and from the EFA are co-ordinated, and that contact is with the right person in each local authority.

113. To help us we are establishing an external group to advise on implementation. We intend to publish further detail on the implementation process and timetable in July 2013, following consultation with this group.

## Top-up funding

114. The top-up funding will continue to be administered by local authorities in 2014-15 from their high needs budgets, in line with their commissioning of places for children and young people with high needs for whom they have responsibility.

115. Top-up funding rates should mainly reflect the additional support costs in excess of £6,000 relating to individual pupils and students. They can also reflect costs that relate to the facilities provided (eg residential accommodation or a hydrotherapy pool in a special school) either to individuals or on offer to all, and can take into account expected occupancy levels and other factors. Accordingly, some local authorities set top-up funding rates that are specific to each institution. Others have opted for a more uniform approach so that funding for particular types of need is the same, or within bands. And others combine these two approaches.

116. For example, whereas maintained special schools will normally have top-up funding rates set by the maintaining authority, taking into account the protection referred to in paragraphs 88-92 above, the rates for non-maintained special schools are more likely to be negotiated on the basis of fees specified by the school

117. We do not intend to be more prescriptive about the approach to be taken in 2014-15.

118. It is sensible, however, for local authorities to understand what approach their neighbouring local authorities are taking and to collaborate on common funding methodologies where appropriate. For example, in 2013-14 many local authorities have agreed that the top-up funding rates that they have set for their maintained schools and local academies will be used by neighbouring authorities placing pupils in those schools and academies.

119. There are some constraints on the top-up funding rates that can be adopted. They have to comply with the protection arrangements for special schools and academies outlined in paragraphs 88 to 92. Where there is additional delegation of funds to mainstream schools and academies, for services that can be de-delegated, top-up funding should be enhanced proportionately so that special schools and academies can buy back into those services, if they wish to do so and the service is offered to them, or can make alternative arrangements.

120. The top-up funding paid to an institution should relate to the period that the pupil or student is at the institution. We are not prescriptive about whether this is calculated on a daily, weekly, monthly or longer basis, but the local authority will wish to avoid arrangements that entail double funding when a pupil or student has moved from one institution to another, so should not enter into agreements with institutions that commit top-up funding for long periods after the pupil or student has left.

121. As in 2013-14, it will be a condition grant attached to local authorities' DSG allocations, that top-up funding is to be paid to institutions monthly, unless another payment frequency is agreed with the institution. This does not mean that payment arrangements have to be administratively cumbersome. Local authorities are adopting various methods of administering their top-up funding and there are examples of streamlined arrangements – such as payment on the basis of simple schedules, rather than payment on receipt of individual invoices for each pupil – that should be adopted more widely.

122. The Local Government Association has worked with local authorities to develop some model agreements and protocols that can be adopted or adapted for local use. For 2014-15 we would encourage authorities to develop their processes for administering top-up funding so as to minimise bureaucracy for schools, colleges and other providers.

## **Inter-authority recoupment**

123. The mandatory recoupment arrangements between local authorities, which required the authority responsible for a child or young person with a statement of SEN (and other specified cases) to meet the costs of provision for that child in another authority's maintained school, have been ended with effect from 1 April 2013. However, the Inter-authority Recoupment (England) Regulations 2013 continue mandatory recoupment between English and Welsh local authorities for cross border placements, and in cases where three authorities are involved in making provision for a looked after child. In the latter case, recoupment is required between the authority to which the child belongs, and which formally looks after the child, and the authority responsible for

making the provision, in which the child is resident. Further guidance on these regulations is available on the Department's website [Recoupment regulations](#).

124. While there are no immediate plans to change these regulations for 2014-15, we are reviewing whether or not any further changes should be made, both in respect of looked after children, and to take account of funding changes in Wales.

125. A number of arrangements exist outside the statutory recoupment arrangements, both prior to April 2013 and into 2013-14, that involve local authorities charging each other for certain costs relating to services supplied. Although some of these will no longer be required under the new high needs funding arrangements – for example, where authorities have recouped the costs of children with statements of SEN on behalf of academies in their area – it will be appropriate for some kinds of non-statutory recoupment to continue. An example of this would be where an authority supplies a transport service to cross-border pupils with SEN attending their maintained special schools, unless such a service is supplied by the school and the costs are included in the top-up funding.

## Consulting on the pre-16 funding formula

126. A local authority must consult its Schools Forum and its maintained schools about any proposed changes to factors and criteria taken into account in the local funding formula and the method, principles and rules adopted. We believe that all maintained schools and academies, including non-recoupment academies and free schools, should be consulted on formula changes (and all early years providers as well in relation to the Early Years Single Funding Formula). Any consultation should include a demonstration of the effect of modelling such changes (including and excluding the MFG) on individual maintained schools, recoupment academies and early years providers. **Authorities should, therefore, ensure that they communicate proposed formula changes to all bodies affected by the changes.**

## Completing the Authority Proforma Tool (APT)

127. Having agreed the formula, authorities should submit the APT, containing information about their simplified formula to the EFA no later than **31 October 2013**. This will then be checked for compliance with the regulations and there may then need to be a further dialogue between authority and EFA. Earlier submission of the APT will of course allow this process to be completed sooner and enable the authority to continue with its preparations. We will reissue the APT to authorities in December 2013, updated to contain October 2013 census based data for the formula factors for each school, for them to use to make their final submission. **The authority will need to send any changes to the EFA by 21 January 2014** once the October pupil numbers are confirmed and the DSG settlement announced. **The only changes between the provisional and final versions should be for the unit values, not the factors used.**

128. The APT will be an integrated tool which contains a range of information, including



details of how split site and PFI allocations have been calculated, and the methods used for de-delegation of services. The APT will also contain the underpinning data for school level allocations. The APT will contain a range of validation checks to identify inconsistencies in the data authorities have entered and to highlight where required data and information may be missing. Local authorities should ensure ideally that all these validation checks are passed before submitting the APT. We will separately be issuing detailed written guidance on how to use the APT, which will provide more information.

129. We will provide more detail of the content shortly as we intend to issue the tables to authorities in June. We strongly recommend that authorities use the APT for modelling because it will also be used for the final submission of the formula.

130. As these deadlines are critical to achieving the advantages of issuing earlier budgets, and local authorities are responsible for making final decisions about the formula, **authorities must ensure that they have built in the relevant political approval into their planning.** We appreciate that formulae often have to be approved by the authority’s Cabinet or lead member, so it is important that the forward plan takes account of this. To speed up the approval process in January once the DSG and pupil numbers are known, it would make sense for **authorities to obtain earlier approval (in the autumn) for the principles they will use to balance the budget if pupil numbers turn out differently to the estimates they used.** Examples could include scaling back the basic per pupil entitlement across all Key Stages or carrying forward any shortfall on DSG to the following financial year.

131. The 2012 Regulations required authorities to issue budget shares to maintained schools by 15 March 2013. We intend to consult for the 2013 Regulations on whether it would be practicable to bring this date forward to 28 February 2014.

## Timetable

132. The timetable for the data checking and calculation of the blocks is shown below:

Date	DfE/Education Funding Agency (EFA)	Local Authorities (LAs)
30 June 2013		Deadline for submitting first window requests for: <ul style="list-style-type: none"> <li>▪ MFG exclusions</li> <li>▪ exceptional premises factors</li> <li>▪ sparsity factors</li> <li>▪ Lump sum variations for amalgamating schools</li> <li>▪ pupil number variations</li> </ul>

July 2013	Details published on high needs implementation for 2014-15.	
30 September 2013		Deadline for submitting second window requests for: <ul style="list-style-type: none"> <li>▪ MFG exclusions</li> <li>▪ exceptional premises factors</li> <li>▪ sparsity factors</li> <li>▪ Lump sum variations for amalgamating schools</li> <li>▪ Pupil number variations</li> </ul>
3 October 2013	School Census Day	
By mid-October 2013		LAs to gain Schools Forum / political approval for provisional 2014-15 funding formula
October/November 2013	DfE and LAs check and validate School Census	
31 October 2013		Deadline for LAs to submit provisional 2014-15 school budget proforma to EFA
28 November 2013	School Census data base closed	
29 November 2013	Census data available	
10 December	Pupil data and factors published.	LAs can estimate their 2014-15 DSG Schools Block allocation.
18 December 2013	DfE confirms DSG Schools Block allocations for 2014-15 (prior to academy recoupment)	
By mid-January 2014		LAs to gain Schools Forum / political approval for final 2014-15 funding formula
21 January 2014		Deadline for LAs to submit final 2014-15 school budget proforma to EFA
28 February 2014		Deadline for LAs to confirm budgets for their maintained schools

31 March 2014	Deadline for EFA to confirm academies budgets	
April 2014	First DSG payments to LAs based on final 2014-15 allocations, net of academies recoupment. DSG allocations updated termly for in year academy conversions.	
June 2014	Early Years Block updated for January 2014 Early Years pupil numbers	
April 2015	Early Years Block updated for January 2015 Early Years pupil numbers (pro rata 7/12ths as this only covers Sept 2014-March 2015).	

## In-year adjustments

133. Some formula factors (for example, rates and PFI) may be based on actual cost and these costs can change after budgets have been determined. Authorities are no longer allowed to change delegated budgets in-year, and so in these situations, **the adjustments relating to that year should be made retrospectively to the following year's budget**. Authorities would need to notify the EFA of any changes relating to academies (other than for rates) so that they can apply similar adjustments if necessary. For rates, authorities can if they wish announce that rates will be funded on actuals and handle payments for maintained schools centrally where they have done so previously; the effect of the adjustment would then be carried forward to the following year's DSG. Recoupment for rates will continue to be based on the amounts for which academies have actually been invoiced.

134. Where a local authority makes additional funding available to schools during the course of the year from central funds outside the formula – for example, to settle equal pay liabilities – it must treat recoupment academies in the same way as maintained schools, and notify the EFA of the method it has used to allocate the additional funding if there are any non-recoupment academies or free schools in its area.

## Additional support

135. We will continue to offer support to local authorities where possible as they move into the next phase of implementation. We are interested in seeing local authority proposals as they are developed and are happy to offer advice through the process.

136. Questions about the detail and practical implications of implementation, together

with applications for MFG exclusions, exceptional factors, disapplication of the regulations etc. should to be sent to:

[ReformTeam.funding@education.gsi.gov.uk](mailto:ReformTeam.funding@education.gsi.gov.uk)

**137.** We think the regional meetings of local authority finance officers are a valuable opportunity to continue to discuss practical issues and share best practice. We will ensure that officials continue to attend these meetings. Please make every effort to attend these meetings

## Annex 1: split sites criteria

*Examples of acceptable split sites criteria, together with possible payment methodologies, are set out below and are intended to help local authorities formulate a clear and transparent split site policy. It is unlikely that a local authority would need to incorporate all of the proposed criteria or funding methodologies into its own policy.*

A school will qualify for split sites funding if:

- The sites are at least X metres / kilometres / miles apart as the crow flies and the sites are separated by a public highway.
- The provision on the additional site does not qualify for an individual school budget share through the Dedicated Schools Grant or the Local Authority budget.
- The school has remote playing fields, separated from the school by at least X kilometres / miles and there is no safe walking route for the pupils.
- X% of staff are required to teach on both sites on a daily basis in order to support the principle of a whole school policy and to maintain the integrity of the delivery of the national curriculum.
- At least x% of pupils are taught on each site on a daily basis.

Split sites funding will be payable to all schools and recoupment academies which meet the criteria.

Schools sharing facilities are not eligible for split site funding.

Federated schools are not eligible for split site funding.

The split site factor does not apply to remote provision for sixth forms.

Split site funding will be calculated as follows:

- A lump sum payment of £x
- £x per pupil
- £x per square metre of the additional site

In each case, values for primary and secondary schools may be different.

There may be one rate of payment for the first additional site and a separate rate for each additional site.

Payment rates may be stepped, for example as the distance between sites increases.

## Annex 2: methodology for funding PFI schools

*Methodologies for funding PFI schools must be objective and clear and capable of being replicated for academies. The purpose of the factor is to fund the additional costs to a school of being in a PFI contract, not necessarily the full cost. An acceptable methodology would generally contain some of the features set out below which are intended to help local authorities formulate a clear process for funding. It is unlikely that a local authority would need to incorporate all of the features into its own policy. If a PFI factor is used, then all PFI schools must receive funding on an equivalent basis.*

- Allocations are in accordance with an original Governors' agreement.
- Allocations reflect the difference between the PFI contractual cost and the grant received by the local authority, less any local authority contribution.

Methodologies for calculating allocations could include:

- X% of the school's budget share.
- £x per pupil.
- £x per square metre of floor area.
- Historical lump sum previously agreed and indexed by x% per year.

## Annex 3: growth criteria

*Local authorities may topslice the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the authority, including pre-opening and reorganisation costs. The growth fund **may not** be used to support schools in financial difficulty. An acceptable methodology would generally contain some of the features set out below:*

- Support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment).
- Support where a school has extended its age range in agreement with the authority.
- Support where a school has increased its PAN by X or more pupils in agreement with the authority.
- Support for KS1 classes where overall pupil numbers exceed a multiple of 30 by X or fewer pupils.
- Pre-opening costs / initial equipping allowance for new maintained schools and recouperment academies, including new academies and free schools where the school is opening in response to basic need.

Methodologies for distributing funding could include:

- A lump sum payment with clear parameters for calculation (usually based upon the estimated cost of making additional provision for a new class or the estimated start-up costs).
- £x per pupil (usually based on AWPU) and reflecting the proportion of the year which is not funded within the school's budget share.
- £x per pupil, with a maximum ceiling

## Annex 4: Falling rolls criteria

*Local Authorities may topslice the DSG in order to create a small fund to support good schools with falling rolls where local planning data show that the surplus places will be needed in the near future. An acceptable methodology would generally contain some of the features set out below:*

- Support is available **only** for schools judged Good or Outstanding at their last Ofsted inspection (note that this is a mandatory requirement).
- Surplus capacity exceeds x pupils or x% of the published admission number
- Local planning data shows a requirement for at least x% of the surplus places within the next x years
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- The school will need to make redundancies in order to contain spending within its formula budget

Methodologies for distributing funding could include:

- £x per vacant place, up to a specified maximum places (place value likely to be based on AWPU)
- A lump sum payment with clear parameters for calculation (e.g. the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)





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### Summary of Primary Secondary per pupil funding ratios

#### 1. Our family comparative authorities

Cornwall	1.27
Devon	1.25
East Sussex	1.31
Gloucestershire	1.22
Norfolk	1.16
Somerset	1.21
Suffolk	1.28
Shropshire	1.24
Wiltshire	1.24
Herefordshire	1.18

#### 2. Other comparisons

Herefordshire	1.18
Worcestershire	1.25
North Yorkshire	1.21

#### 3. The five authorities lower than Herefordshire

Brent		1.09
Cheshire West & Chester	1.17	
Cumbria	1.12	
Norfolk		1.16
Northumberland		1.16



**DSG Outturn 2012/13.**

1. Overall, DSG was under spent by £44,497 in 2012/13. In addition £256k of additional grant was received in 2012/13 and used to help fund the provision for sponsored academies. An explanation of the budget variances in excess of £50k are shown in the table below

<b>Over spends</b>	<b>Amount</b>	<b>Reason</b>
Additional in year allocations to special schools	£98k	Due to pupil number increases – including out county pupils for which additional income is received.
Business rates	£102k	Mainly due to additional business rates due to delayed academy conversions.
<b>Underspends</b>		
Complex Needs	£329k	Block payments and fee reductions reduced costs

2. Schools Forum agreed in January 2012 that “in principle the future policy should be that any underspend should be allocated to schools and early years settings based on pupil numbers”. Given the expected cost pressure on the high needs budget it is proposed that the DSG 2012/13 underspend of £44,496 is retained and used to support the high needs budget.
3. School Balances of £5,536k at 31<sup>st</sup> March 2013 have been carried forward to the new financial year compared with balances of £5,789 at 31<sup>st</sup> March 2012. This is a net reduction of £253k however after adjusting for £501k paid to academies on conversion during 2012/13 the true comparison is an increase in balances of £248k.
4. At the end of 2012/13 seven schools and one PRU were in deficit and the total deficit was £684k compared previously with 5 schools and two PRUs and a total deficit of £537k. Most of these were predicted and recovery actions have already been discussed if not yet agreed. Recovery plans will be formalised during the summer term and autumn terms.
5. School deficits were
- |                  |       |
|------------------|-------|
| Aylestone        | £350k |
| Broadlands       | £234k |
| Weston-u-Penyard | £37k  |
| Lea              | £24k  |
| Withington       | £24k  |
| Aconbury PRU     | £6k   |
| Madley           | £5k   |
6. Llangrove converted to an academy in February 2013 with a £4k deficit which will be re-imbursed by the DfE.





<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>MEETING DATE:</b>	<b>12 July 2013</b>
<b>TITLE OF REPORT:</b>	<b>SCHOOL CAPITAL INVESTMENT PROGRAMME 2013/2014</b>
<b>REPORT BY:</b>	<b>INTERIM HEAD OF SUFFICIENCY AND CAPITAL COMMISSIONING.</b>

## 1. Classification

Open

## 2. Key Decision

This is not a key decision

## 3. Wards Affected

County-wide

## 4. Purpose

To note and endorse the proposed approach to expenditure and accountability of the Locally Coordinated Voluntary Aided Programme (LCVAP), Basic Need Capital and Maintenance budgets.

## 5. Recommendation(s)

**THAT:**

- (a) The projected spending outlined in appendices 1, 2, 3 and 4 be supported;
- (b) The annual "Trend" heat maintenance system costs, previously charged to the Capital Maintenance budget, are charged to individual schools on a full cost recovery basis with allowance in 2013/14 budget for schools opting out to install their preferred system; and
- (c) The Local Authority's approach to monitoring and quality-assuring the duties associated with running a building be supported.

## 6. Alternative Options

- 6.1 The profile of the spending in each of the appendices is different. Discussion in meetings of the Capital Strategy Working group and the LCVAP consultative group concluded these are the best options.

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Further information on the subject of this Report is available from  
Andy Hough, Interim Head of Sufficiency and Capital Commissioning on Tel (01432) 260920

- 6.2 Consideration is given to further delegation of the Capital Maintenance budget. This was deferred for this financial year due to uncertainty about the validity of the data and uncertainty of the Government approach in future years, given that it has commissioned an independent survey of all schools.
- 6.3 The allowance in the maintenance budget for costs linked to schools wishing to cease being part of the of “Trend” heat management system be met by the schools themselves.. There are variations to the costs associated with making the necessary adaptations; this may unreasonably influence a decision about whether to continue with the system or not.
- 6.4 To continue with the current accountability arrangements for the duties associated with running schools. While recognising the different levels and types of accountability in different schools and not wanting to introduce unnecessary bureaucracy the overall understanding to ensure Local Authority accountability is missing. The Local Authority has an overall duty of care to all children and young people in Herefordshire and if it is has responsibility for services provided to them it must make proportional effort to ensure standards are met.

## **7. Reasons for Recommendations**

- 7.1 To provide a clear open approach with accountability to the use of capital and maintenance budgets and duties associated with running a school.

## **8. Key Considerations**

- 8.1 There are a variety of funding streams supporting capital and maintenance work in schools. The council has three main allocations:

- i) New Pupil Places (Basic Need) – This is applicable to all state funded schools and its purpose has been more sharply defined so to only support the creation of additional schools places. The allocation this year is for two years (2013 – 2015) and is based on a formula linking forecast pupil numbers and the capacity of schools. The grant for the 2013- 2015 is £ 864,814, this compares with £807,000 for 2012/13 and £2,154,000 for 2011/12.
- ii) Locally Coordinated Voluntary Aided Programme. (LCVAP) is for voluntary aided schools to maintain their estate. Works are agreed with the Diocese of Hereford and Archdiocese of Cardiff. The 2013/14 allocation is £759,000 compared with £950,000 in 2012/13 and £1,080,000 in 2011/12.
- iii) Local Authority maintenance allocation is for Community, Voluntary Controlled, and Foundation and Trust schools to address building condition issues. The 2013/14 allocation is £1,717,412. This compares with £1,807,000 in 2012/13 and £2,696,000 in 2011/12.

Some of the changes reflect the conversion of schools to academies. Maintenance and capital allocations to academies are considered by central government departments.

- 8.2 Schools receive, through the Local Authority, Devolved Formula Capital money for improvements to buildings and other facilities, including ICT, or capital repairs/refurbishment. Decisions about its use are made by each school. The allocation is based on a lump sum of £4000 (£4320 in VA schools) and £11.25 (12.15 VA) per primary pupil, £16.875 (18.23 VA) per secondary pupil and £33.75 (36.45) per special school or PRU pupil.



- 8.3 There is no specific allocation for work associated with children and young people with Learning Difficulties and Disabilities (LDD). The creation of special school places is deemed to be mainly attributable to the New Pupil Places allocation. Schemes for individual children who need specialist facilities that require capital work are proportioned across the three funding streams by size of the budget.
- 8.4 While there are some minor pressures for primary school places in some parts of the County, overall there are significant surplus places in both primary and secondary schools. There is however pressure to provide more special school places, particularly in the north of the County.
- 8.5 The 2012/13 budget profile suggested a number of projects that needed further work and consideration; these included PAN reduction schemes. The clarity of the 2013/15 criteria for New Place spending (Basic Need) and the reduction in allocation mean these cannot be taken forward.
- 8.6 The BMS trend system is installed in approximately 45 schools across the County.
- 8.7 The responsibilities associated with running schools to ensure they are in a fit state and that the duties relating to health safety and welfare are met, are considerable. There are different levels and routes of accountability given the different types of school, (Academy, LA maintained, etc.). The Local Authority however has an overarching duty of care to all children and young people as well as specific responsibilities for LA maintained schools. In order to discharge these duties it is developing an accountability framework for all schools, differentiating the differing levels of responsibilities. This will provide a check for the undertaking of routine maintenance and health and safety duties as well as a high level understanding of the maintenance and capacity issues. This will need to be signed off by Governors and the head teacher.
- 8.8 Representatives from schools have requested openness and transparency about schemes funded through these budgets. There have been expressions of concern about the interpretation of criteria in the past and some perception of an a times arbitrary nature of some decisions
- 8.9 Consideration was given to the allocation of funding to provide of SEN equipment. This is usually transferable and individual pupil determined. This expenditure is to accounted through the High Needs block of funding.

## **9. Community impact**

- 9.1 Schools are a very important part of a community and as such should be maintained to an appropriate standard. These proposals are about ensuring the highest standards possible with the available resources.

## **10. Equality and Human Rights**

- 10.1 The proposals to invest in new special school places and share the costs proportionately across available budgets for schemes in support of children with disabilities is reflective of the duties in the Equality and Human Rights Act. The proposals do not affect others with protected characteristics under the Act.

## **11. Financial Implications**

- 11.1 The proposals are related to direct grants from the Government. There are no Corporate liabilities.

- 11.2 The trend system, changes to school building layouts and equipment for pupils are to be met through schools budgets.
- 11.3 Exceptional SEN equipment will be met through the High Needs block of funding.

## **12. Legal Implications**

There are no legal implications arising directly from this report.

## **13. Risk Management**

- 13.1
- a) Failure of the Local Authority to provide sufficient school places.
  - b) Reputational risk is associated with:
    - Delivery of capital and maintenance schemes that are going to ensure sufficient school places and buildings that are in a good state of repair.
    - Delivery of the schemes to the quality or in the time scales expected.
- 13.2 These risks are mitigated through consultation and discussion with members of the capital strategy working group.
- 13.3 Open clear communication with all schools.
- 13.4 High quality project management by School capital team
- 13.5 Feedback from those having work undertaken.
- 13.6 With the current pupil population projections and the level of surplus of places in both the primary and secondary sector this is considered low.

## **14. Consultees**

- 14.1 There have been meetings and discussions held with Property Services, Diocesan Representatives and representative head teachers through the Capital Strategy Group. An additional meeting of the capital strategy group was convened to increase the number of head teacher representatives, 8 head teacher representatives attended.

## **15. Appendices**

- Appendix 1 - Budget profile for LCVAP 2013/14
- Appendix 2 – Budget profile for New school Places ( Basic Need) 2013-15
- Appendix 3 – Budget profile for capital maintenance.(2013/14)
- Appendix 4 – Summary of maintenance surveys and expenditure for schools over 2 years
- Appendix 5 – Summary of DDA compliance Schemes

## 16. Background Papers

- Minutes of the LCVAP meeting 8<sup>th</sup> April 2013
- Minutes of the Capital Strategy group
- DfE guidance on capital

<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/funding/a00202906/devolved-capital12-13>

### LCVAP Budget profile 2013/14

2013/2014 budget allocation	759,415	90% allocation
2013/2014 schools contribution	84,379	
Carry Forward	0	

<b>Item</b>	<b>Amount £</b>	<b>Comments</b>
DDA adaptations	90,000	
St Francis - drainage	52,000	
Weston-under-Penyard - roof repairs	30,000	
Leintwardine - heating	75,000	
Cradley - boiler	23,000	
St James Hereford - gable work	35,000	
St James Hereford - boilers	90,000	
St Thomas Cantilupe - roof & health & safety	50,000	
Kimbolton - roof and heater	30,000	
Pembridge - lighting	6,000	
Pencombe - stone works	18,000	
Bishops - windows, roof works etc	344,794	
<b>Total</b>	<b>843,794</b>	
Balance	0	

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Further information on the subject of this Report is available from  
 Andy Hough, Interim Head of Sufficiency and Capital Commissioning on Tel (01432) 260920

## Appendix 2

### **Basic Need Budget profile 2013/15**

2013/2015 budget allocation	864,814
Carry Forward	438,032

<b>Item</b>	<b>Amount £</b>	<b>Comments</b>
Leominster primary school 2013/14	176,000	
Leominster primary school 2014/15	176,000	
DDA adaptations	45,000	
Contingency	75,000	
Westfield	830,846	
Total	1,302,846	
Balance	0	

### **Maintenance Budget profile 2013/14**

2013/2014 budget allocation	1,717,412
Carry Forward	0

<b>Item</b>	<b>Amount £</b>	<b>Comments</b>
Allocation to Leominster school	83,292	Maintenance avoidance
Planned maintenance	901,300	See 2 year summary sheet
Planned maintenance fees at 15%	135,195	
Contingency for planned maintenance	130,000	Includes Legionella works
Condition reports at £3000	36,000	
DDA adaptations	180,000	
Mobile replacements	84,000	Fairfield replacement £75k; St Peters removal £9k
Trend costs for year 2013/14	40,000	
Trend removal costs includes survey and works	40,000	Assuming £1,500 per school for 41 schools (15 academies using trend)
Trend removal cost fees at 15%	6,000	
Maintenance avoidance	40,000	transfer to capital or basic need programmes
Overall contingency	41,625	
<b>Total</b>	<b>1,717,412</b>	
Balance	0	

## Appendix 4

<b>School ( non LCVAP)</b>	<b>Date of condition report</b>	<b>Property Services priorities 2013/14</b>	<b>Property Services Priorities 2014/15</b>
Almeley Primary School	20/12/2011		5,000
Bredenbury Primary School	15/01/2009		
St Peter's Primary School, Bromyard	24/11/2011	30,500	15,000
Clifford Primary School	30/03/2004		
Ewyas Harold Primary School	23/11/2006	11,000	
Garway Primary School	06/03/2012	75,000	7,000
Broadlands Primary School	01/11/2012		6,000
Hampton Dene Primary School	14/11/2009	93,000	93,000
Marlbrook Primary School	19/12/2006		
St Martin's Primary School	18/12/2006	50,000	125,000
Trinity Primary School	10/01/2007	132,500	132,500
Kington Primary School	16/11/2005	50,000	5,000
Ledbury Primary School	08/12/2006		15,500
Leominster Infants' School	27/04/2004		
Leominster Junior School	19/09/2007		
Longtown Primary School	11/10/2006	6,000	
Luston Primary School	01/11/2011		
Madley Primary School	09/11/2006	8,500	
Marden Primary School	25/11/2008		
Michaelchurch Escley Primary School	07/12/2006	20,000	
Peterchurch Primary School	31/10/2006	46,000	69,000
Ashfield Park Primary School	02/11/2006	59,000	40,000
Shobdon Primary School	09/11/2006		

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Further information on the subject of this Report is available from  
 Andy Hough, Interim Head of Sufficiency and Capital Commissioning on Tel (01432) 260920

<b>School ( non LCVAP)</b>	<b>Date of condition report</b>	<b>Property Services priorities 2013/14</b>	<b>Property Services Priorities 2014/15</b>
Stoke Prior Primary School	15/01/2009		
St Weonards Primary School	01/11/2011	5,500	
Walford Primary School	11/10/2006		
Wellington Primary School	01/11/2011	50,000	16,000
Weobley Primary School	26/09/2007		
Withington Primary School	01/12/2011		
Bosbury C E Primary School	27/09/2007		
Burley Gate C E Primary School	17/12/2008	18,500	21,500
Clehonger C E Primary School	19/10/2006	12,000	
Colwall C E Primary School	01/05/2011	32,000	15,000
St Mary's C E Primary School, Credenhill	25/02/2010	65,500	26,000
Eardisley C E Primary School	01/12/2012	26,300	40,000
Eastnor Parochial Primary School	16/10/2007		
Goodrich C E Primary School	14/09/2007		
Gorsley Goffs Endowed Primary School	01/12/2011	25,000	47,000
Little Dewchurch CE Primary School	17/10/2006		
Mordiford C E Primary School	29/11/2006		
Much Birch C E Primary School	01/08/2007		8,000
Orleton C E Primary School	16/01/2009		
Whitbourne C E Primary School	22/01/2009		
Riverside Primary School	-	19,000	
Aylestone High School BEC	01/09/2012		
Earl Mortimore	06/10/2006		
Fairfield High School	11/12/2008	25,000	17,000
Weobley High School	01/11/2011	41,000	150,000
Blackmarston Special School	14/11/2006		

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Further information on the subject of this Report is available from  
Andy Hough, Interim Head of Sufficiency and Capital Commissioning on Tel (01432) 260920



<b>School ( non LCVAP)</b>	<b>Date of condition report</b>	<b>Property Services priorities 2013/14</b>	<b>Property Services Priorities 2014/15</b>
Westfield Special School	11/12/2009		
Brookfield Special School	01/09/2007		
The Priory Centre PRU	02/02/2007		
St Davids Centre PRU	08/06/2004		
The Aconbury Centre	11/09/2007		
<b>Total</b>		<b>901,300</b>	<b>853,500</b>

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Further information on the subject of this Report is available from  
 Andy Hough, Interim Head of Sufficiency and Capital Commissioning on Tel (01432) 260920

## Appendix 5

### Summary of Disability Discrimination Act schemes

Proportional allocation based on size of budget (£45k from Basic Need, £180k from Maintenance and 90K)	£315,000
Scheme	
Lugwardine hygiene & physio rooms	115,000
Gorsley Goffs hygiene room	40,000
Much Marcle physio room	60,000
St Mary's RC High hygiene room & DDA works	100,000
	£315,000

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Further information on the subject of this Report is available from  
Andy Hough, Interim Head of Sufficiency and Capital Commissioning on Tel (01432) 260920

<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>12 JULY 2013</b>
<b>TITLE OF REPORT:</b>	<b>SCHOOL FUNDING SCHEME CHANGES</b>
<b>REPORT BY</b>	<b>SCHOOLS FINANCE MANAGER</b>

## 1. CLASSIFICATION

Open

## 2. Key Decision

This is not a Key Decision.

## 3. Wards Affected

All Schools

## 4. Purpose

To approve the Department for Education (DfE) directed changes to the Herefordshire Scheme for Financing Schools effective from 1<sup>st</sup> September 2013.

## 5. Recommendation

**THAT: the School Forum approves the Department for Education directed changes to the Herefordshire Scheme for Financing Schools effective from 1<sup>st</sup> September 2013.**

## 6. Key Points Summary

The DfE has directed local authorities to make amendments to the local scheme for financing schools which includes the a number of minor amendments and drafting changes as follows;

- Inclusion of a summary – the Outline Scheme
- Updates to the Funding Framework (para 1.1) re Dedicated Schools Grant
- Inclusion of the Schools Financial Value Statement (para 2.16)
- Fraud policy requirements (para 2.17)
- Monthly payments for high needs top-up funding (para 3.1c)
- Income from lettings – schools may cross subsidise community& voluntary lettings from income from other lettings (para 5.1b)
- De-delegation of services – without the express permission of governing bodies provided approved by Schools Forum (para 6.1c)
- Costs incurred by the Council where a school fails to secure the provision

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Further information on the subject of this report is available from  
Malcolm Green, Schools Finance Manager on (01432) 260818

specified in a statement of SEN from funds delegated to the school in respect of SEN (para 6.2.15)

- Greater clarity re Teachers Pensions information and costs for schools using third party payroll providers (para 8.4)
- Special education Needs – new term setting out that schools are required to use their best endeavours in spending their budget to secure the special education needs of their pupils (para 11.7)
- VA schools capital – the required use of the DfE's de-minimus limit

## **7. Alternative Options**

7.1 There are no alternative options for consideration.

## **8. Reasons for Recommendations**

8.1 The Department for Education (DfE) has issued a summary of finance scheme changes effective for 2013/14. In making changes to their finance scheme, local authorities must consult all schools (head teachers and governing body) in their area and receive the approval of their Schools Forum.

## **9. Introduction and Background**

9.1 A summary of the Scheme changes is attached as Appendix 1. The revised Scheme for Financing Maintained Schools is attached as an Appendix 2. The majority of changes are minor amendments, additions or deletions and drafting changes.

9.2 Schools have been consulted on the proposed changes to the funding scheme through Schools On-line (10<sup>th</sup> June 2013) and comments have been requested before the Schools Forum meeting. Forum members will be updated at the meeting if any comments are received. On previous occasions when the scheme has been updated, no comments have been received from schools

## **10. Key Considerations**

10.1 None identified.

## **11. Community Impact**

11.1 None.

## **12. Financial Implications**

12.1 None specifically identified.

## **13. Equality and Human Rights**

13.1 Equality and Human Rights issues will have been considered by the DfE in framing the directed Scheme amendments.

## **14. Legal Implications**

14.1 The Council has a duty to comply with DfE directions and have regard to DfE guidance.

## **15. Risk Management**

- 15.1 Risks are reduced to both schools and the Council by adopting the DfE's model finance scheme.

## **16. Consultees**

- 16.1 All schools have been consulted via Schools On-line dated 10<sup>th</sup> June 2013. Any feedback will be reported to Schools Forum members at the meeting.

## **17. Appendices**

- 17.1 Appendix 1: DfE Summary of Scheme Changes
- 17.2 Appendix 2: Revised Scheme for Financing Maintained Schools.

## **18. Background Papers**

- 18.1 None.



## SUMMARY OF SCHEME CHANGES

This note outlines and explains the changes to the DfE guidance on local authority schemes for financing schools, effective from 1 April 2013. Updated detailed guidance is now available on the DfE website at:

[Finance Regulations and legal framework - The Department for Education](#)

Changes from the previous version, published in December 2010, are underlined within the detailed guidance. In making any changes to their schemes, local authorities must consult all schools in their area and receive the approval of the members of their schools forum representing maintained schools.

The changes are set out below. References are to the section number in the previous guidance. There are also some minor amendments to the wording intended to provide additional clarity.

### **Directed revisions already announced:**

- 2.4 Remove requirement for schools to submit a statement of Best value with their budget plan and replace with directed text relating to efficiency and value for money
- 2.16 Remove requirement for Financial Management Standard in Schools (FMSiS) and replace with directed text for Schools Financial Value Standard (SFVS)
- 2.17 New section regarding fraud
- 6.3 Remove requirement for payments to General Teaching Council (GTC- abolished from 1st April 2012)
- Annex B Amended and additional text relating to redundancy and early retirement costs of community facilities staff

### **Revisions in respect of new funding arrangements from 1<sup>st</sup> April 2013**

- Introduction Updated reference to regulations
- 1.2.1 Confirmation that legislation has already been amended to put maintained Pupil Referral Units (PRUs) in coverage
- 1.4 Only schools forum members representing maintained schools should now approve scheme changes
- 2.13 Updated references to legislation
- Section 3 Clarification that place-led funding is included in arrangements for payments by instalment
- 3.1 Clarification that top up payments should be made monthly unless otherwise agreed
- 4.7 Funding to support schools in financial difficulty can only come from a de-delegated contingency for mainstream schools, or a central budget for special schools and PRUs.
- 5.5 Clarification around bought in meals service, not centrally retained
- Section 6 Clarification that schools forum can agree dedelegation

- 6.2.15 Amended wording in relation to charging the school budget share if appropriate support has not been made for a HN pupil
- 8.1 Restriction to existing commitments for redundancy / PRC payments and removal of reference to non-provision of LA services where funding has been provided to some schools only
- 11.7 Deletion of references to optional delegated funding
- 12.4 Removal of provision for LAs to retain centrally money for R&M of school kitchens where funding for school meals has not been delegated
- Annex A Clarification that school detail budgets are no longer included in S251 collection
- Annex B Restriction of termination of employment costs funded from central schools budget to value of previous year and existing commitments; clarity that contingency for schools in financial difficulty will need to be de-delegated





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

**Revised  
SEPTEMBER 2013**

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**Purpose**

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  
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**ANNEXES – do we want to cut to DfE minb of A,B,C??**

For a full list of annexes, please see page 33.

## 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

## 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.

## **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 Director of Resources 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) The LA may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.
- 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 Director of Resources 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 formula 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, including allocations under the Standards Fund, which are additional to and separate from the schools' formula 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 formula 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 formula 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 formula 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 sending from formula budgets**

- a) Schools may use their formula 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 concern**

- a) 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.
- 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 March 2013 and annually thereafter.

## **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 schools 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 formula budget allocation payable at each instalment**

- a) All twelve advances will be based on the indicative amount of expenditure provided by the formula 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 Formula allocations for closing schools**

Formula 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 formula 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 borrow money from external sources for any official purpose whatsoever, except with the permission of the Secretary of State.
- c) 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.
- d) The provision in paragraph c (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 FORMULA 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 formula 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**

Surplus balances held by schools as permitted under this scheme are not subject to any balance control mechanism.

### **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**

Schools may only plan for deficit budgets under certain circumstances determined by the Authority (see also 4.9).

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

The LA 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**

When a school closes, any balance (whether surplus or deficit) reverts to the Council. It cannot be transferred as a balance to any other school, even where the school is a successor to the closing school except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010. The allocation regulations make provision for successor schools to receive additional sums through the in-year supplement mechanism.

#### **4.9 Licensed deficits**

- a) In exceptional circumstances, and only with the prior approval of the Director of Children's Services and the Council's Chief Financial Officer, a school may plan to incur a deficit in a particular financial year. Such circumstances include where a governing body wishes to undertake a special project, or to purchase a major item of equipment, or to overcome a demonstrably short term difficulty. Such forward spending would not normally be allowed to exceed 2% of the school's own formula allocation, with the requirement that the budget would be in balance (after meeting the licensed deficit) by the end of the 3rd full financial year from the date of the licensed deficit. The total of such deficits planned by all schools would not be allowed to exceed 40% of the collective net balance held by the Council on behalf of schools. **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.

#### **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 formula 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 formula 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 out-turn statements.
- d) The loan scheme can operate only in respect of expenditure deductible from the ISB under the s.46 regulations.
- e) No provision has been made for any credit union approach to loans.

##### **4.10.1 Credit Union Approach**

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.

## **SECTION 6: THE CHARGING OF SCHOOL FORMULA 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.

#### **6.1.1 Charging of salaries at actual cost**

The authority is required to charge salaries of school-based staff to school budget shares at actual cost.

### **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 insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would have been arranged by the 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.

## 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 DfES.
- c) 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 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**

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.

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

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

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the authority which the authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. 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) The Council provides a range of **minimum insurance cover** shown below for all schools that wish to continue to rely on that cover through funded ('buy back') insurance SLA arrangements.
- b) All schools will receive a delegated sum equivalent to the cost of the Council's minimum cover and may make their own insurance arrangements through the governing body. They would, however, be required to submit details (e.g. copy policies) of the alternative cover prior to acceptance/renewal of policies so that the Council can be satisfied that the minimum cover is met.
- c) The Council's minimum level of insurance cover is defined to protect the interests of schools and the Council as well as to achieve value for money. Additional optional policies for schools to purchase offer schools further protection according to their needs. All the arrangements are the subject of regular consultation with the schools. Schools are also free to purchase increased cover if they deem it necessary from any insurance company approved by the Council's Chief Financial Officer.
- d) The minimum level of cover required is set out below -

<b>Premises (see (e))</b>	Fire perils to reinstatement value of school
<b>Contents</b>	Fire perils – new for old basis
<b>Employers Liability</b>	£25m Extended to cover volunteers and governors
<b>Public Liability</b>	£25m inc. Indemnity to governors and employees
<b>Libel/Slander</b>	£1m cover for employees only
<b>Personal Accident</b>	Death cover for all employees at five times the level of salary, with a minimum of £35,000 and with a standard %, for lesser injury. Separate cover for governors up to £50,000 and volunteers up to £10,000
<b>Cash</b>	Depends on amounts generally held, not likely to be a great deal in most schools
<b>Fidelity Guarantee</b>	Compulsory under Local Government Acts, Limits of indemnity would depend on exposure
<b>Engineering</b>	Damage to plant and surrounding property by explosion, collapse or sudden/unforeseen damage.

### 10.2 Insurance – additional Cover

- a) Schools have insurance needs above the minimum level falling within one of the following two categories:

- (i) **Required by Law.**

Motor Vehicles. Cover for school minibuses/vans must be arranged on a comprehensive basis in keeping with the LA's own arrangements. This cover can be purchased externally, via direct insurers or brokers, or can be arranged via the Council's Insurance Section as part of a blanket policy already in place.

- (ii) **Optional Insurance.** The following insurance, if required, can be purchased via the Council's Insurance Section.

- **Balance of Risk**  
Buildings – comprehensive cover for areas for which the school has maintenance responsibility.  
Contents – comprehensive cover for all contents.
  - **Fidelity Guarantee**  
Insures school funds (not delegated budgets) and PTA funds against fraudulent loss at the hands of an employee.
  - **Loss of Revenue**  
Loss of hiring fees should the school become unusable.
  - **Personal Accident**  
Cover for pupils only whilst on school premises and/or whilst engaging in activities off site.
  - **School Journey**  
Personal accident cover for pupils and all accompanying adults whilst on off site activities, plus a full travel policy and/or personal accident for pupils whilst on school premises.
- b) The LA will consider the actual risks that might reasonably be expected to arise at a school purchasing its own insurance rather than rigidly applying this minimum cover to all schools.
- c) Schools would be required to submit details (e.g. copy policies) of the alternative cover purchased to the LA annually prior to acceptance/renewal of policies.
- d) Schools wishing to take on insurance responsibilities would be required to request delegation of the insurance costs for their school by 1st February each year. The delegation would apply from 1st April in the year in which it was requested.

## **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.

### **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 formula 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 formula 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 K.

### **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 orally (telephone 01432 260238) or in writing to the Council's Chief Financial Officer at PO Box 240, Hereford HR1 1ZT who will investigate as appropriate.
- 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.

## SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

- a) All funding for repairs and maintenance is delegated to schools in their formula 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. Check Josie is it £2,000??
  - b) 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.
- 12.3 For voluntary aided schools, the liability of the authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the *de-minimus* limit applied by the DfE to categorise such work, not the *de-minimus* limit used by the authority..

## **SECTION 13: COMMUNITY FACILITIES**

### **Introduction**

13.1 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.

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

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

13.3 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.

13.4 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

13.5 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.

### **Funding Agreements – LA powers**

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

13.7 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.

## **Other Prohibitions, restrictions and limitations**

13.8 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.

## **Supply of financial information**

13.10 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.

13.11 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.

## **Audit**

13.12 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.

13.13 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.

## **Treatment of income and surpluses**

13.14 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.

13.15 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.

## **Health and safety matters**

13.16 All provisions relating to school regarding health and safety matters within this Scheme for Financing Schools also apply to the community facilities.

13.17 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.

## **Insurance**

- 13.18 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. 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.
- 13.19 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.

## **Taxation**

- 13.20 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.
- 13.21 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.
- 13.22 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.

## **Banking**

- 13.23 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.
- 13.24 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.
- 13.25 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

## ANNEX B

### SCHEDULE OF SCHOOLS WITHIN THE SCOPE OF THE SCHEME

SCHOOL NAME	SCHOOL STATUS	AGE RANGE
Almeley Primary	Community	5-11
Bodenham, St. Michael's CE Primary	Aided	5-11
Bosbury CE Primary	Controlled	5-11
Brampton Abbott's CE Primary	Aided	5-11
Bredenbury Primary	Community	5-11
Bridstow CE Primary	Aided	5-11
Bromyard, Brockhampton Primary	Community	5-11
Bromyard, St. Peter's Primary	Community	3-11
Burley Gate CE Primary	Controlled	5-11
Clehonger CE Primary	Controlled	5-11
Clifford Primary	Community	5-11
Colwall CE Primary	Controlled	5-11
Cradley CE Primary	Aided	5-11
Credenhill, St. Mary's CE Primary	Controlled	5-11
Eardisley CE Primary	Controlled	5-11
Eastnor Parochial Primary	Controlled	5-11
Ewyas Harold Primary	Community	5-11
Fownhope, St. Mary's CE Primary	Aided	5-11
Garway Primary	Community	5-11
Goodrich CE Primary	Controlled	5-11
Gorsley Goffs Endowed Primary	Controlled	5-11
Hereford, Broadlands Primary	Community	3-11
Hereford, Hampton Dene Primary	Community	5-11
Hereford, Riverside Primary	Community	3-11
Hereford, Marlbrook Primary	Community	5-11
Hereford, Our Lady's RC Primary	Aided	5-11
Hereford, St. Francis Xavier's RC Primary	Aided	5-11
Hereford, St. James' CE Primary	Aided	5-11
Hereford, St. Martin's Primary	Community	3-11
Hereford, St. Thomas Cantilupe CE Primary	Aided	5-11
Hereford, Trinity Primary	Community	5-11

<b>SCHOOL NAME</b>	<b>SCHOOL STATUS</b>	<b>AGE RANGE</b>
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 Infants	Community	3-7
Leominster Junior	Community	7-11
Leominster, Ivington CE Primary	Aided	5-11
Little Dewchurch CE Primary	Controlled	5-11
Longtown Primary	Community	5-11
Luston Primary	Community	5-11
Madley Primary	Community	5-11
Marden Primary	Community	5-11
Michaelchurch Escley Primary	Community	5-11
Mordiford CE Primary	Foundation	5-11
Much Birch CE Primary	Controlled	5-11
Much Marcle CE Primary	Aided	5-11
Orleton CE Primary	Controlled	5-11
Pembridge CE Primary	Aided	5-11
Pencombe CE Primary	Aided	5-11
Peterchurch Primary	Community	5-11
Ross-On-Wye, Ashfield Park Primary	Community	3-11
Ross-On-Wye, St. Joseph's RC Primary	Aided	5-11
Shobdon Primary	Community	5-11
St. Weonard's Primary	Community	5-11
Staunton-on-Wye Endowed Primary	Aided	5-11
Stoke Prior Primary	Community	5-11
Walford Primary	Community	5-11
Wellington Primary	Community	5-11
Weobley Primary	Community	3-11
Weston-Under-Penyard CE Primary	Aided	5-11
Whitbourne CE Primary	Controlled	5-11
Whitchurch CE Primary	Aided	5-11
Withington Primary	Community	3-11
Hereford, Aylestone School-Business & Enterprise College	Community	11-16
Hereford, Bishop of Hereford's Bluecoat	Aided	11-16
Hereford, St. Mary's RC High	Aided	11-16



SCHOOL NAME	SCHOOL STATUS	AGE RANGE
Leominster, Earl Mortimer College	Community	11-18
Peterchurch, Fairfield High	Community	11-16
Weobley High	Community	11-16
Blackmarston, Hereford	Community Special	2-11
Westfield, Leominster	Community Special	5-16
The Brookfield School and Specialist College	Community Special	2-19

## 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.

<b>Items managed centrally within the LA Budget</b>	<b>Brief description</b>
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 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 County-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.

**County 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)**

101. 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.

102. 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.

104. 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.

105. 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**

106. 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**

107 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**

108. 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.

109 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.

1010. 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 formula budget would then be managed centrally. Where the Council suspends delegation, the related staffing powers are also restricted.

111. 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.

112. 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.

113. 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.

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

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

116. 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.

117. 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 formula 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 formula 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 schools 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 the Health and Safety Officer, Iain Wilkie, telephone: 01432 260850 or email [iwilkie@herefordshire.gov.uk](mailto:iwilkie@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 2<sup>nd</sup> 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**

N14. Schools are responsible for the administration of all lettings.

N15. 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 3<sup>rd</sup> 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.

N16. 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**

N17. 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.

N18. Money provided through school formula 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**

N19. 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 Childcare Unit in Blackfriars Street. The school budget would receive income and bear the costs of expenditure linked with that use.

## **CHANGES IN THE OCCUPATION OF ACCOMMODATION**

N20. 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.

N21. 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 **LEA** 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).

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## SECTION 2 : SCHEDULE OF MAINTENANCE RESPONSIBILITIES

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

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

<p>5.0    <b>Foundations</b>  As Clause 1.0. This will include any urgent temporary support work required as a result of foundation failure.</p>	<p>Major reinstatement as part of a planned maintenance programme.</p>
<p>6.0    <b>Floors</b>  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)</p>	<p>Major repairs to the sub-floor structure and damp proof membrane, as part of a planned maintenance programme. Excludes applied finishes.</p>
<p>7.0    <b>Staircases (Including Balustrades and Handrails)</b></p>	
<p>7.1    <b>Internal</b>  As Clause 1.0   Finishes as Clause 6.0 including nosings to stairs. (No cost limit)</p>	<p>Major repairs to the structure as part of a planned maintenance programme, but excluding applied finishes.</p>
<p>7.2    <b>External</b>  As Clause 1.0</p>	<p>Major repairs to the structure as part of a planned maintenance programme, but excluding applied finishes.</p>
<p>8.0    <b>Windows and Fittings</b>  As Clause 1.0  All repairs to glazing.  (No cost limit).  Pre-decoration repairs, replacement of individual units.</p>	<p>Complete renewal of windows as part of a planned maintenance programme.</p>
<p>9.0    <b>Doors and Fittings</b>  All as windows and fittings.</p>	<p>Replacement as part of complete renewal of wall cladding.</p>
<p>10.0   <b>Ceilings</b>  All parts.</p>	<p>No responsibility for repairs.</p>
<p>11.1   <b>External Decoration</b>  All types including pre-paint repairs.</p>	<p>No responsibility for redecoration.</p>
<p>11.2   <b>Internal Decoration</b>  All types</p>	<p>No responsibility for redecoration.</p>
<p>12.0   <b>Fixtures and Fittings</b>  Reference should also be made to Appendix P concerning fixed equipment.</p>	
<p>12.1   <b>Internal Joinery Fixtures</b>  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.</p>	<p>Replacement as part of an approved refurbishment scheme</p>

12.2	<b>Specialist fittings</b> Gymnasium equipment Safety inspections and consequential repairs.	
12.3	<b>Miscellaneous Fittings</b> Provision and maintenance of blinds, signs, curtains and tracks, stage curtains. Flag poles and all School signs	No liability.
13.0	<b>Water Services</b> 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	<b>Sanitary Fittings and Associated Pipework</b> As Clause 1.0	Replacement as part of a planned maintenance programme.
15.0	<b>Drainage Below Ground</b> 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	<b>Mechanical and Electrical Services</b>	
16.1	<b>Fuel Supply systems, Heating, Air Conditioning, Power and Lighting installations. Ventilation and Dust Extraction systems</b> 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	<b>Alarm, Emergency and Time Systems</b> 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	<b>Kitchen Equipment (Including Water Softeners)</b> All repairs and servicing. (No cost limit) Except where the responsibility of the catering contractor.	
16.4	<b>Laundry Equipment</b> All equipment including services and drainage.	Replacement depending the circumstances of each case
16.5	<b>Portable Electrical Equipment</b> All testing and replacement.	No maintenance liability
16.6	<b>Lifts, Hoists, Barriers, Lifting Aids</b> As Clause 1.0. Servicing and inspection (see	Replacement as part of a planned maintenance programme.

- “General Rules” page 2). Includes insurance inspections.
- 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. Replacement of fixed installations as part of a planned maintenance programme.  
Renewal of portable appliances. 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 Major repairs or renewals as part of a planned maintenance programme (where it is an LEA maintained pool).  
Chemical dosing and cleaning.  
All servicing, winterisation and summerisation works.
- 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 Major repair or replacement as part of a planned maintenance programme to all fencing and walls forming the site boundary.  
All works to fencing and walls other than site boundary.
- 20.0 **Grounds**  
Maintenance of grounds (trees, grasscutting, soft landscaping etc.) **Emergency maintenance of mature trees.**
- 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. LEA's are liable for capital work to playing fields and their associated buildings. All revenue work is LEA 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) **LEA 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.

<b>CAPITAL LIABILITY</b>	
<b>VA Governing Bodies</b>	<b>LEA</b>
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.	
<b>REVENUE LIABILITY</b>	
All emergency and urgent works.	Property services will organise <b>BUT NOT FUND</b> 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.

	<b>School Responsibility</b>	<b>LEA Responsibility and Decision</b>
<b>P02. Furniture</b>		
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	

	<b>School Responsibility</b>	<b>LEA Responsibility and Decision</b>
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
<b>P03. Furnishings and Fittings</b>		
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	

	<b>School Responsibility</b>	<b>LEA Responsibility and Decision</b>
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 -

- (a) no upholstered furniture should include any filling material which fails the BS 5852 Part 2 Ignition Source 5;
- (b) 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.

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
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	
Special allocations for statemented pupils (except as specified in Annex C)		

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
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 LEA 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 -

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
<b>P24 Fire Fighting Equipment</b>		
Replacement, recharging and inspection charges for all portable fire fighting	X	



	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
equipment, fixed hose reels, rewind mechanisms and nozzles		
Provision of portable equipment directly related to new or remodelled accommodation under the Council's Capital Programme.		X
<b>P25. Art/Craft Heavy Equipment</b>		
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	
<b>P26. PE Equipment</b> (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	
<b>P27. Fixed Playground Equipment</b>		
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	
<b>P28. Mobile Fume Cupboards</b>		
Fixed fume cupboards	X	
Regular testing, maintenance (including possible replacement of main filter bed, as and when necessary)	X	
<b>P29. Portable Electrical Appliances</b>		
Regular inspection of all electrical apparatus/appliances which can be plugged into an electrical mains circuit. This inspection to be carried out by a	X	

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
competent person		
<b>P30. Protective Clothing</b>		
Provision of approved protective clothing for caretakers, school-based groundsmen, playground superintendents laboratory and workshop ancillaries/technicians.	X	
<b>P31. Swimming Pools</b>		
Supply of swimming pool chemicals, provision of swimming aids and other equipment and materials required, e.g. hoses, pool surround matting	X	
<b>P32. Other Items</b>		
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**

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
<b>P38. Administration</b>		
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	
<b>P39. Cleaning and Domestic</b>		
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	
<b>P40. Caretaker items:</b>		
Mechanical cleaning equipment, servicing	X	



	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
fields (mole drainage, fertiliser 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

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
<b>P48. Establishment Expenses</b>		
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.	<b>X</b>	

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
<b>P49. Miscellaneous Expenditure</b>		
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 LEA.



## 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 formula 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 formula 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.

## THE COUNCIL'S INSURANCE SCHEMES FOR STAFF ABSENCE

### INTRODUCTION

Q09. The Council's staff absence insurance schemes provide schools with the opportunity to choose two types of cover, funded by annual premiums charged to school budgets:

- (a) the **cumulative sickness absence scheme for teaching staff**, described below, under which the school receives credits when cumulative sickness absences exceed a threshold number of **days** in the financial year;
- (b) the **cumulative sickness absence scheme for non-teaching staff**, also described below, under which the school receives credits when cumulative sickness absences exceed a threshold number of **hours** in the financial year;

In both schemes, sickness includes all absence covered by a medical practitioner's "medical certificate", "self certified" absence and attendance for prescribed medical treatment, but **does not** include routine medical, dental or ophthalmic examinations.

Q10. The schemes are self-funding, with the premiums determined annually. Each school decides annually whether or not to join. Any school joining a scheme receives payment, on the basis of claims, whenever the circumstances covered by the policy are applicable.

Q11. Schools that choose **not to join** the schemes have to use their formula budgets to meet the costs of maternity and adoption leave and of all sickness absence, including extended absences, even where such absences are prolonged beyond the point at which salary reduction occurs. School-funded costs include costs after 1st April of any continuing maternity leave or long term sickness that started in the previous financial year. (Paternity leave costs are **not** covered by any of the Council's sickness absence insurance scheme arrangements because such leave is of short-term duration).

### GENERAL RULES CONCERNING CLAIMS UNDER THE INSURANCE SCHEMES

Q12. All payments to school accounts are made only on the basis of claims initiated by the school, subject to verification and excluding all sickness days when pupils are not in school (i.e. holidays, occasional days, training days and weekends), though sick notes must nevertheless be submitted during such holiday periods. Claims must be submitted within defined time limits.

Q13. The school receives such payments even if it is not necessary for some staff absences to be covered by occasional appointments or additional hours.

### THE CUMULATIVE SICKNESS ABSENCE SCHEMES (TEACHING AND NON-TEACHING STAFF)

Q14. Schools in the **cumulative sickness absence schemes** and having levels of sickness absence above defined thresholds are able to claim payment under the schemes, at rates fixed annually.

Q15. The threshold level of absence is defined in terms of cumulative sickness absences (**on term days when pupils are in school**) of all relevant staff during the financial year. This method of measurement gives equal regard to schools with significant levels of absence among a large number of staff as to schools experiencing prolonged absences by a few staff.

Q16. Schools in the **cumulative sickness absence schemes** have to meet the cost of all

sickness absence up to the threshold levels defined for teaching and non-teaching staff, as follows -

	Teaching staff	Non-teaching staff
Amount per school-		
Primary & High	10 days per year +5 days per actual fte teacher	60 hours per year +3% of actual staffing hours
Special	6 days per actual fte teacher	3% of actual annual staffing hours

In addition schools in the **teacher** cumulative absence scheme have to meet the cost of the first day of any absence after the threshold has been reached. Schools should record the whole absence and the discounting will be made when the claim is processed.

### EXAMPLES

- (a) A primary or secondary school with 10 actual FTE teachers would meet the cost of the first 60 days cumulative sickness absence (excluding first day of each absence) on term days when pupils are in school (10 days per school + [5 days x 10 teachers]). A special school of equivalent size would meet the cost of the first 60 days cumulative sickness absence (excluding the first day of each absence) (6 days x 10 teachers).
- (b) A primary or secondary school with 33 weekly hours of non-teaching staff time would meet the cost of the first 99 hours of cumulative sickness absence on term days when pupils are in school (60 hours per school + [3% of 33 hours x 39 weeks]). The figure for a special school of equivalent size would be 39 hours only.

Q17. Each school in the **cumulative sickness absence schemes** is told its own threshold figures for the cumulative number of sickness absences for which it has budget responsibility. **Each financial year is separately treated for measurement of days/hours of cumulative sickness absence and for threshold definition.**

Q18. When the defined threshold level of cumulative sickness absence for teachers or non-teachers has been exceeded, schools participating in the **cumulative sickness absence schemes** can claim credits (for the appropriate category of staff) for the remainder of the financial year.

Q19. **INSURANCE COVER FOR MATERNITY LEAVE** In the case of any school joining the **cumulative sickness absence schemes**, the cost of all school-funded staff on maternity or adoption leave is credited to the school budget for the whole period of Maternity/adoption leave. The credits will be generated automatically, usually a month after the expenditure has been incurred. Antenatal treatment prescribed by a medical practitioner is covered under the cumulative sickness absence scheme, and any such absence for prescribed treatment would count in the school's cumulative absence record.

Q20. **PROLONGED SICKNESS ABSENCE OF AN INDIVIDUAL EMPLOYEE INVOLVING SALARY REDUCTION** The arrangements described above are varied in any case where the sickness absence of an individual employee is sufficiently prolonged as to lead to reduced salary payment, under the relevant Conditions of Service (Burgundy Book, Green Book, etc.). The variation also applies in the case of industrial injuries (where there is no reduction of salary, even though absence may be prolonged), from the point at which salary reduction would have occurred had the absence arisen from illness. In all such cases where the variation applies, the relevant employee costs will be met from the insurance fund, from the first day the salary reduction occurs until the employee returns to normal duty, but the school budget is charged for the replacement staff working at the school. During the period of that insurance funding, the **further** absences of

the employee on reduced salary do not count in the calculation of cumulative absences at the school. The school meets replacement costs from its own budget, though sickness absence of replacement staff engaged on contract is counted in the school's cumulative absence records.

<b>MEETING:</b>	<b>HEREFORDSHIRE SCHOOLS FORUM</b>
<b>DATE:</b>	<b>12 JULY 2013</b>
<b>TITLE OF REPORT:</b>	<b>WORK PROGRAMME</b>
<b>REPORT BY:</b>	<b>GOVERNANCE SERVICES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To consider the Forum's work programme.

### **Recommendation**

**THAT:** the Work Programme be noted, subject to any comments the Forum wishes to make.

#### **Herefordshire Schools Forum – Work Programme 2013/14**

**Friday 25 October 2013 9.30 am**

- Election of Chairman/Vice-Chairman of Forum
- Election of Chairman of Budget Working Group
- Report of Budget Working Group (including progress report on High Needs Block Funding).
- DSG Underspend 2011-12
- School Budget 2014/15 Consultation Paper - introduction of High Needs Multi Tariffs and proposed National Funding Formula changes 2014/15.
- Capital Investment 2013/14 Update
- Workplan 2013/14
- Dates of Meetings

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Further information on the subject of this report is available from  
Tim Brown, Governance Services on (01432) 260239

<b>Friday 29 November 2013 9.30 am</b>
No business identified
<b>Friday 17 January 2014 2.00 pm</b>
<ul style="list-style-type: none"> <li>• Dedicated Schools Grant settlement and proposed budget 2014/15</li> <li>• Finalisation of High Needs Multi Tariffs</li> <li>• Finalisation of National funding formula values</li> <li>• Capital Investment Programme Principles 2014/15</li> <li>• Workplan 2013/14</li> <li>• Dates of Meetings</li> </ul>
<b>Friday 28 February 2.00 pm</b>
No business identified
<b>Monday 17 March 2014 9.30 am</b>
<ul style="list-style-type: none"> <li>• Workplan 2013/14</li> <li>• Dates of Meetings</li> </ul>
<b>Friday 16 May 2014 9.30</b>
<ul style="list-style-type: none"> <li>• Annual Review of Forum Membership to ensure broadly proportional representation is maintained</li> <li>• Annual Review of BWG Membership</li> <li>• Workplan 2013/14</li> <li>• Dates of Meetings</li> </ul>

## **Background Papers**

- None identified.