

## SCHOOLS' FORUM

**Day:** Tuesday  
**Date:** 22 October 2019  
**Time:** 10.00 am  
**Place:** Discovery Academy, Porlock Avenue, Hyde

Item No.	AGENDA	Page No
1.	<b>APOLOGIES FOR ABSENCE</b>	
2.	<b>DECLARATIONS OF INTEREST</b> To receive any declarations of interest from members of the Forum.	
3.	<b>APPOINTMENT OF CHAIR AND DEPUTY CHAIR</b> To appoint a Chair and Deputy Chair for the 2019/20 Academic Year.	
4.	<b>MINUTES</b> To consider the minutes of the meeting of the Schools' Forum held on 25 June 2019.	1 - 8
5.	<b>SCHOOLS' FORUM TERMS OF REFERENCE, PRINCIPLES AND CONSTITUTION</b> Report of the Director of Governance and Pensions attached.	9 - 16
6.	<b>DEDICATED SCHOOLS GRANT BUDGET UPDATE FOR 2019-20 AND EARLY YEARS OUTTURN POSITION FOR 2018-19</b> Report of the Assistant Director, Finance and the Assistant Director, Education, attached.	17 - 22
7.	<b>HIGH NEEDS FUNDING UPDATE 2019-20</b> Report of the Assistant Director, Finance and the Assistant Director, Education, attached.	23 - 30
8.	<b>SCHEME OF FINANCING FOR SCHOOLS UPDATE</b> Report of the Assistant Director, Finance, attached.	31 - 88
9.	<b>SCHOOL FUNDING ANNOUNCEMENTS AND UPDATES</b> Report of the Assistant Director, Finance and the Assistant Director, Education, attached.	89 - 94

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10.	<b>SURPLUS BALANCES 2019-20</b> Report of the Assistant Director, Finance and the Assistant Director, Education, attached.	95 - 100
11.	<b>DATE OF NEXT MEETING</b> To note that the next meeting of the Forum be held on 26 November 2019.	

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From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Principal Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

# Agenda Item 4

## SCHOOLS FORUM

25 June 2019

Commenced: 10.00am Terminated: 11.20am

<b>Present:</b>	<b>Karen Burns (Chair)</b>	<b>Primary Schools – Academies</b>
	<b>Lisa Lockett</b>	<b>Primary Schools – L/A Maintained</b>
	<b>Lisa Gallaher</b>	<b>Primary Schools – L/A Maintained</b>
	<b>Simon Wright</b>	<b>Primary Schools - Academies</b>
	<b>Heather Farrell</b>	<b>Primary Schools - Academies</b>
	<b>Susan Marsh (Deputy Chair)</b>	<b>Governor, Primary Schools – L/A Maintained</b>
	<b>Anthony McDermott</b>	<b>Governor, Primary Schools – L/A Maintained</b>
	<b>Donal Townson</b>	<b>Governor, Primary Schools – L/A Maintained</b>
	<b>Elizabeth Jones</b>	<b>Governor, Secondary Schools – L/A Maintained</b>
	<b>Richard O’Regan</b>	<b>Secondary Schools – L/A Maintained</b>
	<b>Gill McFadden</b>	<b>Secondary Schools - Academies</b>
	<b>Alan Harrison</b>	<b>Secondary Schools - Academies</b>
	<b>Rebeckah Hollingsworth</b>	<b>Tameside Pupil Referral Service</b>
	<b>Anton McGrath</b>	<b>14-19 Sector</b>
	<b>Elaine Horridge</b>	<b>Diocesan Representative</b>
	<b>Scott Lees</b>	<b>Tameside Consultative Committee</b>
	<b>Tim Bowman</b>	<b>Assistant Director, Education</b>
	<b>Christine Mullins</b>	<b>Finance Business Partner</b>
	<b>Louisa Siddall</b>	<b>Senior Accountant</b>
	<b>Wendy Lees</b>	<b>Senior Finance Officer</b>
<b>Apologies for absence:</b>	<b>Steve Marsland</b>	<b>Primary Schools – L/A Maintained</b>
	<b>Maire Wright</b>	<b>Academy Schools – Academies</b>
	<b>Pierre Coiffait</b>	<b>Academy Special Schools</b>
	<b>Simon Brereton</b>	<b>Primary Schools – L/A Maintained</b>
	<b>Elaine Sagar</b>	<b>PVI Representatives</b>
	<b>Andy Card</b>	<b>Primary Schools – L/A Maintained</b>

### 23. CHAIR’S OPENING REMARKS

The Chair welcomed everyone to the meeting, in particular, new Forum member Scott Lees, representing Tameside Consultative Committee.

### 24. DECLARATIONS OF INTEREST

Forum Member	Subject Matter	Type of Interest	Nature of Interest
Lisa Gallaher – Primary Schools, L/A Maintained	Agenda Item 4	Prejudicial	Head teacher of one of the schools funded for a bulge class.

### 25. MINUTES

The Minutes of the meeting of the Forum held on 12 February 2019, having been circulated, were approved as a correct record.

***During consideration of the item below, Lisa Gallaher declared a prejudicial interest and paid no part in the discussion and decision making process in respect of Recommendation (iii).***

## **26. SCHOOLS FUNDING CONSULTATION UPDATE**

The Assistant Director of Finance and the Assistant Director of Education submitted a report providing an overview of work carried out by the Schools funding group at the request of Schools Forum, relating to Split Site, Growth and Early Years.

It was reported that, on 26 March 2019, the Schools Funding Group met to discuss the Split Site criterion, the Growth Factor and use of the Early Years Funding. The issues were discussed at length and a number of differing options were considered. The group requested a consultation with all schools and academies setting out the options that the group had identified it felt appropriate for consideration. The consultation ran from 7 May 2019 to 24 May 2019. Of the 90 schools consulted, 9 responses were received to the split site questions (9% of all schools) and for the Growth Factor, 8 schools (8% of all schools) responded. The results of the survey were set out in an appendix to the report.

In respect of the Split Site Factor, it was explained that 4 options were recommended for consultation and option 2 below was supported by 70% of schools and it was also the favoured option by the Schools Funding Group.

*'Change the Split Site Factor to the following:*

- The school is recognised as one school by the DfE, and has only one school number; and*
- The separate sites are effectively operation as separate schools with senior leadership (or a head of centre) being needed at both sites.'*

With regard to the Growth Fund, it was explained that a number of options were presented to the Schools Funding Group which the group did not feel were appropriate and recommended three alternatives, with 62.5% of schools supporting Option 2:

*'Growth Per Pupil Model – Growth should be funded based on actual numbers pro rata to the period September to March and allocated on AWPU rates for schools dependent on sector. Both one off bulge classes and planned continued growth classes would be funded using the same principles. Schools would be funded on an academic year basis.*

Schools Funding Group requested that the growth policy should have a minimum number of pupils where growth was planned in a school acknowledging that if school was expecting to take a growth class. It was felt there should be more than 5 pupils before growth funding was allocated, but a minimum level of funding of 15 pupils funded to ensure that the school did not face financial difficulty. This was consulted upon and 89% respondents supported this approach.

The Schools Funding group also wanted to consider a cap on pupil numbers funded to limit the amount being top-sliced from the school block to fund this, and recognising that it was likely there would be some economies of scale that could be made once the class size was over 30. Schools were asked what level of cap, if any, was reasonable. The outcome of the consultation with 50% of respondents, would be to cap funding at 30 pupils.

Details of the proposed Growth Policy were appended to the report.

In respect of Historic Growth Arrangements, as part of the consultation, Schools Funding Group also discussed the funding arrangements for two schools that were currently in receipt of growth funding on a historic arrangement. The discussion was to agree whether the schools should continue to be funded on the historic arrangements already in place or whether the schools should

be moved to whichever new arrangements were put in place. There were four options presented for consultation with 75% of schools supporting Option 1:

*'Funding should continue in both schools'.*

With regard to Early Years, as requested at last Forum, School Funding Group were to hold discussions regarding the proposals for additional funding being used to strengthen the SEND offer. It was agreed that, subject to the affordability of plans, the following be supported:

- *Increase the area SENCO model - with two more posts to deliver on this;*
- *Increase capacity in the Quality Team – to include additional capacity in each locality to support speech language and communication needs, the area SENCO role and quality work in good settings, this would also include additional commissioned school to school support;*
- *Set aside funding for a commissioning fund to enable school to school and PVI sector to support as an Early Years improvement fund. With some specific focus on Speech, Language and Communication.*

There was also a discussion regarding the need in future to consider further, the headroom for further central retention (i.e. currently, 96% was allocated and 4% retained, however the statutory pass through allocation was 95% with 5% retention).

Forum members were informed that the Schools Funding Group had met again on 21 May 2019 to discuss High Needs Pressure, Schools Balances and Contingency. A summary had been prepared from the meeting to share with schools, however the detail on High Needs and the School balances were subject to separate agenda items. The Schools Funding Group had requested discussion at Business Manager meetings and Primary Heads briefings to ensure schools were aware of the issues ahead of the consultation of 2020/21 Funding announcements.

The Chair sought further clarification in respect of a breakdown of how Early Years centrally retained money was spent. The Finance Business Partner gave an outline of how monies were spent and agreed to forward details to the Chair, following the meeting.

#### **RESOLVED**

- (i) That the proposed changes to the split site factor, as outlined in section 3.3 of the report, be approved;**
- (ii) That the proposed change in funding for the Growth Factor, as outlined in Appendix C to the report, be approved;**
- (iii) That the existing funding arrangements remain in place for the two schools being funded for bulge classes on a historic basis; and**
- (iv) That the Early Years recommendations, as detailed in Section 6 of the report, be supported.**

#### **27. SCHOOLS FINANCIAL VALUE STANDARDS**

Consideration was given to a report of the Assistant Director of Finance, which provided an update on the requirement for schools to complete the self-assessment process against the Schools Financial Value Standard by 31 March 2019.

It was explained that the standard consisted of 25 questions which governing bodies or management committees should formally discuss annually with the head teacher and senior staff. It concentrated on the key elements of financial management and efficiency and was aimed mainly at governors as they had a statutory responsibility for financial management in schools. In doing so, governors managed a considerable amount of public money and carrying out the SFVS assessment would assist in this task and gave assurance to the LA's that schools had sound financial management in place.

It was further explained that of the 67 Tameside schools open at the start of 2018/19, the LA received 63 returns. This was 100% compliance taking into account 6 schools closed in year due to academy conversion. The School Finance Team had been proactive in reminding and chasing schools ahead of the deadline and the returns had now been shared with the Internal Audit Team who would use the information to assist in the production of the Annual Audit Plan.

The LA was required to submit an assurance statement signed by the LA Chief Financial Officer detailing which schools were implementing SFVS to the DfE by 31 May 2018. This statement was signed and sent to the EFA by the deadline as required.

## **RESOLVED**

**That the content of the report be noted.**

### **28. SCHOOL BALANCES 2018/19 AND BALANCE MECHANISM 2019/20**

A report was submitted by the Assistant Director of Finance and the Assistant Director of Education providing information relating to balances held by schools at the end of 2018/19.

The report summarised school balances for the financial year 2018/19 by sector and the change in position from 2017/18 and it was identified that, overall, school balances had increased by £3.185 million or 75.74%.

In the primary sector, the overall surplus balance reduced by -£0.350million, however some of this reduction related to three academy conversions £0.461 million meaning the actual movement in year in the maintained sector was an increase of £0.111 million. In the secondary sector the deficit balances reduced by £3.341 million or -99.32%. There was an increase in surplus balances in the special sector of £0.193 million or 89.31%.

A further analysis of overall balances split by those schools in surplus and those schools closing the financial year with a deficit balance was also provided in the report.

It was reported that a number of schools had seen increases in their balances over and above that approved under the balance mechanism scheme for 2018/19. The Schools Finance Team had offered more support to work closely with schools to ensure the budget plans being set for 2019/20 were more robust and accurate at the start of the financial year and to support schools in taking a more strategic approach to budget setting. Additional budget monitoring support was also on offer to ensure schools were regularly reviewing their budget and were in a position to review and change budget spending plans within the financial year in order to manage any surplus balances.

The report concluded that, once all budget plans for 2019/20 (31 May) and approved surplus plans (30 June) had been received and reviewed by the LA a further report on schools spending plans and surplus balances would be reported to Schools Forum in October along with recommendations for managing any claw back in 2019/20.

Discussion ensued in respect of schools balances and Forum members raised concerns about surplus balances and the rigour of the current claw back arrangements.

## **RESOLVED**

- (i) That the content of the report be noted; and**
- (ii) That a further report on schools spending plans and surplus balances be submitted to the next meeting of the Schools Forum with a view to revisiting the current claw back arrangements.**

## **29. DEDICATED SCHOOLS GRANT OUTTURN POSITION FOR 2018/19 AND BUDGET UPDATE FOR 2019/20**

The Assistant Director of Finance and the Assistant Director of Education submitted a report providing the Dedicated Schools Grant (DSG) outturn position for the financial year 2018/19 and an update of the budget position for the financial year 2019/20.

The DSG Outturn 2018/19 position was explained and an Early Years breakdown given. The overall DSG in-year deficit of £0.937 million had been funded from DSG reserve and further details of the reserve movement were included in the report.

Details were provided of the DSG reserve as at 31 March 2019 and the estimated DSG reserve position at 31 March 2020.

It was explained that, should all the projections materialise, there would be a deficit of £2.156 million on the DSG. As a result, a deficit recovery plan would have to be submitted to the DfE outlining how the deficit would be recovered over the next three years. This would require discussions and agreement of the Schools Forum and the position would be closely monitored throughout the year and updates would be reported to Schools Forum.

### **RESOLVED**

- (i) That the content of the report be noted; and**
- (ii) That further update reports be submitted to the Schools Forum throughout the year.**

## **30. HIGH NEEDS FUNDING UPDATE**

Consideration was given to a report of the Assistant Director of Finance and the Assistant Director of Education on the High Needs Budget and options for managing the budget pressure in 2020/21.

It was explained that, as previously reported, there continued to be a significant and continued pressure on the High Needs Block arising from a number of areas as follows:

- The increasing high needs population such as special school places and resourced provision;
- Increase Education Health Care Plans being issued;
- Increases in the number of Post 16 placements requiring top up funding; and
- Increased spending in supporting Tameside children in the Independent Sector or Out of Borough placements.

The funding pressures faced in Tameside were being replicated in local authorities across the country and ways of managing these pressures whilst continuing to support those children most in need were being considered. This would require a different way of thinking in terms of practice, provision and places commissioned. Recent benchmarking information had shown LA's across the country were in a similar position with the average deficit on the DSG being around £3.4 million and 74% of LA's projected a deficit in 2018/19 compared to 34% in 2015/16.

In December 2018, the Secretary of State for Education, announced £250 million of funding across two financial years 2018/19 and 2019/20 to address the national pressure on High Needs spending and in response to representations made by local Government and Schools. Tameside had been allocated an additional £0.517 million both in 2018/19 and 2019/20 which would partly offset the projected deficit on this budget.

The DfE had further acknowledged the concern for many schools and local authorities and confirmed the issue would be carefully considered in the forthcoming spending review. To support this, a 'call for evidence' was launched on the 3 May 2019 and its focus was to review how the current available funding was distributed, and what improvements might be made in the future. It sought information about whether there were aspects of the funding system that were driving up

costs without improving outcomes for the young people concerned. The closing date for responses was 31 July 2019. The LA would be preparing its response and all schools and governing bodies were encouraged to respond.

In respect of the High Needs Outturn position 2018/19, it was reported that the year-end position resulted in an in-year deficit of £1.453 million. As in 2017/18, the 2018/19 deficit would be funded from Dedicated Schools Grant (DSG) reserve which left the reserve standing at £3.23 million in 2019/20. The forecast for 2019/20, based on known current commitments was detailed in the report, which showed that there could be an in-year deficit of £1.921 million before any in-year growth or developments to the current high needs funding arrangements.

In terms of 2019/20 growth and pressures, the LA had already seen a sharp increase in the number of EHCP's issued and this currently stood at 2.7% of the population aged 2-19 years at April 2019. There had continued to be a significant number of referrals over the last 4 months, averaging at 45 per month. If growth continued throughout the financial year at current levels this would create a potential further pressure on the High Needs budget, which could exceed £3.5 million. It was estimated that the number of plans maintained would increase by between 300 – 650, bringing the total number of EHCP's Tameside maintained to more than 1800. If the projections materialised, the High Needs overspend of £5.51 million would create a deficit of £2.156 million on the total DSG. As a result, a deficit recovery plan would have to be submitted to the DfE, outlining how the deficit would be recovered and how spending would be managed over the next 3 years. This would require discussions and agreement of the Schools Forum. The position would be closely monitored throughout the year and updates would be reported to Members.

It was further explained that, within the DSG allocation the Schools Block was ring fenced in 2019/20, however, LA's retained limited flexibility to:

- Transfer up to 0.50% of their schools block funding into another block with approval of their Schools Forum; and
- Seek Secretary of State Approval if they required a movement of more than 0.50% by submitting a disapplication request.

It was anticipated, due to the current pressures on the High Needs Block and the potential growth that the LA would need to carry out a transfer from Schools Block into High Needs block in 2020/21. In preparation for the 2020/21 budget it was necessary to look at how any block transfer would be managed. To demonstrate the impact this would have on schools' funding a number of scenarios had been modelled. Details of how funding could be transferred if a decision was made to move 0.50% or 1.00% of the current Schools Block, were displayed in the report.

In order to afford the movement between blocks but continue to allocate funding through the National Funding Formula (NFF), adjustments would be required to the current Minimum Funding Guarantee (MFG) and/or gains cap. Three scenarios had been modelled to provide some context on the impact to schools allocations which were detailed in an appendix to the report, along with some statistics on the number of schools affected (of a total of 92 schools) and the range of change to the total school allocation.

It was explained that the information contained in the report and appendix had been presented to and discussed with the Schools Funding Group. The Group had discussed the need to transfer funding from schools block to the high needs block and most of the members supported a transfer. It was also acknowledged that a 1% transfer would be needed and in principle supported scenario 3 in the appendix to the report.

In conclusion, it was summarised:

- The overspend on the High Needs Block in 2018/19 was £1.46 million and would be offset by DSG Reserves;
- The projected overspend in 2019/20 of £5.51 million included significant in year growth that would be continually reviewed and monitored;

- DSG Reserves of £3.23 million were available to support the projected deficit in 2019/20 but may not be sufficient to avoid a DSG deficit at the end of the financial year; and
- Any decision to move funding from the school block to the high needs block would be a one year decision taken by Schools Forum.

Detailed discussion ensued with regard to the above and the challenging nature of the decisions which would need to be taken should the projections as detailed, materialise.

#### **RESOLVED**

- (i) **That the content of the report be noted and supported;**
- (ii) **That, unless there was significant reductions in demand for specialist services that there would be a requirement for a transfer from the Schools Block to the High Needs block, to support the Education of the most vulnerable children in the borough; and**
- (iii) **That an update on this issue be provided to the next meeting of the Forum, including growth levels and final funding announcements.**

#### **31. CHAIR'S CLOSING REMARKS**

The Chair thanked everyone for their attendance and explained that as the next meeting would be the first of the 2019/20 Academic Year, there would be an opportunity to review the composition and size of the Forum over the intervening period, in line with DfE legislation and comparison with other Forums.

#### **32. DATE OF NEXT MEETING**

#### **RESOLVED**

**To note the date of the next meeting of the Schools Forum as Tuesday 22 October 2019 at 10.00am, Discovery Academy, Porlock Avenue, Hyde.**

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# Agenda Item 5

<b>Report To:</b>	<b>SCHOOLS FORUM</b>
<b>Date:</b>	22 October 2019
<b>Reporting Officer:</b>	Sandra Stewart – Director of Governance and Pensions
<b>Subject:</b>	<b>SCHOOLS FORUM TERMS OF REFERENCE, PRINCIPLES AND CONSTITUTION.</b>
<b>Report Summary:</b>	A report for noting the updated Terms of Reference for Schools Forum, of the guiding principles and constitution for the Schools Forum. These documents have been updated to reflect the Department for Education's guidance for Schools Forum published September 2018.
<b>Recommendations:</b>	<p>Members of the Schools Forum are requested to note the contents of the report.</p> <p>It is recommended the Schools forum support the publication of terms of reference, forum principles, constitution and membership of schools forum on the council's website to comply with best practice of schools forums.</p>
<b>Links to Community Strategy:</b>	Effectively calculated and targeted resources will improve access to a quality education experience for all our children.
<b>Policy Implications:</b>	There are no policy implications as a result of this report.
<b>Financial Implications:</b> <b>(Authorised by the Section 151 Officer)</b>	There are no direct financial implications as a result of this report. However the terms of reference and constitution outlines the financial decisions and consultation that the council need to be carried out with schools, to ensure we exercise our statutory duties with regards of schools funding.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	Members should be aware of the Terms of Reference as they establish the rules for conducting Schools' Forum business.
<b>Risk Management:</b>	<p>Local Schools are not given appropriate information to contribute to decision making as laid out in regulation.</p> <p>If Schools Forum protocol is not adhered to funding decisions could be called in for scrutiny by the Secretary of State for Education.</p>

## ACCESS TO INFORMATION

## NON-CONFIDENTIAL

**This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**

## Background Papers

The background papers relating to this report can be inspected by contacting Carolyn Eaton, Principal Democratic Services Officer:



Telephone: 0161 342 3050



e-mail: carolyn.eaton1@tameside.gov.uk

## **1. BACKGROUND AND INTRODUCTION**

- 1.1 It is an annual requirement to update membership in at the first meeting of the Academic year to review the membership, and appoint both Chair and Vice Chair of Forum, it is timely to review the Terms of Reference for the new academic year alongside this.

## **2. SCHOOLS FORUM**

- 2.1 The attached document is a comprehensive document that covers the relevant governance expected surrounding schools forum There are five areas within the document for members to note as follows;
- The Terms of Reference
  - Schools Forum Principles
  - Schools Forum Constitution
  - Schools Forum Membership
  - Schools Forum Voting Procedures
- 2.2 Terms of Reference have been established which provides an overview of the purpose and main functions for the Schools Forum.
- 2.3 A set of guiding principles have been established to cover, expectations of all schools forum members in relation to their role as a member to ensure the consultation and decision making is effective and fair.
- 2.4 The schools forum constitution covers in more detail the powers of Schools Forum in relation to consultation and decision making with regards to approving Dedicated School Grant budgets and formula changes on the schools block funding.
- 2.5 It further outlines areas that schools forum must be consulted upon, the membership and attendance of the meetings, organization and proceedings of the meetings, expenses and future changes to the documents.
- 2.6 **Appendix A** provides a list of Forum Membership.
- 2.7 **Appendix B** outlines the protocols for decision making, voting and substitute attendance at meeting.

## **3 RECOMMENDATIONS**

- 3.1 As set out on the front of the report.

# APPENDIX A

## SCHOOLS FORUM FOR TAMESIDE

### Terms of Reference, Principles and Constitution for Schools Forum (Revised September 2018)

#### TERMS OF REFERENCE

##### **The Schools Forum :**

Representatives from schools, academies and free schools make up the schools forum. There is also some representation from non-school organisations, such as nursery and 16-19 education providers.

The forum acts as a consultative body on some issues and a decision making body on others.

The forum acts in a consultative role for:

- changes to the local funding formula (the local authority makes the final decision)
- proposed changes to the operation of the minimum funding guarantee
- changes to or new contracts affecting schools (school meals, for example)
- arrangements for pupils with special educational needs, in pupil referral units, and in early years provision

The forum decides:

- how much funding may be retained by the local authority within the dedicated schools grant (for example, providing an admissions service, or providing additional funding for growing schools)
- any proposed carry forward of deficits on central spend from one year to the next
- proposals to de-delegate funding from maintained primary and secondary schools (for example, for staff supply cover, insurance, behaviour support)
- changes to the scheme of financial management

#### PRINCIPLES

Whilst members are representatives of their specific sectors or phase, they will be expected to seek feedback from the schools they represent.

Schools Forum members should consider the needs of the whole educational community, rather than using their position on the Schools Forum to advance their own sectional or specific interests.

Schools staff and governors should make sure that the representatives they choose are competent to act as their advocates.

They should also ensure that they are aware of schools forum business and make their views known about decisions affecting schools' finance.

Local authorities must publish all schools forum papers well in advance of each meeting.

Any recommendations should be clear and local authority responsible officers should attend meetings to provide further information and advice.

All schools forum meetings must be open to the public. Observers do not have an automatic right to speak at meetings, but the chair may allow contributions where appropriate.

## **CONSTITUTION**

The title of the Forum shall be the 'Schools' Forum for Tameside' herein after referred to as 'The Schools' Forum'.

### **Introduction**

The Schools' Forum has been established in accordance with the provisions of the Schools' Forums (England) Regulations 2012 (S.I. 2012/2261). The following document lays out a revised constitution and terms of reference of The Schools Forum, building upon the original documentation drawn up in June 2003. The Schools Forum is a separate statutory body and as such is not a committee of the Local Authority.

### **Functions of the Forum**

To make decisions in relation to:

- de-delegation from mainstream maintained schools budgets (separate approval will be required by the primary and secondary phase members of schools forum), for prescribed services to be provided centrally
- to create a fund for significant pupil growth in order to support the local authority's duty for place planning (basic need), including pre-opening and diseconomy of scale costs, and agree the criteria for maintained schools and academies to access this fund
- to create a fund for falling rolls for good or outstanding schools if the schools' surplus capacity is likely to be needed within the next three years to meet rising pupil numbers and agree the criteria for maintained schools and academies to access this fund
- agreeing other centrally retained budgets, including for local authority statutory responsibilities (where these relate to maintained schools only, voting is by the primary, secondary, special and PRU members of schools forum)
- funding for central early years expenditure, which may include funding for checking eligibility of pupils for an early years place, the early years pupil premium and/or free school meals
- authorising a reduction in the schools budget in order to fund a deficit arising in central expenditure, or from de-delegated services, which is to be carried forward from a previous funding period in the 2018 to 2019 funding year the schools block is ring-fenced. Local authorities require schools forum approval in order to move up to 0.5% from the schools block to other blocks
- in each of these cases, the local authority can appeal to the Secretary of State if the schools forum rejects its proposal.

The local authority must consult the schools forum in relation to;

- amendments to the school funding formula, for which the voting is restricted by the exclusion of non-schools members except for PVI representatives
- arrangements for the education of pupils with special educational needs in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding
- arrangements for the use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding
- arrangements for early years provision
- administrative arrangements for the allocation of central government grants paid to schools via the local authority

## **Membership and Attendance**

The Schools Forum will be made up of Schools, Academies and Free Schools members and non-school members as listed below. Non-schools members will make up no more than a third of a schools forum's total membership

### **Schools members**

Members should be Heads, Governors or Bursars. (can be represented by other senior members of staff within their school. Governors can include interim executive members of an interim executive board.). Membership will be determined in accordance with regulation.

### **Non-Schools members**

A representative of providers of 16-19 education must be elected from those providers. Early years providers from the private, voluntary and independent (PVI) sector.

Representative from:

- Other attendees who are permitted to contribute to a schools forum meeting:
- the director of children's services at the authority or their representative;
- the chief finance officer at the authority or their representative;
- any elected member of the authority who has primary responsibility for children's services or education in the authority;
- any elected member of the authority who has primary responsibility for the resources of the authority;
- any person who is invited by the forum to attend in order to provide financial or technical advice to the forum;
- an observer appointed by the Secretary of State; and
- any person presenting a paper or other item to the forum that is on the meeting's agenda, but that person's right to speak shall be limited to matters related to the item that the person is presenting.

Tameside's membership can be found at **Annexe A**

Meetings will be open to the public, although there is no automatic opportunity for members of the public to speak. Public involvement can come through Forum invitation only. Where the Forum discusses matters of a confidential nature e.g. contracts where there is a commercial interest, then this should be considered private and confidential and members of the public excluded. In all cases the principles of the Local Government (Access to Information) Act apply.

### **Meetings and Proceedings of the Schools Forum**

The LA shall act as clerk to The Schools Forum and ensure that all of the procedural aspects of Forum performance are complied with.

The Schools Forum shall meet at least four times per year.

The Forum shall be quorate if at least 40% of the voting membership is available at the meeting.

A Chair and Vice Chair shall be elected annually from those members present at the first meeting of the academic year; the term of office being one year. Any elected member or officer of the authority cannot stand as Chair.

A Member may nominate an alternate to attend a meeting if he or she is unable to do so, but the alternate must also fulfil the same criteria as the Member. That is they must be from the same category of school within the local authority. The appointed Member, prior to the meeting, shall notify the name of the substitute Member to the officer acting as Clerk.

Any Member who fails to attend four consecutive meetings of Schools Forum, even where a substitute attended on his or her behalf, may have their membership terminated.

Agenda -a draft agenda shall be agreed for the 12 month period. The Chair of Forum must decide upon the agenda for the meeting following consultation with members of the forum. The final agenda and written papers are to be circulated 5 working days before the start of the meeting. Verbal or tabled reports will only be accepted in extenuating circumstances.

Voting procedures at Forum are covered in the **Appendix B** attached.

**Charging of expenses**

All expenses of the Forum shall be met by the Authority, and charged to the schools budget. Expenses can be claimed in line with the forum expenses procedure.

**Future Amendments to the Terms of Reference**

Membership and terms of reference will be reviewed by the LA at the start of each academic year.

## ANNEXE A

<b>MAINTAINED PRIMARY SCHOOL MEMBERS (6)</b>	<b>SCHOOL</b>
Steve Marsland	Headteacher – Russell Scott Primary School
Lisa Gallaher	Headteacher – Milton St John Primary School
Lisa Lockett	Headteacher – Stalyhill Infants School
Andy Card	Headteacher – The Heys Primary School
Susan Marsh ( <b>Vice Chair</b> )	Governor - Governors' Forum
Donal Townson	Governor – St John Fisher
<b>ACADEMY PRIMARY SCHOOL MEMBERS (4)</b>	<b>ACADEMY</b>
Karen Burns ( <b>Chair</b> )	Headteacher – Inspire Academy School
Maire Wright	Parochial Academy
Simon Wright	St Paul's Primary Academy, Stalybridge
Heather Farrell	Oakfield Primary School
<b>MAINTAINED SECONDARY SCHOOL MEMBERS (3)</b>	<b>SCHOOL</b>
Richard O'Regan	Headteacher – Alder Community High School
Betty Jones	Governor – St Damian's RC College
Vacancy	
<b>ACADEMY SECONDARY SCHOOL MEMBERS (4)</b>	<b>ACADEMY</b>
Alan Harrison	Headteacher – West Hill School
Gill McFadden	Business Manager – All Saints Catholic College
Vacancy	
Vacancy	
<b>MAINTAINED SPECIAL SCHOOLS (1)</b>	<b>SCHOOL</b>
Robin Elms	Headteacher - Thomas Ashton School
<b>ACADEMY SPECIAL SCHOOLS (1)</b>	<b>SCHOOL</b>
Vacancy	
<b>PUPIL REFERRAL (1)</b>	<b>SCHOOL</b>
Rebeckah Hollingsworth	Whitebridge & Elmbridge Learning Centres
<b>NON SCHOOL MEMBERS (5)</b>	<b>REPRESENTING</b>
Scott Lees	Tameside Teachers' Consultative Committee
Elaine Sagar	Early Years Private Voluntary & Independent Sector
Elaine Horridge	Church of England Diocese
Ian Noone	Roman Catholic Diocese
Anton McGrath	16-19 Sector
<b>NON VOTING MEMBERS &amp; OBSERVERS</b>	<b>REPRESENTING</b>
DFE/EFA Representative	DFE/EFA Representative
Councillor O Ryan	Executive Member – Finance and Economic Growth
Councillor L Feeley	Executive Member (Lifelong Learning, Skills and Employment)
Tim Bowman	Assistant Director - Learning
Report Presenters	
Council Officers Providing Financial or Technical Advice	

### SCHOOLS FORUM VOTING PROCEDURE

1. The decision as to whether a ballot is held will normally be determined by the requirements of the paper tabled. In exceptional circumstances where members wish to hold a ballot and record the outcome to an item not previously considered to require a vote, then a vote can be triggered by a formal proposition by a member and subsequently agreed by the Chair.
2. Votes shall be cast by a show of hands unless the chair decides that a secret ballot is appropriate.
3. Each member of the Schools Forum, or their substitute, shall have one vote. Non-members (e.g. officers, observers) are not entitled to vote.
4. Non-schools members, other than those who represent early years providers, must not vote on matters relating to the formulae to be used by the local authority to determine the amounts to be allocated to schools and early years providers in accordance with regulations.
5. Only the maintained primary schools members of the schools forum may vote to decide whether or not to authorise the de-delegation proposals for their phase of maintained schools only.
6. Only the maintained secondary schools members of the schools forum may vote to decide whether or not to authorise the de-delegation proposals for their phase of maintained schools only.
7. The proceedings of the forum are not invalidated by:
  - any vacancy among their number;
  - any defect in the election or appointment of any member;
  - or any defect in the election of the chair.
8. Issues put to the vote shall be decided by a majority of the members, or their substitutes, present at the meeting and voting on the issue.
9. In the case of equal votes, discussion will continue to try to achieve consensus if this cannot be achieved, the Chair will be deemed to have a second or casting vote, with no restriction on either how or whether this is exercised.
10. The numbers of votes and abstentions cast shall be reconciled and recorded.
11. If the members feel that the consultative process is best served by advising decision-makers of the wider views represented in the Forum, then these will be recorded in the minutes together with the weight of each opinion as indicated by votes cast.
12. When casting a vote, members exercise their judgement to decide on issues, bearing in mind the views of their constituent organisations.
13. Declarations of special interest should be made before a vote and recorded in the minutes to cover situations where the decision would affect an individual, the school they represent specifically or where they or a related party have a personal interest in an organisation tendering for a contract with the LA. For this purpose a related party is deemed to be where you or a close relative or member of your household owns a company or have a major shareholding in said company.

# Agenda Item 6

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	22 October 2019
<b>Reporting Officer:</b>	Tim Bowman – Assistant Director Education Tom Wilkinson – Assistant Director Finance
<b>Subject:</b>	<b>DEDICATED SCHOOLS GRANT BUDGET UPDATE FOR 2019-20 AND EARLY YEARS OUTTURN POSITION FOR 2018-19</b>
<b>Report Summary:</b>	A report on the Dedicated Schools Grant budget position for the financial year 2019-20 and update on the Early Years final outturn position for the financial year 2018-19.
<b>Recommendations:</b>	Members of the Schools' Forum are requested to note the contents of the report.
<b>Corporate Plan:</b>	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and support aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial policy and framework.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.  The current projection for 2019-20 shows a deficit on the DSG which will require a deficit recovery plan to be submitted by the Local Authority (LA) to the Department for Education (DfE).
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	There is a statutory duty to use resources efficiently and effectively against priorities and to achieve a balanced annual budget. In noting the report Members should ensure they understand the outturn and budget positions and that robust challenge is factored into the reporting mechanism especially given the current known deficits.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.
<b>Access to Information:</b>	<b>NON-CONFIDENTIAL</b>  <b>This report does not contain information which warrants its consideration in the absence of the Press of members of the public.</b>
<b>Background Information:</b>	The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, by:   Telephone: 0161 342 3216   e-mail: christine.mullins@tameside.gov.uk

## 1. INTRODUCTION

1.1 This report is presented to provide an update on the Dedicated Schools Grant (DSG) budget for 2019-20 and advise Schools' Forum of the final outturn position for the Early Years element of DSG for 2018-19. The report sets out:

- A budget update for the DSG for 2019-20
- A detailed update for Early Years (including the final settlement of 2018-19 DSG) (Section 3)
- Known pressures and commitments for 2019-20 (Section 4)

## 2. DSG BUDGET UPDATE FOR 2019-20

2.1 The updated DSG settlement for 2019-20 was received in July 2019. The updated settlement and the projected distribution / spend is included in Table 1.

**TABLE 1**

<b>DSG Funding Blocks</b>	<b>DSG Settlement 2019-20 at July 2019 £000</b>	<b>Projected Distribution / Spend 2019-20 £000</b>	<b>Variation Surplus / (Deficit) £000</b>
Schools Block	162,369	162,284	84
Central School Services Block (CSSB)	925	925	0
High Needs Block (Pre/Post 16)	20,782	26,169	(5,388)
Early Years Block	16,479	17,150	(671)
<b>Total</b>	<b>200,555</b>	<b>206,529</b>	<b>(5,974)</b>

*Note: the table above includes roundings.*

2.2 The projected surplus on the schools block relates to a surplus on growth funding of £0.101m partly offset by £0.016m of business rates adjustments.

2.3 The CSSB settlement includes funding for the Admissions Services, Schools' Forum and Licences as well as the centrally retained services (formally supported by the Education Service Grant) and is projected to have a nil variation.

2.4 The centrally retained service funding is supporting a proportion of the statutory costs of: the Director of Children's Services; the Assistant Director of Education; Planning for Schools; Asset Management; Health and Safety; SACRE; Education Welfare; Appeals; and statutory functions carried out by Finance and Internal Audit.

2.5 The projected deficit on the high needs block is £5.388m and further information on this can be found as a separate agenda item.

2.6 The projected deficit on the early years block is £0.671m and further details are provided in Section 3 of this report.

### 3. EARLY YEARS DETAILED UPDATE (INCLUDING THE FINAL SETTLEMENT FOR 2018-19)

3.1 In addition to the 2019-20 update there was also an updated settlement for 2018-19, specifically in relation to early years. The early years figures take account of the January 2019 census which has resulted in the below changes.

3.2 For 2018-19 the overall settlement for Early Years has increased by £0.122m. As reported in June 2019, it was estimated that there would be an additional £0.109m in the final settlement. The main reason for the variation was an increase in the Early Years Pupils Premium settlement of £0.015m. This results in a total surplus of £0.692m relating to 2018-19. This is detailed in Table 2.

**TABLE 2 – Early Years 2018-19 Final Position**

<b>Early Years Funding Block</b>	<b>Distribution / Spend 2018-19 £000</b>	<b>Estimated Surplus / (Deficit) March 2019 £000</b>	<b>Final Settlement for 2018-19 £000</b>	<b>Final Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal Entitlement (including contingency)	8,694	472	9,164	470
Early Years for 3 and 4 Year Olds Extended Entitlement (including contingency)	3,569	333	3,902	333
Early Years for 2 Year Olds	2,765	(112)	2,653	(112)
Early Years Pupil Premium	161	(37)	139	(22)
Early Years Disability Access Fund	28	23	51	23
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	260	19	279	19
Early Years Centrally Retained Expenditure (2 Year Olds)	52	0	52	0
SEN Inclusion Fund	169	(19)	150	(19)
<b>Total</b>	<b>15,698</b>	<b>679</b>	<b>16,390</b>	<b>692</b>

*Note: the table above includes roundings.*

3.3 The known surplus of £0.570m was transferred to the reserve at the end of the 2018-19 financial year. This surplus and the additional £0.122m 2018-19 adjustment will be required to support the projected deficit highlighted at 2.6 and detailed below in Table 3.

3.4 For 2019-20 the overall settlement for Early Years has increased to £16.479m (an increase of £0.209m). A detailed update of the Early Years block for 2019-20 is included in Table 3.

**TABLE 3 – Early Years 2019/20 updated settlement**

<b>Early Years Funding Block</b>	<b>Early Years DSG Settlement 2019-20 at July 2019 £000</b>	<b>Projected Distribution / Spend 2019-20 £000</b>	<b>Projected Outturn Surplus / (Deficit) £000</b>
Early Years for 3 and 4 Year Olds Universal Entitlement	9,106	9,044	63
Early Years for 3 and 4 Year Olds Extended Entitlement	3,818	4,194	(376)
Early Years for 2 Year Olds	2,608	3,144	(536)
Early Years Pupil Premium	149	178	(29)
Early Years Disability Access Fund	54	41	12
Early Years Centrally Retained Expenditure (3 & 4 Year Olds) based on 4% Retention	545	349	196
Early Years Centrally Retained Expenditure (2 Year Olds)	50	50	0
SEN Inclusion Fund	150	150	0
<b>Total</b>	<b>16,479</b>	<b>17,150</b>	<b>(671)</b>

*Note: the table above includes roundings.*

- 3.5 Table 3 reflects the updated 2019-20 Early Years settlement, compared with the projected distribution / spend against the grant. The projections are based on estimates for uptake and current indications show there will be a significant pressure on the 3 & 4 Year Olds Extended Entitlement and 2 Year Olds funded hours. Urgent work is required to ensure the take up of the places is reflective of the actual places being funded throughout the year for the Spring Term census collection. As stated in 3.2 the 2018-19 surplus will be required to support this deficit should it materialise.
- 3.6 The final settlement for early years funding will not be announced until June/July 2020. The projections will continue to be updated throughout the financial year to take account of actual uptake and reported to Schools' Forum.
- 3.7 The figures are following a similar pattern to the last two years final figures, which have resulted in small reductions on Universal Entitlement, significant increases in Extended Entitlement and reductions in 2 Year Old funding. Therefore at this stage there is some pressure on the Extended Entitlement, which may be alleviated through the final adjustment for 2019-20 but the situation is worse than in prior years. There is concern in relation to the reductions in the 2 year old funding which presently looks like an area for concern. Estimates will be produced for the final settlement once the January 2020 census data is available to provide the most accurate final position possible in advance of the final settlement.
- 3.8 As agreed at Schools' Forum in February 2019, the centrally retained element of early years has been increased. Additional resource is being implemented to support early years priorities. However, due to the resource being implemented part way through the year there is projected to be an in-year surplus which will support the pressures on Extended Entitlement and 2 Year Olds.

#### 4. KNOWN PRESSURES AND COMMITMENTS FOR 2019-20

4.1 Table 4 provides details of the estimated closing position of the DSG for 2019-20.

**TABLE 4 –DSG 2019/20**

	<b>Surplus / (Deficit) £000</b>
<b>DSG Reserve Brought Forward from 2018-19</b>	<b>3,228</b>
<b>Schools Block Changes 2019-20</b>	
In year deficit on business rates	<b>(16)</b>
In year surplus on growth fund	<b>101</b>
<b>Schools Block 2019-20 Subtotal</b>	<b>84</b>
<b>In year deficit on High Needs Block</b>	<b>(5,388)</b>
<b>Current in year deficit on Early Years</b>	<b>(671)</b>
<b>Early Years Block 2018-19 Adjustment</b>	<b>122</b>
<b>Estimated DSG Reserve after Commitments</b>	<b>(2,624)</b>

*Note: the table above includes roundings.*

4.2 Should all the projections materialise, there would be a deficit of £2.624m on the DSG. As a result a deficit recovery plan would have to be submitted to the DfE outlining how we expect to recover the deficit over the next 3 years. This will require discussion and agreement of the Schools' Forum, more detail can be found in a separate paper on the agenda. The position will be closely monitored throughout the year and updates will be reported to Schools' Forum.

#### 5. CONCLUSION

5.1 The projected in year deficit on DSG is £5.974m. If this materialises it would lead to a deficit on the DSG reserve, estimated to be £2.624m.

5.2 The projected deficit may require a deficit recovery plan to be submitted by the LA to the DfE.

#### 6. RECOMMENDATIONS

6.1 As set out at the front of the report.

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# Agenda Item 7

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	22 October 2019
<b>Reporting Officer:</b>	Tom Wilkinson – Assistant Director Finance Tim Bowman – Assistant Director Education.
<b>Subject:</b>	<b>HIGH NEEDS FUNDING UPDATE 2019-20</b>
<b>Report Summary:</b>	A report on the 2019-20 High Needs Budget and options for managing the budget pressure in 2020-21
<b>Recommendations:</b>	Members of Schools Forum are asked to:  Note the projected outturn for 2019-20 of £5.38m that will be offset by reserves of £3.23m leaving an overall deficit of £2.16m.  Note the position on High Needs budget for 2020-21 is forecasting a deficit of approx. £4.65m to £5.23m after the additional funding included in the recent announcements.  Agree in principle to 0.50% transfer from schools block to high needs block in 2020-21 (at a minimum).  Agree in principle to support a disapplication request to the Secretary of State to transfer 1.00% from the schools block to the high needs block (if required) following further funding announcements expected October 2019.
<b>Corporate Plan:</b>	Schools spending support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood
<b>Policy Implications:</b>	In line with financial and policy framework.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.  If the projected deficit materialises as expected, a deficit recovery plan would have to be submitted to the DfE outlining how we expect to recover this deficit and manage spending over the next 3 years.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	Failure to account for the Grant in accordance with correct accounting procedures will put the Council at risk of auditor and DfE counter action through imposition of sanctions and penalties due to unlawful practices. There is a statutory duty to use resources efficiently and effectively against priorities and to achieve a balanced budget. In noting the report Members should ensure that robust challenge is factored into the reporting mechanism especially given the current known deficit.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.

**Access to Information:**

**NON-CONFIDENTIAL**

**This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**

**Background Information:**

The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner by:



Telephone: 0161 342 3216



e-mail: [Christine.mullins@tameside.gov.uk](mailto:Christine.mullins@tameside.gov.uk)

## 1. INTRODUCTION

- 1.1 This paper provides an update on the high needs budget current budget position for 2019-20 (as at the end of summer term). It also provides some detail with regards to the recent government spending announcements and the potential impact on the Tameside MBC position.

## 2. BUDGET POSITION UPDATE

- 2.1 Table 1 below shows the revised forecast for 2019-20, taking into account actual Growth and real time movement funded at the end of summer term 2019. The forecast in the top half of the table includes known plans and costs for this financial year i.e. this assumes nothing else changes in terms of existing plans and funding. A further estimate of in year growth is made in the section headed 'Projected in Year Growth' from the beginning of the year, which adds a further £3.59m being incurred across the financial year. Actual costs for the summer term are now included in the top part of the table in the revised forecast. The total £1.92m projected represents the expected demand and price increase for the remainder of the financial year.

**Table 1 : High Needs Budget Position 2019-20**

High Needs Budget Position (Summer 2019)	2018-19 Final Position	2019-20 Original Forecast	2019-20 Revised Forecast	2019-20 Varaince
Mainstream	£1,492,038	£1,877,167	£2,170,669	-£293,502
Special	£9,155,266	£9,439,534	£10,098,166	-£658,632
TRPS	£2,516,959	£2,537,744	£2,534,746	£2,998
Resourced Units	£260,165	£126,674	£181,171	-£54,497
Independent Schools	£1,823,699	£2,105,074	£2,186,155	-£81,081
NMSS	£424,688	£391,049	£362,381	£28,668
OOB (Pre 16)	£445,069	£721,042	£933,370	-£212,328
Post 16	£2,377,776	£2,447,576	£2,766,570	-£318,994
Hospital Education	£65,538	£75,750	£75,750	£0
SEN Support Services	£1,772,077	£1,841,280	£1,790,680	£50,600
Income OOB	-£408,361	-£250,177	-£315,784	£65,607
<b>Totals</b>	<b>£19,924,914</b>	<b>£21,312,713</b>	<b>£22,783,874</b>	<b>-£1,471,161</b>
Original Funding	£19,324,350	£20,336,633	£20,264,633	£72,000
Academy Recoupment	-£1,370,000	-£1,461,667	-£1,461,667	£0
Additional Pressures Funding	£517,068	£517,068	£517,068	£0
<b>Total Funding</b>	<b>£18,471,418</b>	<b>£19,392,034</b>	<b>£19,320,034</b>	<b>£72,000</b>
<b>Overspend before Balance b fwd</b>	<b>-£1,453,496</b>	<b>-£1,920,679</b>	<b>-£3,463,840</b>	<b>£1,543,161</b>
<b>Projected in Year Growth:</b>				
<b>Summer Term Real Time</b>		£1,662,282	£0	£1,662,282
<b>Autumn Term Real Time</b>		£1,099,279	£1,099,279	£0
<b>Spring Term Real Time</b>		£824,459	£824,459	£0
		£3,586,020	£1,923,738	£1,662,282
<b>Projected Overspend at Year End (Before Reserves)</b>		<b>-£5,506,699</b>	<b>-£5,387,578</b>	<b>-£119,121</b>
<b>DSG Reserves</b>		£3,227,681	£3,227,681	£0
<b>Projected Overspend at Year End (after Reserves)</b>		<b>-£2,279,018</b>	<b>-£2,159,897</b>	<b>-£119,121</b>

- 2.2 The revised forecast is projecting an in year deficit of £5.39m on the high needs block and assumes the current reserves carried from 2018-19 of £3.23m will be used to offset this deficit leaving an overall deficit of £2.16m which will need to be addressed.
- 2.3 Growth in EHCP's seems in line with projected growth at the beginning of the year. The number of EHCP's issued during the summer term has continued at an average of 30 per month taking the total to 1,439 currently funded at the start of the Autumn term.
- 2.4 Assuming growth continues at an average of 30 per month it is estimated by the end of the financial year numbers will rise to approx. 1,649.

### 3. GOVERNMENT ANNOUNCEMENTS

- 3.1 The government's has made a commitment to a £7.1bn increase in funding for schools by 2022-23. The Schools Resources for the next 3 years are outlined in the extract below; the announcement confirmed the increase did not include the teacher's pension increase of £1.5bn this would be in addition.

**Table 2: Government Funding Announcements for Schools 2020-21**

**Table 2.3: Schools settlement**

	£ billion			
	2019-20	2020-21	2021-22	2022-23
Schools Resource DEL excluding depreciation	44.4	47.6	49.8	52.2
<i>of which pensions funding<sup>1</sup></i>	0.9	1.5	1.5	1.5
<i>of which Spending Round 2019 cash uplift compared to 2019-20 funding levels<sup>2</sup></i>	n/a	2.6	4.8	7.1

<sup>1</sup> The rise in pensions funding from £0.9 billion in 2019-20 to £1.5 billion from 2020-21 onwards reflects that in 2019-20 the government begins paying pensions compensation from September 2019, when the costs start to accrue. From 2020-21 the funding covers the full year cost.

<sup>2</sup> The core 5-16 schools budget, excluding pensions compensation funding, in 2019-20 is £43.5 billion. *Spending Round 2019 cash uplift compared to 2019-20 funding levels* is calculated by comparing the schools resource DEL for years 2020-21 onwards, excluding the pensions compensation funding, to this baseline.

- 3.2 The announcements confirmed that out of the £2.6bn in 2020-21, £700m would be allocated to the High Needs Block. The funding floor would be set at 8% so all LA's would see an increase of at least this percentage (taking into account changes in the 2-18 population). This is based on the 2019-20 high needs allocation including the additional £125m.
- 3.3 The gains cap will be set at 17%, allowing LA's to see an increase up to this percentage. Tameside have previously had a cap on the High Needs national funding formula so should see an increase above 8%. However, it is still unclear at this stage how this will be allocated. It could be allocated in a number of ways and these are outlined below in Table 3, with NW allocations for information.

**Table 3: Potential Distribution on £700m to Tameside & Neighbouring LA'S**

Local Authority	Allocated on Additional £125m Funding basis	# £700m	Allocated on Total HNB basis	** £700m
Knowsley	0.27%	1.925	0.32%	2.266
Liverpool	0.78%	5.492	0.79%	5.532
St Helens	0.30%	2.131	0.36%	2.488
Sefton	0.45%	3.148	0.45%	3.147

Wirral	0.57%	3.987	0.59%	4.116
Bolton	0.56%	3.941	0.56%	3.911
Bury	0.36%	2.526	0.49%	3.406
Manchester	1.02%	7.173	1.23%	8.58
Oldham	0.50%	3.482	0.53%	3.685
Rochdale	0.43%	3.026	0.38%	2.655
Salford	0.47%	3.268	0.53%	3.685
Stockport	0.53%	3.709	0.49%	3.459
<b>Tameside</b>	<b>0.41%</b>	<b>2.896</b>	<b>0.33%</b>	<b>2.317</b>
Trafford	0.48%	3.327	0.43%	2.98
Wigan	0.57%	3.98	0.47%	3.317

# allocated by Additional £125m– This is allocating the £700m increase on the same basis as the additional £125m HNB funding was allocated in 2019/20.

\*\* Allocated on Total HNB basis – This is allocating the £700m increase in line with the same allocation of the total HNB funding.

- 3.4 Assuming one of these allocations methods was used; Tameside could receive between £2.32m and £2.90m. This allocation would help contribute to close the gap on high needs funding however this will not resolve our overspend position. Table 4 below outlines our current year spend with the potential allocations.

**Table 4: Potential Impact on Tameside High Needs Budget Position**

	2019-20 Current Year £m	2020-21 Allocated on Additional £125m Funding £m	2020-21 Allocated on Total HNB basis £m
Funding Post Recoupment	£18.80	£18.80	£18.80
Additional HNB 19/20	£0.52	£0.52	£0.52
Additional HNB 20/21	£0.00	£2.90	£2.32
<b>Total Funding</b>	<b>£19.32</b>	<b>£22.22</b>	<b>£21.64</b>
Current Forecast Spend	£22.78	£22.78	£22.78
Estimated 19/20 Growth	£1.92	£1.92	£1.92
<b>Total Estimated Spend</b>	<b>£24.71</b>	<b>£24.71</b>	<b>£24.71</b>
Annual Funding Gap	(£5.39)	(£2.49)	(£3.07)
Deficit Brought Forward	£0.00	(£2.16)	(£2.16)
Total Deficit	(£5.39)	(£4.65)	(£5.23)
Contribution from DSG Reserves	£3.23	£0.00	£0.00
<b>CFWD Deficit to Recover</b>	<b>(£2.16)</b>	<b>(£4.65)</b>	<b>(£5.23)</b>

- 3.5 Whilst the additional funding is gratefully received the allocation would still leave an annual gap of between £2.49m and £3.07m per annum. There will also be a carry forward deficit to recover from 2019-20 to recover of £2.16m which would give between a £4.65m and £5.23m deficit to address in 2020-21. Spending levels for 2020/21 are currently expected to be similar to 2019/20.

#### **4. TRANSFER TO HIGH NEEDS BLOCK**

4.1 At Schools Forum in June 2019 we discussed the options available to the LA to support the deficit on High Needs Budget, see below:

The Schools Block is ring fenced in 2019-20 but LA's retain limited flexibility to:

- Transfer up to 0.50% of their schools block funding into another block, with approval of their schools forum
- Seek Secretary of State Approval if they require a movement of more than 0.50% by submitting a disapplication request.

4.2 Based on the current schools block allocation for 2019-20, 0.50% would equate to £0.811m and 1.00% would equate to £1.624m. These figures may increase following the recent announcements however it is unlikely even the 1% transfer will be sufficient to offset the annual gap of approx. £2.49m to £3.07m forecast

4.3 Further announcements are expected this month and at this point further modelling will take place to review the figures and calculate what the shortfall on the high needs budget is and also the impact of a transfer on all schools budgets.

4.4 Based on the current projections the LA will be required to submit a Disapplication Request to the Secretary of State by the 28 November. The proposal to transfer funding will be subject to:

- A consultation process with all schools and academies
- Presentation of the impact of the intended transfer on individual school budgets
- The strategic high needs plan
- A full breakdown of the budget pressures that have led to the requirement to transfer
- A strategic financial plan setting out how high needs expenditure can be sustainable longer term
- Schools Forum approval for a one-off transfer for 2020-21

4.5 In the interim we are asking Schools Forum members to agree in principle, at minimum the 0.50% transfer and if required the 1% transfer will need to take place. To facilitate the consultation and discussions with Schools Forum an additional meeting has been scheduled for the 26 November 2019.

#### **5. STRATEGIC FINANCIAL PLAN**

5.1 As Schools Forum is aware a SEND Forward Plan document was discussed at the last Headteachers briefing, and has been shared with all schools and academies for consideration, and asking for feedback on the proposals.

5.2 Alongside this review we will have to look at all other spend going through the High Needs Block, which may include

- A review of top-up rates paid to schools and academies,
- We will also look to SEND services funded through the HNB to look at the support provided to schools and the current service delivery.
- Consideration of shared support service models to see if co-investment models with other neighbouring LA's can realise savings

5.3 We will ask the Schools Funding Group to lead discussions on these options on behalf of the Schools Forum.

- 5.4 In addition to this the LA have established a Head of Commissioning post in Children's Services, who will be looking at all the Commissioning of Children's and SEND placements across the borough, the Independent Sector and Out of Borough Schools.

**6. RECOMMENDATIONS**

- 6.1 As set out at the front of the report.

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<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	22 October 2019
<b>Reporting Officer:</b>	Tom Wilkinson, Assistant Director of Finance
<b>Subject:</b>	<b>SCHEME OF FINANCING FOR SCHOOLS UPDATE</b>
<b>Report Summary:</b>	This report outlines the changes to Tameside Scheme of Financing for Schools. Changes are needed to the scheme to update for DFE directed changes and reflect local changes.
<b>Recommendations:</b>	<p>Schools Forum note the directed revisions for inclusion in the scheme.</p> <p>Schools Forum note the suggested changes to the Tameside Scheme of Financing which are local discretion for consultation with Maintained Schools</p>
<b>Corporate Plan:</b>	Schools spending support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood
<b>Policy Implications:</b>	In line with financial policies and financial regulations
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	There are no direct financial costs as a result of this report. The report brings the local Scheme of Financing in line with Department of Education's latest directed changes. This makes the local scheme compliant.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	There is a need to regularly review the scheme and ensure fit for purpose and legally compliant and all members of the Forum and wider school community should be aware as they establish the rules for conducting schools business.
<b>Risk Management:</b>	Not updating the scheme in line with the DFE latest regulation could result in challenge from our schools in relation use of appropriate provisions of the scheme.
<b>Access to Information:</b>	<p style="text-align: center;"><b>NON-CONFIDENTIAL</b></p> <p><b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b></p>
<b>Background Information:</b>	<p>The background papers relating to this report can be inspected by contacting Christine Mullins</p> <p> Telephone: 0161342 3216</p> <p> e-mail: <a href="mailto:Christine.mullins@tameside.gov.uk">Christine.mullins@tameside.gov.uk</a></p>

## 1. INTRODUCTION

- 1.1 Local Authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. The DfE has issued revised guidance on Local Authority schemes for financing schools which Local Authorities must take into account when they revise their scheme

## 2. REVISION TO TAMESIDE SCHEME OF FINANCING

- 2.1 Changes to some of the wording in the scheme are called 'directed revisions'. This means that Authorities must incorporate within, or remove from, their schemes the specified wording and no other process is needed in order to make the changes. The power of directed revision is used, to remove outdated provisions and to insert new provisions that are required for the implementation of policy.
- 2.2 The summary of scheme changes is as follows:
- Directed revisions already announced
  - The Local Authority has updated Tameside's scheme in accordance with the specified instructions
- 2.3 A full review of the scheme has been carried out and the necessary amendments are shown in **Appendix A**, alongside directed provisions, this will bring the scheme up to date.
- 2.4 Schools Funding Group and the Maintained School Sector will be consulted on the changes to the scheme. The results of consultation will reported back to Schools Forum for consideration and approval of the scheme.
- 2.5 A copy of the summary changes can be found at **Appendix A** and the scheme of Financing is at **Appendix B**. Both will be sent to schools as part of the consultation.

## 3. RECOMMENDATIONS

- 3.1 As set out at the front of the report.

## APPENDIX A

No	Section	Page	Reason for Change	Change
1	2.1.3	11	Local Practice	Update for schools to comply with payroll procedures where they use the authority's payroll service.  The requirement to provide the LA staffing cost details on a monthly basis where the procure payroll services from other providers
2	2.1.4	11, 12	Local Practice	Update for requirement of keeping assets secure and appropriate maintenance of asset lists and registers. Updates in relation to stock records and disposal of assets
3	2.1.4	12	Local Practice	To reflect the local scheme
4	2.1.5	13	Local Practice	To reflect Tameside year-end practice
5	2.1.6	13	Local Practice	Updated in line with Tameside Council Financial Regulations
6	2.2	13	Local Practice	Update in line with Tameside current working practices.
7	2.3	13	Local Practice/ DFE Scheme of Financing (SOF)	Update the requirement for one budget submission a year to the LA. The date for the budget plan to be brought forward to the 1 May 2019 in line with DFE SOF  A new requirement for deficit school to submit a provisional budget by 1 April, which should not be onerous as the school will be subject to higher financial scrutiny whilst the address the budget difficulty.
8	2.3.1 – Submission of Financial Forecasts	14	Local Practice	Updated in line with current working practice
9	2.4 – Efficiency and Value for Money	14	DFE directed revision	Updated in line with DFE Scheme of Financing
10	2.8 – Audit of Voluntary & Private Funds	15, 16	Local change	To provide further clarity on Audit arrangements.
11	2.9 – Register of Business Interests	16	DFE directed revision	Updated in line with DFE Scheme of Financing

## APPENDIX A

12	2.10 – Purchasing, Tendering & Contracting Requirements	16,17	Local Practice	Updated to reflect the new procurement arrangements for the LA with changes to the Corporate Procurement Rules and STAR involvement
13	2.13 – Spending for purposes of the School	18	Internal Audit requirement	Updated to clarify spend in relation to staff celebrations from delegated budget, and segregation of school fund spend and mainstream bank account.
14	2.14 – Capital Spending from Budget Share	18	DFE SOF	Bringing the local scheme in line with the DFE SOF.
15	2.1.5 – Notice of Concern	19	DFE SOF	Bringing the local scheme in line with the DFE SOF.
16	2.17 – Fraud and Corruption	20	DFE directed revision	Updated in line with DFE Scheme of Financing
17	3, 3.1 and 3.2 Instalments of the Budget Share, Frequency of Instalments and Proportion payable	20	Local Practice	Update in line with Tameside current working practices.
18	3.5.1 – Restriction on Accounts	22	Local Practice	Update in line with Tameside current working practices.
19	3.6 – Borrowing by Schools	22	DFE directed revision Local Practice	Updated in line with DFE Scheme of Financing and local practice.
20	4.2 – Controls on Surplus Balances	24	Local Practice	Updated in line with School Forum approved scheme.
21	4.7 – Writing Off Deficits	25	DFE SOF	Bringing the local scheme in line with the DFE SOF.
22	4.8 – Balances of Closing and Replacement Schools	25	DFE SOF	Bringing the local scheme in line with the DFE SOF.
23	4.9 – Licensed Deficits	26	Local Practice	Update in line with Tameside current working practices.

**Scheme for  
Financing  
Schools  
September 2019**

Statutory Guidance

School Standards and Framework Act 1998, and Schedule 14 to the Act Schools and Early Years Finance (England) Regulations



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# 1. Introduction

## 1.1 The Funding Framework

Under Fair Funding each Local Authority is required to produce a scheme for financing schools.

The scheme sets out the rules, guidelines and conditions relating to:

- Financial monitoring
- Audit and general probity issues
- Payments and contractual arrangements
- Banking and budget share instalments
- Treatment of any budget surplus and deficit balances
- Charging school budget shares for certain costs incurred by the Local Authority as a result of decisions made by Governing Bodies
- Taxation
- Capital expenditure and responsibility for repairs and maintenance.

A fuller description of the main features of the Fair Funding framework is below;

The funding framework which replaces Local Management of Schools is set out in the legislative provisions in sections 45 to 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 its schools budget.

The categories of expenditure which fall within the 2 budgets are prescribed under regulations made by the Secretary of State, but included within the 2, 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 section 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 section 51 of the Act.

The financial controls within which delegation works are set out in a scheme made by the authority in accordance with section 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 section 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 (section 50(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, under 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 outturn expenditure.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State.

A copy of each year's budget and outturn statement should be made easily accessible to all schools.

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**

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

### The Local Authority

The Local Authority has responsibility for determining the total resources that will be available to schools, establishing the basis for the allocation of resources to individual schools (following consultation with schools and the Schools Forum), giving advice to schools and taking corrective action if necessary, and operating sanctions including the withdrawal of delegation where appropriate.

### The Governing Body

Within the national and local framework, governing bodies control the running of schools with delegated budgets and have the freedom to deploy resources according to their own educational needs and priorities. In administering the delegated budget, the governing body should have

regard for the proper accountability and control over expenditure. They should arrange to ensure that the delegated budget is used in an economical manner and that the highest standards of probity are maintained.

The governing body is responsible for ensuring that this Scheme is observed in their school and that a system of internal controls is established which ensures that all activities under their control are conducted in a proper, efficient, effective and well ordered manner.

The governing body must spend its delegated budget in a manner consistent with the requirements of the National Curriculum and other statutory requirements relating to the curriculum.

The governing body should, together with the headteacher develop and carry out a development (improvement) plan for their school taking account of the full range of responsibilities. Headteachers have a key role to play in helping the governing body to formulate the development plan.

Governing bodies of schools have the responsibility of spending money according to the perceived needs of the school. They should make arrangements for setting up clearly defined and documented structures to ensure that both financial and non-financial decisions are made effectively.

### **1.3 The Application of the Scheme**

The scheme applies to all community, nursery, special, voluntary, foundation, and foundation special schools maintained by the Authority.

The schools that the scheme covers are listed in Appendix 1.

### **1.4 Publication of the Scheme**

A copy of the Scheme will be placed on the Council's Web Site. A copy will be emailed to each school whenever a new scheme or revision to the scheme is approved. Any revised version will be published by the date the revisions come into force with

### **1.5 Revision of the Scheme**

Any revisions of the scheme will be subject to consultation with schools and will be submitted to the Schools Forum for approval. Approval must be by members of the Forum representing maintained schools.

The Authority may apply to the Secretary of State for approval in the event of the Forum rejecting a proposal or approving it subject to modifications that are not acceptable to the Authority.

### **1.6 Delegation of Powers to the Headteacher**

Approval of the annual budget is the responsibility of the governing body. The approval of the budget should be recorded in the minutes of the governing body along with the total budgeted expenditure.

The governing body of each school should consider the extent to which it wishes to delegate its financial powers to the headteacher. The governing body should ensure that any powers that are delegated to the headteacher are recorded in the minutes and included in the school's procedural manual.

The governing body must determine the extent of delegated financial powers to the head

teacher Whatever level of delegation is identified, the governing body must still ensure the requirements for purchasing, tendering and contracts are still followed. (see Section 2.10).

## **1.7 Maintenance of Schools**

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

## **2. Financial Controls**

### **2.1 General Procedures**

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

Schools shall manage their delegated budgets in accordance with the Authority's financial regulations and more specifically the Financial Regulations for Schools. Where there is a conflict between the provisions of the scheme and the Financial Regulations for Schools the scheme shall take precedence.

#### **2.1.2 Provision of financial information and reports**

The Authority reserves the right to request financial monitoring information from Maintained Schools, as they are a significant element of the Authority's accounts. This should not be more than once every three months unless we have notified the school in writing that in the Authority's view the school's financial position requires more frequent submission.

The Authority has implemented a requirement for termly financial monitoring information based on a specified timescale and format however schools should consider the reporting requirements of the Governing Body where more frequent reports may be appropriate.. The Authority may require monthly monitoring from Schools where the financial position may be a cause for concern

Each school shall submit monthly reports in relation to Value Added Tax/Income Tax, Bank reconciliation in a format specified by the Authority, along with accompanying bank statements may also be required depending on the financial health of the school.

#### **2.1.3 Payment of salaries and bills**

All schools within the scheme shall have bank accounts into which proportions of their delegated budgets will be paid at regular intervals (see section 3). Schools will therefore be responsible for authorising invoices for payment and making payment from their bank accounts. Guidance on the payment of invoices is included in the Authority's Financial Regulations for Schools.

Schools may make their own arrangements for the payment of salaries and wages or they may use the Authority's payroll service. In either case, the arrangements must adhere to the Authority's control requirements. Schools that choose to use the Authority's payroll service must comply with procedural instructions, including timetables provided by the Authority relating to the payment of salaries and wages.

If any maintained Schools use a Payroll provider other than the Authority service then they are required to submit staffing cost details on a monthly basis. The Authority can provide a template for the provision of the data if required.

#### **2.1.4 Control of Assets**

##### **a) Security of assets - inventories**

Schools should have adequate arrangements for ensuring that assets owned by the school are securely held so that there is no unnecessary risk of theft. An important tool in the prevention of loss of assets is the use of an inventory and therefore all schools must keep up to date inventories.

Schools must keep a register of assets, whilst schools are free to determine their own arrangements for keeping the register, the register must state the location, make, model and serial number of the item. Schools are not required to include items of less than £100 on the register,

unless the item is a potential risk such as portable and attractive e.g. camera, musical instrument.

Schools are required to maintain an inventory for assets over £1,000 in accordance with the guidance issued by the Authority's S151 Officer. Inventory records shall be updated on an on-going basis and submitted to Governors annually for their approval/information. Information shall be available for inspection by the Authority or its auditors on request. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000. A physical check of the inventory is required on an annual basis. Any discrepancies must be reported to the governing body

**b) Security of assets - stocks**

Schools hold stocks of consumables such as stationery, school meals provisions and cleaning materials, uniforms. Generally, these stocks do not warrant a computerised stock system with purchases and issues being recorded. However, schools should set alternative controls that prevent significant losses and keep records of stocks held. Stock balance values should be submitted to the Local Authority at year-end and records should be readily available for inspection upon request.

**c) Disposal of assets**

It is important that proper procedures are in place for dealing with the disposal of assets in order to ensure that the school receives the maximum benefit from assets when they are no longer of use to the school. Any disposal of assets should be clearly recorded in the inventory and signed by either the head teacher (where the governing body have given delegated powers to the head teacher), or by the Chair of Governors.

It is recommended as good practice for the governing body to be informed of any disposals, and to state in the minutes the reason for disposing of the asset and the amount received from the sale.

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

Where an asset has been purchased with capital grant funding managed by the Authority, (e.g. Capital Grant) the school shall obtain permission from the Authority prior to disposal. The Authority shall identify any claw back of grant that will be made following the disposal of the asset.

Before disposal the school should ensure the item is not leased. If the item is leased they must seek the approval of the finance company before disposing of the asset.

**c) Gifts**

Where gifts or benefits in kind of a significant nature are offered by external agencies to school staff, governors as individuals, or generally to the school, it is best practice to ensure a record is kept of the gift and how the gift is to be used for the benefit of the school. Gifts for the benefit of individuals are not permitted, but gifts can be accepted on behalf of the school.

**2.1.5 Accounting Policies (Including year-end procedures)**

The Authority has a duty to account for the public money that it is spending. Maintained schools, as part of the Authority, must comply with this requirement. The Secretary of State expects that the financial arrangements of the scheme will give schools freedom over their individual budgets

whilst maintaining proper accounting for public funds. .

The accounting framework, the format of the accounts and the reporting structures are imposed on the Authority. Schools should therefore follow procedures issued by the Chief Finance Officer (including those issued annually for the closure of accounts), The Authority shall issue guidance on accounting policies and procedures which schools shall be required to follow year-end communications

Schools must submit a Consistent Financial Reporting (CFR) outturn report in accordance with DfES guidance, the deadline will be advised by the Local Authority.

Schools holding balances in excess of the approved balances levels must submit returns in line with the scheme of balances

Schools operating a separate bank account are subject to additional returns.

### **2.1.6 Writing Off Debts**

Governing Bodies should set out internal procedures for writing off debts outlining who can authorise write-offs, up to what amount. All write-offs should be detailed in minutes of the Governing Body. Governing Bodies may write off debts of up to £ 500 in an individual case.

Anything in excess of this amount must be referred to the Local Authority for approval. Any debt written off which involves a member of staff or a governor must be referred to the Local Authority for approval. The loss of income involved in writing off the debts will be met from the school budget share.

## **2.2 Basis of Accounting**

Schools must comply with the accounting policy adopted by the Authority. Any reports and accounts required by the Authority will be on an accruals basis. While the requirement to provide reports and accounts on this basis is part of this scheme, it does not seek to impose a methodology on schools' internal systems. (Schools will be able to use a cash basis for their internal systems if they wish, but in these circumstances must be able to reconcile the differences between their internal system and the reports provided to the Authority).

Schools need to be mindful of the reports, accounts, etc. which may be required by external funding bodies. These may be required on a different accounting basis and where schools access such funds, schools may themselves be subject to audit by the external body or their appointed audits.

## **2.3 Submission of Budget Plans**

Each school must submit a budget plan to the Authority outlining its estimated income and expenditure for the upcoming financial year and following 2 years, The plan must take account of schools balances.

Plans must record the current financial position and anticipated position at the end of the financial year based on actual expenditure / income and forward projections. A full staffing breakdown should be submitted alongside the approved plan.

The plan must be approved by the Governing Body or a committee of the Governing Body and be in the format required by the Authority in line with Consistent Financial Reporting.

- I. Annual plan approved by Governing Body; Schools may take full account of estimated deficits and surpluses when constructing their initial plan. The first annual plan shall be

- submitted by 1 May each year
- II. Where schools are in deficit a provisional budget plan should be submitted in advance of the financial year to enable sufficient scrutiny to ensure a the deficit can be licenced appropriately. The deadline for deficit schools is 1 April each year .
  - III. No further spending plans are required except in the following cases:

Where a school does not submit its plan by the required date, the Authority shall make its own assumptions in calculating the subsequent instalments into the school bank account. The Authority shall provide schools who utilise their Payroll service with details of contract information for all members of staff to assist in the budget planning process. The Authority will provide a monthly report of income and expenditure transactions that have been processed by the Authority centrally for each school (e.g. Authority recharges).

### **2.3.1 Submission of Financial Forecasts**

The authority requires 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. This period is a minimum of 3 years and could be a maximum of 5 years, where requested.

Forecasts will be used for the following purposes:-

- to confirming schools are undertaking effective financial planning
- to support the authority's assessment of Schools Financial Value Standards
- in support of the authority's balance control mechanism

## **2.4 Efficiency and Value for Money**

Given the very high proportion of spending that flows through the delegated budgets, it is essential that schools must seek to achieve effective management of resources and value for money, to optimise the use of their resources and to invest in teaching and learning and maximise pupil outcomes, taking into account the authority's purchasing, tendering and contracting, requirements.

<https://tameside.moderngov.co.uk/ieListDocuments.aspx?CIId=360&MIId=1273&Ver=4&Info=1>

It is for heads and governors to determine at school level how to optimise the use of resources and maximise value for money.

There are significant variations in the effective management of resources between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

## **2.5 Virement**

Schools shall have freedom to vire between budget heads at any level of their individual budget share. It shall be up to Governing Bodies to determine the level of virement that will be delegated to a Finance Sub-Committee and/or the Head Teacher.

The Authority will provide advice on virement levels on request. The Authority will request schools to carefully consider virements from staffing budgets that may leave insufficient funds to pay staff.

## **2.6 Audit:General**

Schools are custodians of public funds and as such are subject to the same standards of

audit as the rest of the Authority. The S151 Officer has a statutory duty to maintain an effective internal audit. The Authority is also subject to external audit. Schools, which are subject to audit, whether internal or external, shall co-operate fully with the auditors and shall provide access to all records that are requested. Failure to co-operate with the auditors may lead to removal of delegation.

## **2.7 Separate External Audits**

Schools shall have the freedom to obtain independent external audit verification of their accounts, which will be additional to the Authority's internal and external audit checks. Schools that take this approach will have to fund the cost of the audit from their budget. The Authority does not expect schools to routinely pay for an external audit but the costs of such audits shall be an acceptable charge on the school budget.

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

Set out below is the Authority's definition of a voluntary fund and the minimum requirements for managing such funds set out in the code of practice. The code of practice may be enhanced but not diluted by individual Governing bodies. Monies donated or collected for different purposes should not be mixed, but separate unofficial funds should be set up. Governors should attempt to establish a constitution for each fund which should be agreed with the contributors to the fund.

The governing body should make arrangements to ensure that voluntary or private funds held by the schools are administered to the same standards of stewardship as exist for official funds. Governing bodies must keep a record of all voluntary or private funds held by the school and ensure that the accounts are audited each year including accounts of any trading activities controlled by the school.

### Definition

"Any fund other than an official fund of the Authority which is controlled wholly or in part by an Authority or by the Governors of a school maintained by the Authority"

### Code of Practice

- Adequate records should be maintained of all receipts and payments and transactions should wherever possible be recorded as they occur. When practicable, payment should be made by cheque or vouchers and, other supporting evidence of payment should be carefully retained for Audit.
- Cash balances in excess of immediate requirements should be deposited in a bank account and an account should be opened in the name of the fund.
- Bank deposits may be made by an authorised person, but withdrawals on account should be on the joint signatures of the Treasurer of the fund and one other nominated person.
- At the end of the annual period of account a statement summarising the receipts and payments should be prepared. The balance of cash should be shown separately as to amount in hand and at bank.
- An independent person should be appointed as auditor. This cannot be a person generally involved in the running of the fund. This person can't be another member of staff.
- Within three months of the end of the annual period of account the auditor's certificate should be obtained.
- The annual statement together with the auditor's certificate should be submitted to the school Governors/Managers.
- A copy of the annual statement and auditor's certificate should also be sent to the Director of Childrens Services for information and audit purposes.

- The Treasurer to the fund should retain, in safe custody, the annual statement together with vouchers, bank statements and other supporting records for the current year plus the previous three years.
- The postal address used on the account must be the school address.

The purpose of this provision is to allow the Local Authority to satisfy itself that public funds are not being misused. Local Authorities may not seek to impose through the scheme a right to audit such funds themselves or otherwise access the accounts of private funds.

A school refusing to provide audit certificates to the Local Authority as required by the scheme is in breach of the scheme and the Local Authority can take action on that basis.

Further guidance in relation to voluntary funds has been produced by the Internal Audit section.

## **2.9 Register of Business Interests**

The governing body of each school should establish a register of interests which lists for each member of the governing body and the head teacher:

- any business interests that they or any member of their immediate family have
- details of any other educational establishments that they govern
- any relationships between school staff and members of the governing body

The register should be kept up to date with notification of changes and through annual review of entries, made available for inspection by governors, staff and parents, and the authority, and be published, for example on a publicly accessible website.

The governing body should make arrangements to ensure that the register is kept up to date by requiring notification of changes and through annual review of entries.

There should be an opportunity to declare business interest at the start of each Governing Body meeting.

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

Each school shall abide by the Authority's financial regulations, (which can be found at [www.tameside.gov.uk/constitution/part4b](http://www.tameside.gov.uk/constitution/part4b)), and Procurement Standing Orders / Contract Procedure Rules (which can be found at <https://www.tameside.gov.uk/procurement> or [www.tameside.gov.uk/constitution/part4c](http://www.tameside.gov.uk/constitution/part4c)) in as far as they are not contracted by the provisions of this clause, the outline of the contract values and appropriate process to follow can be found at Appendix 2.

- a. In complying with the Authority's Standing Orders / Procedure Rules, the school shall not do anything that is incompatible with the Public Contracts Regulations 2015 (or as may be amended from time to time) or is contrary to other legislation, (including EU whilst the UK remains within the EU).
- b. Schools shall have freedom to place orders for goods and services without the need for a counter signature by an officer of the Authority unless the Authority has notified the school to the contrary in writing.
- c. The Authority shall make available to schools, details of the suppliers on its approved lists for various goods and services, for which the schools are able to access. Schools shall have the freedom to use the approved suppliers or select their own.

They should, however, remember that as custodians of public monies they should ensure value for money with their purchasing decisions.

- d. For contracts with a value not in excess of £4,999.99, the school shall invite a minimum of 1 written quotation, by any means necessary.
- e. For contracts with a value of between £5,000 to £24,999.99, the school shall invite a minimum of 3 written quotes, by any means necessary, in accordance with the Authority's guidance.
- f. For contracts with a value of £25,000 or more, but below the [value thresholds](#) that apply under the Public Contract Regulations 2015, schools shall follow the tendering procedures laid down in the Authority's Procurement Standing Orders / Contract Procedure Rules and the guidance contained in the Procurement Handbook, and are able to seek professional advice from the STAR procurement website ([www.star-procurement.gov.uk](http://www.star-procurement.gov.uk)) to ensure this happens. (Guidance on the Tendering Process can be obtained, if required): <https://www.tameside.gov.uk/procurement>.

Where the estimated expenditure of the total contract is likely to exceed the [value thresholds](#) that apply under the Public Contracts Regulations 2015 then the Public Contracts Regulations 2015 apply to the procurement activity. Governing bodies are required to advertise as appropriate, as laid out in legislation. Guidance can be obtained from the STAR Procurement website. Contracts must not be split in order to circumvent the application of the Authorities rules or legislation to the procurement process.

In all cases governors should record in the formal minutes of a full governors or subcommittee meeting which bid, if any, has been accepted and the reasons(s) for choosing the bid. Governors need not accept the lowest tender but should have regard to their responsibility in securing value for money in respect of expenditure of public funds, as provided for in the Authorities Standing Orders / Procedure Rules.

Any appointed agent acting on the schools behalf must also follow the Council's Standing Orders / Procedure Rules. If the contract is over more than one year the value may not be split in order to circumvent these Requirements

The school shall take account of the Authority's policies and procedures in assessing the health and safety competence of contractors as part of the tendering process i.e. in advance of the award of a contract.

More detailed guidance on purchasing, tendering and contracting requirements can be found <https://www.tameside.gov.uk/procurement>. Schools may seek advice on a range of compliant deals via Buying for schools a DfE website <https://www.gov.uk/guidance/buying-for-schools>.

[Schools may buy into the STAR Procurement SLA for general advice on their procurement queries.](#) if they wish to engage STAR to lead/support them with a piece of procurement, they can contact STAR on [bids@star-procurement.gov.uk](mailto:bids@star-procurement.gov.uk) for a quotation.

## 2.11 Application of Contracts to Schools

Schools can elect to utilise a contract negotiated by the Authority for which the school makes payment from its delegated budget. Although Governing Bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the Authority as maintainer of the school and the owner of the funds in the budget share. 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**

The Authority shall have the power to make additional funds available to schools on an earmarked basis. Such allocations might, for example, be sums for pupils with special educational needs or other initiatives funded from the central expenditure of the Schools Budget or other Authority budget. These funds shall be added to the schools budget and the cash advance calculation will be amended as necessary. These funds shall be used by the school in accordance with the purpose for which the funds were allocated. As part of this process, the school shall retain sufficient records to be able to account for the funds and demonstrate that they have been spent for the purposes so allocated. Schools shall have the ability to vire earmarked funds within the area for which the funds were delegated, except where funds are supported by specific grant, which does not permit virement. Schools shall not be permitted to vire these funds into the main school budget share. The terms under which earmarked funds are allocated to schools may include a requirement for schools to repay at year end or within the period allowed, any unspent funding. This will not be a universal condition but will vary with the different types of funding allocated and schools shall be notified as part of allocation process on the ability to carry forward any unspent balances. The Authority will make no deduction in respect of interest costs relating to the payment of devolved or special grants.

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

Although s.50(3) of the School Standards and Framework Act 1998 (the Act) allows Governing Bodies to spend their budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme. By virtue of Section 50(3A) of the Act amounts spent by Governing Bodies on community facilities or services under Section 27 of the Education Act 2002, will be treated as if spent for any purposes of the school. See Appendix 5

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

Governing bodies are reminded expenses incurred in connection with staff farewell celebrations and other social events shall not be funded from the school's delegated budget. On no account should schools either mix funds that should be properly accounted for within the mainstream bank account (school budget share) with those in the school fund or any other account, or vice versa nor should they hold any other accounts that are not agreed in advance with the Council.

## **2.14 Capital Spending from Budget Shares**

Schools shall be permitted to spend an element of their budget and/or retained balances on capital proposals. Where the cost of a school's capital proposals exceeds £10,000, the school shall notify the Authority of the proposals. The school shall seek advice from the Director of Childrens Services where the cost of its proposals exceed £10,000 (inclusive of any irrecoverable VAT) as to the merits of the proposed expenditure and shall take this advice into account in proceeding with the proposals.

If the premises are owned by the Authority, or the school has voluntary controlled status, then

the Governing Body should seek the consent of the Authority to the proposed works, but such consent can be withheld only on health and safety grounds.

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

These requirements do not affect expenditure from any capital allocation made available by the LA outside the delegated budget share.

## **2.15 Notice of Concern**

The Authority may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the S151 Officer and the Assistant Executive Director – Education, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the Authority or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the Governing Body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the Finance Sub-Committee of the Governing Body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the Authority;
- insisting on regular financial monitoring meetings at the school attended by officers of the Authority;
- requiring a Governing Body to buy into the Authority's financial management systems;
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.
- The Notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with, in order for the Notice to be withdrawn. It will also state the actions that the Authority may take where the Governing Body does not comply with the Notice.

Schools that wish to dispute a Notice that has been issued, shall in the first instance discuss their concerns with the S151 Officer and the the Assistant Executive Director – Education. Where the dispute cannot be resolved, the school may present their case to the Executive Member (Learning, Skills and Economic Growth) who will arbitrate on the issue.

It should not be used in place of withdrawal of financial delegation where that is the appropriate action to take; however, it may provide a way of making a governing body aware of the authority's concerns short of withdrawing delegation and identifying the actions a governing body should take in order to improve their financial management to avoid withdrawal.

The notice will be withdrawn once the governing body has complied with the requirements it imposes.

## **2.16 Schools Financial Value Standard**

All local authority maintained schools must demonstrate compliance with the Schools Financial Value Standard 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 annually.

## **2.17 Fraud and corruption**

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

The governing body and Headteacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching those controls. This information must also be included in the induction for new school staff and governors.

Members of the School Governing Body and / or staff must bring any cases or suspected cases of irregularities concerning cash, stores, or other assets, immediately to the attention of Director of Finance who will take such steps as considered necessary by way of investigation and report.

Further information on how to deal with a suspected fraud can be found on the Authority's Finance Regulations

<https://tameside.moderngov.co.uk/documents/s13571/Part%205c%20Anti%20Fraud%20Bribery%20and%20Corruption%20Strategy%20-%20Statement%20of%20Intent.pdf>.

### **3. Instalments of the Budget Share; Banking Arrangements**

All schools covered by the scheme will be able to operate their own bank account for the whole of their budget if they so wish. Schools will retain any interest earned on their bank accounts and bear any charges made by banks. These must be incorporated into the receipts and payments statement for the school.

#### **3.1 Frequency of Instalments**

Schools will receive instalments of the School Budget Share plus any other delegated funding, in 10 monthly instalments.

Top up payments for pupils with high needs will be incorporated within the monthly instalments where the Authority is in receipt of the requisite information to calculate the payment.

Schools experiencing cashflow difficulties can request emergency instalments, but any such request must be supported by a cashflow forecast and other supporting document requested by which will then be assessed by the Authority. These emergency cash flow payments will generally be paid by BACS, other than in exceptional cases that must be agreed with the Authority. This needs to be taken into consideration in the timing of a request for an additional instalment.

The Authority will make available budget share instalments on a monthly basis to schools which so request it; but the request should be made prior to the start of the relevant financial year

#### **3.2 Proportion of budget share payable at each instalment**

All Schools will receive their budget share instalments into their nominated bank account. Each instalment is calculated on the total Schools funding including schools block funding, known High Needs top-up and any other grants due to the school. The total of this sum is divided in 11th's and paid to school in 10 instalments. These are paid in all months apart March, with the July payment being for 2/11ths.

At the end of term a review of funding will be carried out for any changes to funding and the amount will be retrospectively amended, and revised going forward. Payments will be made to schools on the 6th (or last working day before the 6th) of each relevant month.

#### **3.3 Interest Clawback**

The Authority does not intend to reduce advances to schools to offset its losses on interest caused by the earlier advancing of budget shares to schools, other than in cases where the school has requested a different instalment profile as outlined under paragraph 3.2.

##### **3.3.1 Interest on late budget share payments**

If the Authority is at fault for late payment of budget shares, interest at the 7 day Local Authority Deposit Rate will be added to the next payment.

#### **3.4 Budget shares for closing schools**

Where approval to discontinue a school has been given and financial delegation has not been withdrawn from the school, the Authority shall have the power to provide the school with instalments on a monthly basis, notwithstanding that a different basis might previously have been used.

#### **3.5 Bank and Building Society Accounts**

Instalments of the School Budget Share will be paid into one specified bank or building society account in the name of the school.

All interest received by Schools on such bank accounts shall be retained by schools for their benefit.

Schools must provide the Authority with a copy of the signed new bank account mandate in order to facilitate a change in the bank account that cash instalments are paid in to.

Schools must ensure an update copy of the bank mandate is retained in schools and is available for inspection by the Authority or its auditors at any time.

Schools may invest surplus cash resources in higher interest facilities with their bank.

### **3.5.1 Restrictions on Accounts**

Schools shall have their accounts with one of the banks/building societies approved by the S151 Officer. This list will be updated in line with the Authority's Treasury Management policy and schools shall be notified of any changes. If a school intends to open a new account, it shall first obtain confirmation from the Finance Management that the proposed bank is on the approved list.

Schools are not permitted to hold Debit Cards for their current account.

The school bank account should bear the official title of the school, and schools shall ensure that its bank mandate provides that the Authority is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the Authority.

Signatories to bank accounts shall be restricted to employees of the Authority or the schools, School governors who are not members of staff are not permitted to being signatories.. Bank mandates must be signed by two authorised signatories for cheques. Copies of the mandates must be retained on file at the school.

Money paid by the Local Authority and held in school bank accounts remains the property of the Local Authority until spent. (s.49(5) of the School Standards and Framework Act, 1998).

The schools contract with its bank must include a clause stating that at no time may the school bank account go into overdraft.

The school must provide bank account returns in the form and timescale detailed by the Local Authority.

## **3.6 Borrowing by Schools**

Governing bodies can only borrow money with the written permission of the Secretary of State. This does not apply to any loan scheme run internally by the Local Authority (see 4.10).

From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Schools can use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.

If Schools wish to make use of this scheme they will not be subject to additional approval, however this type of arrangement must be accounted for appropriately by the Local Authority as these arrangement will fall under its Treasury Management Policy, so the School must liaise with the Finance Team to ensure the loan is taken in accordance with the authorities financial regulations.

Schools are not allowed to enter into credit arrangements (including leases) without approval of the Authority or obtain credit cards or store cards which are regarded as borrowing. However, schools can use Procurement Cards (e.g. the Schools Charge Card available

through Lloyds Bank) issued by some banks as a useful means of facilitating electronic purchase.

Any school which is considering entering into a lease agreement must contact the Authority's This will ensure that any lease entered into by a school will meet all necessary conditions required under the Authority's financial regulations.

This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. However, any debts arising from borrowing may not be serviced directly from the delegated budget. Schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their borrowing.

Governing bodies do not act as agents of the authority when repaying loans.

## **4. The Treatment of Surplus and Deficit Balances Arising in Relation to Budget Shares**

### **4.1 The right to carry forward Surplus Balances**

Schools shall carry forward from one year to the next, all accumulated balances arising from the budget share. Thus, the accumulated balance as at 31 March will become the school's brought forward balance at 1 April. This process will continue for each successive year. As detailed in section 3.2 above, an adjustment will be made to budget share instalments after the year end reconciliation has taken place and the level of any cash owed to or from the school has been determined.

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

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions:

- Both the Authority and Schools Forum are entitled to request information on the proposed use of surplus balances from any school where the budget plan projects a year end surplus balance in excess of the permitted threshold (5% Secondary and 8% Primary and Special Schools) at the end of financial year, or in the view of the Authority, the level of surplus balances may be cause for concern.
- The information requested from schools on the proposed use of revenue surplus balances will be reported to School's Forum on at least an annual basis. Any school which has a revenue surplus balance which is more than twice the permitted threshold, will be subject to a more detailed review of the plans for the surplus. This information will then be reported to Schools Forum, who will make a decision as to whether any of the surplus will be clawed back. If this were to happen, Schools Forum will decide how any clawed back surplus will be redistributed .
- Schools Forum have approved 4 specific reason for holding surplus balances which are
  - As a revenue contribution to capital projects within a time limited maximum 3 year period.
  - To maintain a reserve to fund staffing levels in the short/medium term due to a verified dip in pupil numbers.
  - To provide reasonable and proportionate resources to fund the impact of major changes in Government policy on the curriculum for multiple subject areas. Any decisions to retain surplus balances for this reason will be subject to review by the Local Authority.
  - Capital funds set aside for future year's capital / lifecycle provision. Schools will be required to provide a summary business case explaining the reasons and this will be subject to review by the Local Authority.

The Authority is entitled to request information on the proposed use of surplus. The spend should be included in the School Development Plan and have been properly approved by Governors.

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

Where schools do not operate their own bank account then any credit balances will attract interest. The basis of the calculation will be the simple average of the opening and closing balances of the school (whether surplus or deficit), multiplied by the interest rate determined by the Section 151 Officer

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

Any school deficit at the end of a financial year will be carried forward to the following financial year.

#### **4.5 Planning For Deficit Budgets**

Schools should act responsibly to avoid deficits, and may not plan for a deficit without the express approval of the S151 Officer in consultation with the Director of Children's Services, in accordance with section 4.9 below.

All schools with a deficit balance at 31 March will be required work with the Authority to produce a deficit recovery plan which must be approved by the Governing Body and the S151 Officer. Schools with an authorised deficit prior to 31 March shall continue to reduce the deficit in accordance with their deficit recovery plan. The Authority will work the school to monitor the authorised plan.

Where the approved plan is not being adhered to, the Authority has the power to take action to bring the situation back in line with the approved plan, including the withdrawal of delegation.

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

The Authority does not propose to introduce a provision for charging interest to deficit schools. However, the Authority reserves the right to charge interest, at current Bank of England base rate, on deficit balances for those schools that fail to reduce their deficit position in line with the agreed deficit recovery plan.

#### **4.7 Writing Off Deficits**

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

If the LA wishes to give assistance towards elimination of a deficit balance this should be through the allocation of a cash sum, from the LA's Schools Budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream schools from a de-delegated contingency budget where this has been agreed by Schools Forum)

#### **4.8 Balances of Closing and Replacement Schools**

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

#### **4.9 Licensed Deficits**

Due to unforeseen expenditure or pupil volatility, schools may find themselves in a deficit budget position from which it would be extremely difficult to bring the budget back in balance the following year. In these circumstances schools may apply under the scheme for a licensed deficit. The licensed deficit shall operate within the following parameters:

- Deficit budgets will be approved in exceptional circumstances where a school has been subject to a temporary reduction in pupil numbers or has had to meet a significant item of unforeseen revenue expenditure. Where this happens and a school cannot bring the budget back out of deficit within the following year without staffing reductions that will damage its ability to deliver the national curriculum, then a deficit budget may be granted. Deficit budgets will not be approved except as a mechanism for managing staff reductions

for schools that are suffering a long-term reduction in pupil numbers.

- Deficit budgets shall be approved for a maximum of 3 years (this is not expected to be the norm). At the end of the agreed deficit period the school's accumulated balances shall be zero or greater. An approved deficit budget shall be accompanied by an approved deficit recovery plan as detailed in section 4.5 above.
- The maximum size of any deficit shall be 5% of the school's annual budget share. There is no minimum level of deficit.
- As schools in the scheme will be operating their own bank accounts, it is proposed that the collective gross balance held by schools, whether in their own accounts or held by the Authority in its role as Payroll Administrator, shall be utilised in calculating the upper level of deficit budgets that may be approved. The total of all licensed deficits shall not exceed more than 20% of the gross surpluses held by schools. The gross surpluses shall be calculated by reference to the latest available Section 251 outturn report i.e. the total deficits for an financial year shall not exceed more than 20% of the surpluses in that financial year.

All licensed deficits must be approved by the S151 Officer and Assistant Executive Director - Education. In exceptional circumstances where the S151 Officer and the Assistant Director of Education jointly may;

- vary the repayment period to up to 5 years
- vary the upper percentage level of cumulative deficit at the end of a financial year.
- apply other criteria for schools subject to special measures.

#### School Requirements

Where a school has an actual or projected deficit the schools should complete the deficit application pro-forma.

The following conditions may apply, and that the school spending plan will only be approved if:-

- there is prior consultation and approval by the LA to the filling of any vacant posts.
- the school purchase financial support services from the Authority (to include as a minimum, budget preparation and future years budget forecasts)
- the school review the budget plan and that the Authority be informed immediately if any assumptions included in the approval plan are not achieved or improved upon (such as pupil number assumptions)
- monthly budget monitoring reports be submitted to the governing body, this return and updates from governors to be submitted to the Authority in accordance with deadlines outline
- unless otherwise agreed by the Authority, any additional resources that become available from changes in the school budget share from the time of approval be used to reduce the budget deficit, likewise any real term decreases will be reflected in length of time the repayment made

#### **4.10 Loan Schemes**

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

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

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

#### **4.11 Credit Union Approach**

Because the Authority is offering a licensed deficit scheme, it does not think there is a need for schools to operate a Credit Union approach to funding of school deficits. However if schools group together to utilise balances to fund a credit union approach to loans the accounts for such arrangements must be audited on an annual basis and an audit certificate provided to the Borough Treasurer. The Borough Treasurer will also issue guidance on the operation of such accounts which must be followed.

## **5. Income**

### **5.1 Income from Lettings**

All income from lettings shall accrue to the school except where it is separately agreed between the school and the Authority that there will be some income sharing activity or where PFI or joint use agreements provide otherwise.

Schools shall have the freedom to determine the charges for income from lettings and to cross subsidise lettings for community and voluntary use with income from other lettings, provided the Governing Body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement and within the restriction that lettings should not result in a net cost to the school budget. Schools shall also have regard to any directions issued by the Authority from time to time as to the use of school premises, as permitted under the Act for various categories of schools.

This income should be accounted for in the schools' main bank accounts. Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school.

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

Schools shall retain income from fees and charges except where these relate to services that the Authority has provided from centrally retained funds. Schools should take account of guidance that the Authority may issue from time to time on charging policies when determining their own charging policy. Schools should review their charging policy on an annual basis to ensure that the full costs are recovered.

### **5.3 Income from Fund raising Activities**

Schools are allowed to retain income from fund-raising activities.

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

Schools will be allowed to retain income from the sale of assets except where:

- the asset was purchased from non-delegated funds (in which case the Local Authority shall have the power to determine whether the school will retain the proceeds or not. determine who is entitled to retain the income);
- the asset is part of land and buildings owned by the Local Authority in which case the Authority will determine who receives the proceeds.

Schools are reminded that when they are disposing of assets they should take recognition of the guidance in the Authority's financial regulations.

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

All income collected by schools, including income collected on behalf of the Authority (e.g. school meals income) should be collected and recorded in line with the guidance provided in the Tameside Financial Regulations for Schools.

Where relevant, VAT should be charged on lettings and services provided by schools. Further information on when VAT should be charged can be found in the Finance Regulations for Tameside Schools or by contacting the Finance Team.

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

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

## **6. The Charging of School Budget Shares**

### **6.1 General Provision**

The Authority shall have the right to charge the school share of one or more schools without their consent under any of the circumstances listed in Section 6.2 below. The Authority shall only charge the school budget after consultation with the school. This consultation does not have to result in the school agreeing to the charge before the charge is made. Once the Authority has levied a charge on the school budget, it shall notify the school in writing within 7 days of this event. Schools that wish to dispute the charge shall in the first instance discuss their concerns with the S151 Officer and the Assistant Executive Director – Education. Where the dispute cannot be resolved, the school may present their case to the Executive Member (Learning, Skills and Economic Growth) who will arbitrate on the issue.

In any of the circumstances listed below in section 6.2, the Authority will demonstrate that additional expenditure has incurred as a result of action or inaction school before the charge on the budget share is made.

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 sector representatives of the Schools Forum.

#### **6.1.1 Salary costs**

School based staff will be charged to school budget shares at actual cost.

### **6.2 Circumstances in which charges may be made**

#### **6.2.1 Premature retirement costs without prior written consent**

Where premature retirement costs have been incurred without the prior written agreement of the Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Authority);

#### **6.2.2 Expenditure incurred to secure resignations**

Other expenditure incurred to secure resignations where the school had not followed Authority advice;

#### **6.2.3 Awards by courts and industrial tribunals**

Awards by courts and industrial tribunals against the Authority, or out of court settlements, arising from action or inaction by the governing body contrary to the Authority's advice

Awards may sometimes be against the governing body directly and would fall to be met from the budget share. Where the Authority is joined with the Governing Body in the action and has expenditure as a result of the Governing Body not taking Authority advice, the charging of the budget share with the Authority expenditure protects the Authority's position.

#### **6.2.4 Expenditure for health and safety or capital works**

Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work;

#### **6.2.5 Expenditure incurred in making good defects**

Expenditure by the Authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Authority or the school has voluntary controlled status;

#### **6.2.6 Insurance expenditure**

Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority;

#### **6.2.7 Recovery of monies in relation to services provided to the school**

Recovery of monies due from a school for services provided to the school, where a dispute over

the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the Authority;

#### **6.2.8 Recovery of penalties from regulatory authorities**

Recovery of penalties imposed on the authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers' Pensions, the Environment Agency or other regulatory authorities as a result of school negligence.

#### **6.2.9 Correction of Authority errors**

Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions).

#### **6.2.10 Additional transport costs**

Additional transport costs incurred by the Authority arising from decisions by the Governing Body on the length of the school day, or failure to notify the Authority of non-pupil days resulting in unnecessary transport costs.

#### **6.2.11 Legal cost**

Legal costs which are incurred by the Authority because the governing body did not accept the advice of the Authority (see also section 11.4).

#### **6.2.12 Costs of health and safety training**

Costs of necessary health and safety training for staff employed by the Authority, where funding for training had been delegated but the necessary training not carried out.

#### **6.2.13 Compensation paid to a lender**

Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.

#### **6.2.14 Cost of work done in respect of teacher pension remittance and records**

Cost of work done in respect of teacher pension remittance and records for schools using non-Authority payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;

#### **6.2.15 Costs incurred in securing provision specified in a statement of SEN**

Costs incurred by the Authority in securing provision specified in a statement of SEN where the Governing Body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs;

#### **6.2.16 Costs incurred due to incorrect data**

Costs incurred by the Authority due to submission by the school of incorrect data;

#### **6.2.17 Recovery of ineligible grant expenditure**

Recovery of amounts spent from specific grants on ineligible purposes;

#### **6.2.18 Costs incurred due to breach of contract**

Costs incurred by the Authority as a result of the Governing Body being in breach of the terms of a contract.

#### **6.2.19 Costs of withdrawing from a cluster arrangement**

Costs incurred by the Authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

## **7. Taxation**

### **7.1 Value Added Tax**

The Local Authority is able to reclaim VAT on expenditure relating to non-business activity. Any VAT on such expenditure incurred by schools under this heading will be able to be reclaimed by the Authority and amounts so reclaimed will be passed back to the school concerned.

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

This is a continuation of the current practice whereby existing Authority maintained schools recover VAT incurred on their IBA expenditure through the submission of monthly expenditure returns to the Authority. This provision excludes expenditure by Governors of voluntary aided schools when incurring capital expenditure as part of their statutory duties.

The Authority will aim reimburse schools for VAT within four weeks of receipt of the VAT Submittal from the school. This does not apply where there are errors within the information provided to the Authority by schools.

### **7.2 Construction Industry Tax Deduction Scheme (CIS)**

All Schools will be expected to abide by the procedures as issued (and amended from time to time) by the Authority in connection with CIS.

## **8. Provision of services and facilities by the Authority**

### **8.1 Provision of Services from centrally retained budgets**

The Authority shall continue to provide some services to schools that have been centrally retained. The Authority shall have the freedom to determine the basis of the allocation of services to schools but shall do so in a manner, which is transparent and does not differentiate between categories of schools except where the funding has been delegated to some schools only. The Authority may also differentiate between categories of school where there are differences in statutory duties. This provision shall also apply to premature retirement costs and redundancy payments that are made by the Authority. In the event of there being insufficient take up for a particular service on offer, the Authority reserves the right to discontinue the provision of the service.

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

Services that a school has agreed to purchase from its delegated budget shall be subject to time limitations on the agreement. Agreements between schools and the Authority for the purchase of such services may be for a maximum of 3 years and periods not exceeding five years for any subsequent agreement relating to the same services. The exception to this rule relates to the extension to five and seven years respectively for contracts for supply of catering services.

The time limitations shall not apply in the case of premises and liability insurance that are negotiated centrally by the Authority, which will be subject to the length of policy that is negotiated.

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

#### **8.2.1 Packaging**

The Authority shall not offer services to schools in such a way as to unreasonably restrict their freedom of choice.

### **8.3 Service Level Agreements**

With the exception of Insurance cover all Service Level Agreements must be in place by 28 February to be effective for the following financial year. Schools will have at least a month to consider the terms of any such agreements with the Authority.

Service Level Agreements between schools and the Authority for the provision of services will be for one or more years depending on the nature of the service on offer. All SLAs shall be subject to a regular review and where an SLA is for more than 3 years, they shall be reviewed in the third year. Where an SLA is for more than one year, the terms of the SLA shall include the basis of the price review on an annual basis. SLAs shall normally come into effect on 1 April. The Authority may permit a school to enter at a later date (where this happens there will be no extension to the original close date). Some services, such as insurance, offered by the Authority will be available on an extended agreement.

#### **8.3.1 Review of provision**

If services or facilities are provided under a service level agreement, whether free or on a buy-back basis, the terms of the agreement will be reviewed at least every three years.

For those functions not delegated to schools and where a service is provided to schools, Service Level Entitlements should be in force.

#### **8.3.2 Basis of provision**

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

The basis and terms of any service agreement will be agreed between the client and the provider.

### **8.3.3 Insurance**

The above excludes centrally arranged premises and liability insurance from these requirements as to service supply, as the limitations envisaged may be impracticable for insurance purposes.

## **8.4 Teachers' Pensions**

In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 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 from each school. A Governing Body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The Governing Body shall meet any consequential costs from the school's budget share. In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 2014, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.

## **9. PFI clauses**

The Governing Body of schools that are included within a PFI scheme will sign an agreement at the time of the contract signing. This Governing Body agreement stipulates the level of the school's contribution towards the unitary charge from their delegated budget. It also defines the share to be credited to the schools of any deductions in the unitary charge for performance and availability failures. The Governing Body agreement also sets out any potential liabilities of the school / Governing Body resulting from their actions over the life of the contract.

Separately to the Governing Body agreement defined revenue contributions from schools listed above, as a result of the 2013/14 Education Funding Reforms previously centrally retained DSG funding which contributed towards the affordability of PFI and FM contracts should be delegated to schools through the Schools Block PFI funding factor. This funding has to be repaid by the schools and academies concerned to the Authority who meet the costs of the associated costs directly.

## **10. Insurance**

### **10.1 Insurance cover**

The Authority shall require schools that choose to negotiate their own insurance to demonstrate that any such insurance covers the Authority's insurable interest, at a level which covers a reasonable assessment of the risks at the individual school. In such circumstances, great care must be taken to ensure that schools are fully aware of the insurance protection which is being provided and the risks which are not insured. When comparing premium quotations with a local authority scheme, it is essential to make certain that the comparison is on a like for like basis. Where a school cannot demonstrate this, the Authority may refuse the school's request for alternative insurance provision.

Schools must contact the Authority's Risk and Insurance Team to determine if any quotation received meets the Authority's minimum requirements.

Any additional insurance cost the Authority incurs as a result of a school failing to demonstrate they have adequate cover in place will be charged to the schools budget share (see section 6.2.6).

# 11. Miscellaneous

## 11.1 Right of access to information

Schools shall submit to the Authority such financial and other information, when requested by officers of the Authority (including Internal Audit officers), which the Authority requires to satisfy itself that the school is properly managing its delegated budget, and which the Authority requires for the efficient running of its functions and responsibilities, for example, where a school has elected not to purchase the Authority's Resource Management Service, it will continue to have to provide the Authority with VAT Submittals, Budget Plans, CFR data and other ad-hoc information. In the event that a school wishes to appeal against the Authority's request for information, any dispute shall be resolved in consultation with the Schools Forum. Where earmarked funding has been devolved to a school, it shall comply with the Authority's request for information as part of the arrangements for devolution.

## 11.2 Liability of governors

The Governing Body of a maintained school is a corporate body and therefore because of this and s.50(7) of the Standards and Framework Act 1998, Governors will not incur any personal or individual liability in the exercise of their power to spend the school budget share provided that they have acted in good faith. Breaches of this Scheme are not in themselves regarded as failures to act in good faith although they could lead to removal of delegation.

## 11.3 Governors expenses

The Authority may delegate to the Governing Body of a school yet to receive a delegated budget, funds to meet Governors' expenses.

Schools may elect to pay from their delegated budgets expenses for Governors, which are considered reasonable. Costs that would be deemed reasonable are out of pocket expenses and supported by a receipt. Under section 50(5) of the Act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to Governors from a school's delegated budget share. The schools are not allowed to pay any Governors expenses that are not provided for above.

Where a school is placed in special measures and the Secretary of State has exercised his power to appoint additional Governors then the Governing Body are not permitted to pay expenses to such Governors, which duplicate any expenses being met by the Secretary of State.

## 11.4 Responsibility for legal costs

Where a school takes legal action against the Authority, the costs of this action (unless awarded against the Authority by the courts) shall be charged to the school budget. In addition, in the event of the school ignoring the advice of the Authority resulting in legal costs falling on the Authority, these will be recharged to the school under Section 6.2.11 of this scheme. Where a school feels that there is a conflict of interest between itself and the Authority, it shall explain in writing to the Assistant Executive Director – Education what it considers to be the conflict of interest. If this conflict cannot be resolved by the Authority's legal representatives to the satisfaction of the school, it shall notify the Assistant Executive Director - Education in writing of its intention to obtain independent advice.

## 11.5 Health and safety

The Governing Body of a school, in spending the school's budget share, shall have regard to the duties placed on the Authority in relation to Health and Safety and the Authority's health and safety policy. Schools shall comply with any guidance on health and safety made available to Governing Bodies by the Authority.

## 11.6 Right of attendance for Chief Finance Officer

The Authority's Chief Financial Officer, or any officer nominated by him, shall have the right to

attend any meeting of a Governing Body (or its committees) at which the agenda includes items which are relevant to the exercise of the Chief Financial Officer's duties. In exercising this right, the Chief Financial Officer shall notify the school and will provide the school with as much notice as is practical in the circumstances. It is not intended that the Chief Financial Officer will attend Governing Body meetings as a matter of course but only in exceptional circumstances that affect the school budget.

### **11.7 Special Educational Needs**

Schools shall, in spending their school budget, use their best endeavours to meet the requirements of their pupils who have special educational needs within the available resources. Where this has not occurred, the Authority will have the power to suspend delegation (the situation would have to be of a serious nature before the Authority could invoke these powers). Any school that disputed the removal of its delegated budget shall in the first instance discuss their concerns with the S151 Officer and the Assistant Executive Director – Education. Where the dispute cannot be resolved, the school may present their case to the Executive Member (Learning, Skills and Economic Growth) who will arbitrate on the issue.

### **11.8 Interest on late payments**

The terms of the Scheme cannot affect statutory requirements now introduced regarding interest on late payments.

### **11.9 Whistleblowing**

The Public Interest Disclosure Act 1998 requires authorities to provide a whistle blowing facility. The procedures and safeguards available in regard to whistle blowing by school staff, Governors and members of the public are detailed in the Authority's whistleblowing policy which can be found at [www.tameside.gov.uk/whistleblowing](http://www.tameside.gov.uk/whistleblowing)

Schools should have their own whistleblowing policy which must comply with the Authority's policy and must be available on each school's website.

### **11.10 Child Protection**

Schools are required to make provision, where applicable, for staff to attend child protection case conferences and other related events release staff to attend child protection case conferences and other related events.

### **11.11 Redundancy/Early Retirement Costs**

The Education Act 2002 sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided at Appendix 3.

## **12. Responsibility for Repairs and Maintenance**

### **12.1 Responsibilities of Governing Bodies**

Governors in maintained schools will be responsible for all repair and maintenance costs from their delegated budgets. Illustrative examples of the split between capital and revenue expenditure in line with the DfE's interpretation of the CIPFA Code of Practice is attached in Appendix 4.

### **12.2 Capital Expenditure**

The Authority will continue to delegate all revenue funding for repairs and maintenance to schools as part of the School Budget Share.

Only capital expenditure is to be retained by the Authority. Schools are also in receipt of devolved capital to carry out work that can be defined as capital.

Illustrative examples of capital expenditure items in line with the DfE's interpretation of the CIPFA code of practice are included at Appendix 4.

### **12.3 Voluntary Aided Schools**

For voluntary aided schools, the liability of the Authority for repairs and maintenance (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. Eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by DfE to categorise such work.

For Voluntary Aided schools, all repairs and maintenance up to £2,000 (excluding fees and VAT) should be paid from the delegated budget. The exceptions to this are playing fields and changing rooms, which remain the responsibility of the Authority. The boundaries of playing fields however are the responsibility of the Governors.

## **13. Community Facilities**

### **13.1 Introduction**

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

However, under s.28(1), the main limitations and restrictions on the power will be those contained in the Authority's Scheme for Financing Schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of Governing Bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the Scheme for Financing Schools.

This part of the Scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Authority and schools to secure the provision of adult and community learning.

### **13.2 Suspension of Delegation**

Under the legislation described above, mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

### **13.3 Consultation with the Authority**

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, Governing Bodies must consult the Authority, and have regard to advice given to them by the Authority.

Accordingly, schools shall be required to submit all appropriate information at a time and in a manner requested by the Authority prior to exercising their community facilities power.

The Authority will then advise schools of their position and reasoning within a reasonable time of this submission.

The Authority will not levy a charge for this advice.

### **13.4 Funding Agreements**

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.

The Authority requires that schools give adequate notice of any proposed agreement involving third party funding and that the full details be submitted to the Authority for its comments. The Authority shall advise the school but shall not then have the right of veto if the school chooses to act contrary to this advice.

However, if a funding agreement is entered into against the wishes of the Authority, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

The Authority shall require the Governing Body of a school entering into such agreements to make adequate arrangements to protect the financial interests of the Authority. The Authority will give advice as to any necessary arrangements, which may involve 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, available to such schools.

### **13.5 Other prohibitions, restrictions and limitations**

At this time the Authority does not intend to introduce any further prohibitions, restrictions or limitations over and above those contained in the main scheme. The Authority does however reserve the right to introduce additional prohibitions, restrictions and limitations in the future, should the need arise.

### **13.6 Supply of Financial Information**

Schools which exercise the community facility power may be requested to provide financial information to the Authority from time to time. Where requested, the information provided should include 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. Financial information will not be requested any more frequently than every six months, subject to section 13.6.1 below.

#### **13.6.1 Cause for Concern**

If the Authority 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, it shall give notice to the school that it requires such financial statements to be supplied every three months and, if the Authority sees fit, to require the submission of a recovery plan for the activity in question.

### **13.7 Audit**

The Authority requires that schools grant access to the school's records connected with exercise of the community facilities power to appropriate officers in order to facilitate internal and external audit of relevant income and expenditure.

This provision applies equally to the records and other property of third parties, as detailed above, held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

### **13.8 Treatment of Income and Surpluses**

Schools shall retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that is the Authority or some other person.

Schools shall be allowed to carry any such retained net income over from one financial year to the next as a separate community facilities surplus.

### **13.9 Health and Safety**

The Authority requires the same level of regard to be paid to health and safety in relation to community facilities as detailed in section 11.5 above.

The school shall be held responsible for obtaining Disclosure and Barring Service (DBS) clearances for staff and Governors and for ensuring that the clearances are current. The Governing Body shall be held responsible for securing DBS clearance for all adults involved in community activities taking place during the school day. Costs of such clearance can be passed on to a funding partner as part of an agreement with that partner.

### **13.10 Insurance**

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. The school should seek the Authority's advice before finalising any insurance arrangement for community facilities.

The Authority retains the right to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, to make arrangements itself and charge the resultant cost to the school. Such a provision is necessary in order for the authority to protect itself against possible third party claims.

## **13.11 Taxation**

### **13.11.1 VAT**

Schools should seek the advice of the Authority and the local HM Revenue & Customs office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the Local Authority VAT reclaim facility.

### **13.11.2 Income Tax and National Insurance**

Schools should be aware that if any member of staff employed by the school or Authority in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not), the school is likely to be held liable for payment of Income Tax and National Insurance, in line with HM Revenue and Customs rules.

### **13.11.3 CIS**

The Authority requires that schools follow Authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

## **13.12 Banking**

The Authority requires that the school can either maintain separate bank accounts for budget share and community facilities or include the expenditure within their budget share but account for the income and expenditure on an identifiable basis (e.g. a separate cost centre and appropriate ledger codes) to enable regular reporting on community facilities.

Any new accounts that a school may set up for community facilities must be in line with section 3.5 above.

### **13.12.1 Loans**

Schools are not permitted to borrow money for community facilities without the written permission of the Secretary of State. This requirement does not extend to monies lent to schools by the Authority.

## Appendix.1 Schools Covered by the Scheme

### Primary Schools

Aldwyn  
Arlies  
Arundale  
Audenshaw  
Broadbent Fold  
Broadbottom C of E  
Buckton Vale  
Canon Burrows C of E  
Corrie  
Dane Bank  
Fairfield Road  
Gee Cross Holy Trinity C of E  
Gorse Hall  
Greenfield  
Greswell  
Holden Clough  
Hollingworth  
Holy Trinity C of E  
Hurst Knoll St James' C of E  
Livingstone  
Lyndhurst  
Micklehurst All Saints C of E  
Millbrook  
Milton St John's C of E  
Mottram C of E  
Our Lady of Mount Carmel RC  
Pinfold  
Ravensfield  
Russell Scott  
St Anne's  
St Anne's RC  
St Christopher's RC  
St George's C of E  
St George's C of E  
St James Catholic  
St James C of, Ashton  
St John Fisher RC  
St John's C of E  
St Joseph's RC  
St Mary's Catholic  
St Mary's C of E  
St Mary's RC  
St Paul's Catholic  
St Peter's Catholic  
St Peter's C of E  
St Raphael's Catholic  
St Stephen's C of E  
St Stephen's RC  
Stalyhill Infant School  
Stalyhill Junior School  
The Heys  
Wild Bank

**Secondary Schools**

Alder Community High School  
Denton Community College  
Hyde Community College  
Mossley Hollins High School  
St Damian's RC Science College  
St Thomas More RC College

**Special Schools**

Cromwell High School  
Oakdale School  
Samuel Laycock School  
Thomas Ashton School

**Tameside Pupil Referral Service**

## Appendix.2 – Procurement Levels

### Supplies and Services Concessions

Value Band	Value	Procurement Activity	Minimum Requirement for Advertising the Opportunity
A	£0 -£4,999.99	Minimum one Quote in accordance with Rule 6 - Quotes	N/A*
B	£5,000.0 - £24,999.99	Minimum three Quotes in accordance with Rule 6 – Quotes following consultation with STAR	N/A
C	£25,000 and up to Regulation	Minimum three Quotes in accordance with Rule 6 – Quotes and subject to risk-based sourcing. Route to market to be agreed in conjunction with STAR	The Chest
		In accordance with Rule 7 – Tenders and subject to risk-based sourcing. Route to market to be agreed in conjunction with STAR	The Chest and Contracts Finder
D	Above the Regulation Thresholds	Most appropriate procedure permitted by the Regulations	OJEU Notice and Contracts Finder

### Works and Public Works Concessions

Value Band	Value	Procurement Activity	Minimum Requirement for Advertising the Opportunity
A	£0 -£4,999.99	Minimum one Quote in accordance with Rule 6 - Quotes	N/A*
B	£5,000.0 - £24,999.99	Minimum three Quotes in accordance with Rule 6 – Quotes following consultation with STAR	N/A
C	£25,000 -up to the Regulation Threshold	Minimum three Quotes in accordance with Rule 6 – Quotes and subject to risk-based sourcing. Route to market to be agreed in conjunction with STAR	The Chest
		In accordance with Rule 7 –Tenders and subject to risk-based sourcing. Route to market to be agreed in conjunction with STAR	The Chest and Contracts Finder
D	Above the Regulation Thresholds	Most appropriate procedure permitted by the Regulations	OJEU notice and Contracts Finder

STAR are the authorities procurement provider and schools are able to buy an SLA service from STAR should they wish. to engage STAR to lead/support them with a piece of procurement, they can contact STAR on [bids@star-procurement.gov.uk](mailto:bids@star-procurement.gov.uk) for a quotation

## Appendix.3 – Policy for the Responsibility of Redundancy and Early Retirement Cost in Schools

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 or 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 or central 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 or has been terminated as a result of local authority or government intervention to improve standards

Costs of early retirements or redundancies may be charged to the central school services block of the schools budget, as a historic commitment, where the expenditure is to be incurred as a result of retirement and redundancy charges agreed before 1 April 2013. Costs may not exceed the amount budgeted in the previous financial year.

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

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

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

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

Section 37 now states:

(7) Where a local education authority incur costs—

(a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or

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

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

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

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

## Appendix 4. - Capital / Revenue Split

- a) Local Authority capital/revenue split and items which are the separate responsibility of governors in VA schools.
- b) Illustrative examples in line with DfES interpretation of the CIPFA code of practice.
- c) NB Actual interpretation of CIPFA code of practice for these purposes will be for each local authority.

Element	Capital: as CIPFA Code of Practice	Revenue: repairs and maintenance
<b>Roofs</b>		
Flat	Structure. New (not replacement) structure.	Repair/replacement of small parts of an existing structure.
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure.	Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed.
	Screed/insulation in a new building/extension.	Repair/replacement of screed/insulation where defective.
	Screed/insulation. Replacement/repair of substantially all. Improve effectiveness of insulation.	Work to improve insulation standards, during work to repair/replace small areas of roof.
	Finish on new build. Replacement of all/substantially all on existing roof.	Replacement of roof finish on existing building. Re-coating chippings to improve life expectancy.
	Edge Trim/Fascia on new build.	Repairs/replacement (uPVC). Repainting.
	Edge Trim/Fascia. Replacement of all/ substantially all on existing roof.	Repairs/replacement. (uPVC) Repainting.
	Drainage on new build	Clearing out gutters and downpipes. Replacement/repair/repainting of/individual gutters/pipes.
	Other e.g. Flashings. Rooflights on new build. Replacement of all/ substantially all on existing roof.	Repair/replacement/cleaning of individual items.

<b>Element</b>	<b>Capital: as CIPFA Code of Practice</b>	<b>Revenue: repairs and maintenance</b>
Pitched	Structure. New (not replacement structure).	Repair/replacement of small parts of an existing structure.
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure.	Replace/repair small areas of rotten/defective joists, rafters, purlins etc. Not complete trusses.
	Insulation in a new building/ extension.	Repair/replacement/increasing thickness of insulation in an existing roof.
	Insulation. Replacement/ repair of substantially all. Improve insulation to current standards.	
	Roof finish in a new building/ extension, replacement of all/substantially all on existing roof.	Replace missing/damaged.
	Bargeboards/Fascias in a new building/extension, replacement of all/substantially all on existing roof.	Repairs/replacement/repainting.
	Drainage in a new building/ extension.	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters.
	Drainage. Replacement of all/ substantially all on existing roof.	
	Other e.g. Flashings. Roof windows in a new building/ extension, replacement of all/ substantially all on existing roof.	Repair/replacement/cleaning.
Other	Provide new covered link etc between existing buildings.	Minor repairs, maintenance to existing covered link.
	Rebuild or substantially repair structure of existing covered link. Add porch etc to existing building.	Minor repairs, maintenance to existing.
	Rebuild or substantially repair structure of existing porch.	
<b>Floors</b>		
Ground Floor	Structure and dpc in new building.	Repair/replacement of small parts of an existing structure.

<b>Element</b>	<b>Capital: as CIPFA Code of Practice</b>	<b>Revenue: repairs and maintenance</b>
	Structure and dpc – replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure.	
	Screed and finish in new build, replacement of all/ substantially all on existing floor – e.g. replacement of most carpets/ tiles in a room.	Replacement and repair of screed and finishes/ Replacement of mats/matwells. Maintenance e.g. revarnishing wooden floors.
Upper Floor	Structure – as ground floor.	As ground floor.
	Screed and finish – as ground floor.	Repairs of finishes/ Replacement – as ground floor.
<b>Ceilings</b>		
Top only storey	Suspension.	Repair/replacement including from water damage and necessary decoration.
	Membrane	
	Fixed	Repair/ replacement inc. from water damage.
	Access panels	Repair/ replacement.
Lower Storeys	Suspension.	Repair/ replacement.
	Membrane Fixed	Repair/ replacement.
All	Specialist removal/ replacement of damaged/ disturbed asbestos-based materials, planned or emergency.	Inspection/ air testing. Applying sealant coats to asbestos surfaces for protection.
<b>External Walls</b>		
Masonry/Cladding	Structure. Underpinning/ propping for new build. External finish on new build.	Repairs. Preventative measures e.g. tree removal. Repair/replacement of small parts of an existing structure e.g. repointing/recladding a proportion of a wall where failure has occurred.
	External finish on existing build where needed to prevent imminent or correct actual major failure of the structure, e.g. repointing/recladding work affecting most of a building/ replacement build.	

<b>Element</b>	<b>Capital: as CIPFA Code of Practice</b>	<b>Revenue: repairs and maintenance</b>
Windows and Doors	Framing – new build.	Repair/replacement of individual frames. Repainting frames.
	Framing – structural replacement programme.	Repair/replacement of individual windows. Repainting frames.
	Glazing – new build.	Replacing broken glass.
	Glazing. Upgrading existing glazing.	
	Ironmongery. Improved security.	Repair/replacement, upgrading locks etc.
	Jointing including mastic joints.	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
Masonry Chimneys	Structure	
	Jointing including expansion and mortar joints/ pointing/ DPC.	Repair/re-pointing.
Internal Walls		
Solid	Complete including various internal finishes, linings and decorations.	Repairs and redecoration to internal plaster/linings, tiles, pin boards etc.
	Refurbishment and alterations.	Minor alterations.
Partitions	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
	Refurbishment and alterations.	Minor alterations.
Doors and Screens	Framing/Screens/Doors to new buildings, including glazing, ironmongery, jointing and internal decorations.	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens.
All	Glazing to meet statutory Health and Safety requirements.	Replacement of broken glass.
<b>Sanitary Services</b>		
Lavatories	In new buildings, provision of all toilet fittings, waste plumbing and internal drainage.	Repair/replacement of damaged sanitary ware, fittings, waste plumbing etc.
	Large-scale toilet refurbishment.	Small areas of refurbishment.

<b>Element</b>	<b>Capital: as CIPFA Code of Practice</b>	<b>Revenue: repairs and maintenance</b>
	Provision of disabled facilities and specialist facilities related to pupils with statements.	Repair/replacement of damaged fittings, waste plumbing etc.
Kitchens	Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.	Maintain kitchen to requirements of LA. Cleaning out drainage systems. Redecoration.
	General refurbishment.	Repairs.
	Large and costly items of equipment.	Repairs/replacement parts.
<b>Mechanical Services</b>		
Heating/Hot Water	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler-house plant, including replacement of defective parts. Regular cleaning. Energy saving projects.
	Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring systems. Health and Safety issues.
	Planned replacement of old boiler/controls systems past the end of their useful life.	Replacement of defective parts.
	Emergency replacement of boiler plant/systems.	
Cold Water	Provision of cold water services, storage tanks, distribution, boosters, hose reels etc in major projects.	Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.
Gas	Distribution of new and major refurbishments, terminal units.	Repairs, maintenance and gas safety. All servicing.
Ventilation	Mechanical ventilation/air conditioning to major projects.	Provision of local ventilation. Repair/replacement of defective systems and units.

<b>Element</b>	<b>Capital: as CIPFA Code of Practice</b>	<b>Revenue: repairs and maintenance</b>
Other	Swimming pool plant and its complete installation, including heat recovery systems.	Repair/replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.
<b>Electrical Services</b>		
General	Main switchgear and distribution in major projects.	Testing/replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards.	All testing, earthing and bonding to meet Health and Safety. All servicing.
Power	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment.
Lighting	Provision of luminaires and emergency <sup>1</sup>	Replacement of luminaires, all testing, adjustments and improvements to emergency <sup>2</sup>
Other	Lightning protection in new build. Alarm systems, CCTV, lifts/hoists etc.	Repair and maintenance.
	New installation of communication systems, radio/TV, call, telephone, data transmission, IT etc and provision in new build.	Repair/replacement/maintenance, including all door access systems.
<b>External Works</b>		
Pavings	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access.	Maintenance and repair. Car park and playground markings.
Miscellaneous	Provision of walls, fencing, gates and ancillary buildings as part of major project.	Maintenance and repair of all perimeter/boundary/retaining walls, fencing and gates.

<sup>1</sup> NB this paragraph is copied directly from the DFEE guidance. Possibly, there are words missing.

<sup>2</sup> NB this paragraph is copied directly from the DFEE guidance. Possibly, there are words missing.

Element	Capital: as CIPFA Code of Practice	Revenue: repairs and maintenance
Drainage	Drains, soakaways, inspection chambers and sewage plant as part of new projects.	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
Open Air Pools	Structure, hygiene/safety in new build.	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.
Services Distribution	Heating mains. Gas mains. Water mains. Electricity mains. Renewal of any of the above.	Annual servicing.

### Notes

This illustrative list is the DfES interpretation of the CIPFA Code of Practice and local authorities should refer to the Code when defining capital and revenue.

Where local authorities use de minimis limits for defining capital and revenue in their financial accounts, the same de minimis limits must be used in defining what is delegated. The application of a de minimis limit may change the examples given in the first two columns of the illustrative list.

## **APPENDIX 5: APPLICATION OF SCHEMES FOR FINANCING SCHOOLS TO THE COMMUNITY FACILITIES POWER**

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

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

Under section 28(1), the main limitations and restrictions on the power will be those contained in the maintaining authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

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

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	22 October 2019
<b>Reporting Officer:</b>	Tim Bowman – Assistant Director Education Tom Wilkinson – Assistant Director Finance
<b>Subject:</b>	<b>SCHOOL FUNDING ANNOUNCEMENTS AND UPDATES</b>
<b>Report Summary:</b>	This report provides an update on the Education funding announcements made in September 2019, information on the current consultations schools may want to respond to and other relevant updates.
<b>Recommendations:</b>	Members of the Schools' Forum are requested to note the contents of the report.
<b>Corporate Plan:</b>	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial and policy framework.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	This is helpful to set the landscape and framework within which Schools Forum needs to operate.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.
<b>Access to Information:</b>	<b>NON-CONFIDENTIAL</b> <b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b>
<b>Background Information:</b>	The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and Pensions  Telephone: 0161 342 3216  e-mail: christine.mullins@tameside.gov.uk

## 1. INTRODUCTION

- 1.1 This report provides details of the September 2019 Education funding announcements and some context for the potential impact of the Tameside MBC position. At the time of writing this report, the detailed funding information has not been released.
- 1.2 The detailed information has previously been provided in July but will not be released until October 2019. Therefore this paper does not provide the detailed scenario's we were able to share at the same time last year providing the implications for Tameside Schools.
- 1.3 The figures presented in this report are indicative and should be taken in the context that only high level information has been released and therefore assumptions have had to be made. Once detailed information is released it is likely some of these figures will change. The implications for Tameside MBC will be reported to Schools' Forum at the earliest available opportunity.
- 1.4 This report also provides details on live consultations issued by the Department for Education (DFE) which may impact schools and other relevant funding updates.

## 2. EDUCATION FUNDING ANNOUNCEMENTS – SEPTEMBER 2019

- 2.1 The government has made a commitment to a £7.1 billion increase in funding for schools by 2022-23. The Schools Resources for the next 3 years is outlined the extract below; the announcement confirmed the increase did not include the teacher's pension increase of £1.5bn, this would be in addition.

**Table 2.3: Schools settlement**

	£ billion			
	2019-20	2020-21	2021-22	2022-23
Schools Resource DEL excluding depreciation	44.4	47.6	49.8	52.2
of which pensions funding <sup>1</sup>	0.9	1.5	1.5	1.5
of which Spending Round 2019 cash uplift compared to 2019-20 funding levels <sup>2</sup>	n/a	2.6	4.8	7.1

<sup>1</sup> The rise in pensions funding from £0.9 billion in 2019-20 to £1.5 billion from 2020-21 onwards reflects that in 2019-20 the government begins paying pensions compensation from September 2019, when the costs start to accrue. From 2020-21 the funding covers the full year cost.

<sup>2</sup> The core 5-16 schools budget, excluding pensions compensation funding, in 2019-20 is £43.5 billion. Spending Round 2019 cash uplift compared to 2019-20 funding levels is calculated by comparing the schools resource DEL for years 2020-21 onwards, excluding the pensions compensation funding, to this baseline.

- 2.2 As can be seen from the table above, there is a £2.6bn increase in real cash terms for 2020-21. We are not clear if this is all new money, however, a review of the announcements would suggest the £2.6bn is broken down as follows:

Areas of Cash Uplift	£bn
Teachers Pay	0.500
Additional High Needs Funding	0.700
Increase for Early Years	0.066
Implementation of NFF, Inflation & Growth	1.334
<b>Total Cash Uplift</b>	<b>2.600</b>

### Teachers Pay

- 2.3 In 2020-21 there is an estimated £501m teachers' pay grant (full year effect) for the 2.75% pay award. This is not mentioned in the announcements so we have assumed this will

come from the £2.6bn. The Teachers Pay Grant will continue to be paid separately in 2020-21 but it is likely this will be put into NFF (therefore DSG) from 2021-22.

#### **Additional High Needs Funding**

- 2.4 The £700m promised for 2020/21 equates to an 11% funding increase. It is currently unclear how this will be allocated but there are a number of methods the DFE may choose to use to allocate. Local Authority Officers have looked into two possible methods that could be used which suggest Tameside MBC could receive between £2.3m and 2.9m of the £700m promised. This allocation would contribute to closing the gap on the high needs pressure but will not resolve the projected overspend position or in meeting the continuing demand. This is discussed further in another agenda item.

#### **Increase for Early Years**

- 2.5 A further £66m has been announced to increase the hourly rate paid to childcare providers through the government's free hours offers. There are 4 elements within the early years' so it is very difficult to predict how this will be allocated. A very rough estimate based on current total allocations for Tameside MBC could deliver an additional £0.300m.

#### **Implementation of NFF, Inflation and Growth**

- 2.6 The announcement suggests that there will be a 4% nominal terms increase in funding for 2020-21, directly to schools. The remaining allocation of £1.3bn is broadly in line with this.

- 2.7 There is a promise of at least a 1.84% inflationary rise for all schools. The government have also announced the minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools. This will increase to £4,000 for primary schools in 2021-22.

- 2.8 It should be noted that minimum per pupil funding rate is not equivalent to the basic entitlement. It includes a number of different elements of the funding formula. In the 2019-20 formula allocations for Tameside schools only 13% from both sectors are below this level based on 2019-20 figures. It is unclear if those schools above this threshold will get the same level of increase and without the detailed workings it is difficult to quantify what this will look like for Tameside Schools. If the allocations were broadly in line with 2019-20 we could see a £6m increase in the Schools Block. It is likely this £6m would have to fund any pupil growth as well as inflation. This figure is heavily caveated.

- 2.9 Other changes announced for 2020-21 NFF and the funding formula include:

- There will be no NFF gains cap, however, LAs will still be able to use a cap locally and this is a mechanism which could be used to produce a balanced budget.
- A new formulaic approach to the mobility factor is to be introduced. This is not a factor that is used for Tameside schools but the changes may impact on the way we are funded as an LA.
- Local authorities will have the freedom to set Minimum Funding Guarantee (MFG) in their formula between +0.5% and +1.84%. Therefore all schools would see a minimum of 0.5% increase in their pupil-led funding. Again it should be noted that this is a mechanism which could be used to produce a balanced budget.

- 2.10 The announcements refer to the DFE implementing the Hard Formula (which has previously been put back indefinitely) but it won't be implemented for 2020-21. This change could bring with it different rates in funding factor amounts which could materially change the allocation basis across authorities.

- 2.11 Within the minister's speech there was discussion regarding the potential for schools in more affluent areas to be better off as a result of these changes and funding moving away from deprived areas. Until the detailed information is provided we cannot comment on

whether or not this is likely or give any certainty on the impact of the direct schools funding. For context purposes our increase between 2017-18 and 2018-19 in school block funding was £4m.

- 2.12 The ESFA have confirmed the indicative funding models will be released to us in early October and they will hold briefing sessions with us in October for question and answer sessions. We will have the final announcements in December 2019.

#### **Other Announcements of Interest**

- 2.13 The government is also making a £400m investment in Further Education in 2020-21. There is £190 million to increase core funding increasing base rate from £4,000 to £4,188. There is a further £210 million of funding in targeted interventions such as high-cost programmes, English and Maths resits, T Levels, the Advanced Maths Premium and workforce investments.
- 2.14 There are a number of other areas of investment with no funding details provided which are listed below:
- Consultation on increased OFSTED inspection for schools previously rated outstanding an additional £2.2m has been separately identified for this.
  - Funding to Strong Academy Trusts to enable them to expand and deliver on schools improvement in all schools.
  - Increase funding for the DFE Resource Management advisor to work with all schools.
  - Increase in pay for NQT's increasing starting salaries to £30k by 2022/23
  - £10m for National Behaviour Hubs
- 2.15 The funding for these areas is not clear so there could potentially be a top slice from the funding discussed in 2.1 to 2.10.

### **3. CONSULTATIONS**

#### **Implementing mandatory minimum per pupil funding levels**

- 3.1 This consultation was launched on 10 September 2019 and is most relevant to local authorities, who hold responsibility for the funding formulae, and maintained schools and academies, as recipients of the funding. The government have announced that they intend to make the minimum per pupil funding levels a mandatory factor to use. This is discussed in 2.7 and 2.8 of this report.
- 3.2 The DFE is consulting on how to implement the minimum per pupil funding levels in the NFF on a mandatory basis in 5 to 16 school funding and the questions cover:
- The methodology used to calculate the minimum per pupil levels in local funding formulae;
  - The circumstances in which local authorities can request to disapply the use of the minimum per pupil funding levels;
  - Any other considerations for delivering this change at a local level;
  - With regard to the public sector equality duty, the impact of the proposals on different groups of pupils, particularly those with protected characteristics.
- 3.3 As mentioned above, there may be circumstances in which LAs can request to disapply the minimum per pupil funding levels. If the result of the consultation confirms this should be a mandatory factor, the LA might have to request a disapplication in order to allow a movement from Schools Block to High Needs.
- 3.4 The LA is responding to this consultation further to discussion at the School Funding Group. The deadline for responses is 11.45pm on 22 October 2019 and the full

consultation document can be found at <https://consult.education.gov.uk/funding-policy-unit/mandatory-minimum-per-pupil-funding-levels-in-5-16/>.

### **Extending the Academies Risk Protection Arrangement (RPA) to Local Authority Maintained Schools (LAMS)**

- 3.5 This consultation was launched on 9 September 2019 and is relevant to Local Authorities and all schools (particularly maintained schools) including Academies.
- 3.6 The context of the consultation is around extending the RPA of self-insurance currently operational for academy trusts to LAMS. The RPA has realised significant savings to the academies sector and therefore the DFE believe can also realise savings for LAMS.
- 3.7 The LA intends to provide a consultation response from the LA perspective further to discussions between the Finance department and the Insurance department. The deadline for responses is 4 November 2019 and the full consultation document can be found at <https://consult.education.gov.uk/risk-protection-arrangement-team/extending-the-academies-risk-protection-arrangement/>

## **4. OTHER ANNOUNCEMENTS / UPDATES**

- 4.1 **Schools Financial Value Standard (SFVS) 2019-20** – The DFE have launched an updated return for completion for 2019-20. This now includes the checklist (similar to previous years) and, in addition, a benchmarking return which must be completed prior to submitting it to the LA. Schools will still be required to complete the return annually and the deadline will continue to be 31 March. Schools should submit the return to the LA usual way and the returns will be collated and submitted by the LA to the DFE.
- 4.2 **Teachers' Pension Grant** – This grant comes into operation from September 2019. The funding will be allocated using a per pupil formula and there is a supplementary fund which schools will be able to apply to if their pension grant falls short of their actual pension cost increase by more than 0.05%. The DFE have published information on the methodology of the grant and full details can be found at <https://www.gov.uk/government/publications/teachers-pension-employer-contribution-grant-tpecg>
- 4.3 **Teachers Pay Grant** – On 22 July 2019 the Education Secretary announced acceptance of all the recommendations from the independent School Teachers' Review body (STRB) to raise the upper and lower boundaries of all pay ranges by 2.75%. The increase will be supported by an additional £105m through the Teachers' Pay Grant on top of the £321m already announced for the 2019-20 financial year. At the time of writing this paper the Government have yet to announce how and when the additional 0.75% will be allocated to LAs. Tameside MBCs HR Team will provide further advice on when the revised pay scales have been approved locally and when the pay award will be paid in teachers' salaries.

## **5. RECOMMENDATIONS**

- 5.1 As set out at the front of the report.

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<b>Report To:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	22 October 2019
<b>Reporting Officer:</b>	Tim Bowman, Assistant Director, Education Tom Wilkinson, Assistant Director, Finance
<b>Subject:</b>	<b>SURPLUS BALANCE AND BALANCE MECHANISM SCHEME 19-20</b>
<b>Report Summary:</b>	This reports provides: <ul style="list-style-type: none"><li>• Details of the current Balance Mechanism Scheme</li><li>• An update on the current surplus balances held by schools in 2019-20</li><li>• Review current mechanism</li></ul>
<b>Recommendations:</b>	Schools Forum consider: <ul style="list-style-type: none"><li>• if they would like to change the scheme of balances to increase thresholds.</li><li>• If they would like to invoke clawback in 2019-20 and if so how much</li><li>• If they would like to give schools an option to contribute to a Capital Reserve</li></ul>
<b>Corporate Plan:</b>	Schools spending support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial policies and financial regulations
<b>Financial Implications:</b> (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	As outlined in the body of the report.
<b>Legal Implications:</b> (Authorised by the Borough Solicitor)	Overall effective use of resources across Tameside schools is a key component in the Authority's Annual Use of Resources Statement. We need to ensure any approach is maintained and kept under review and perverse incentives do not occur. It is important that there is fairness and equality across the system as every child matters and due consideration needs to be given to effective clawback mechanisms.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and closure of accounts to ensure that this is achieved. These are subject to regular review.
<b>Access to Information:</b>	<b>NON-CONFIDENTIAL</b> <b>This report does not contain information which warrants its consideration in the absence of the Press or members of the</b>

**public.**

**Background Information:** The background papers relating to this report can be inspected by contacting Christine Mullins



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## 1. INTRODUCTION

- 1.1 The purpose of the paper is to update members on the level of current surplus balances held by schools in 2019-20
- 1.2 All schools receive their delegated budget share based on the Local Funding Formula and governing body have delegated powers and responsibilities to manage and deploy their financial resources in accordance with their agreed aims and objectives to achieve the best outcomes for pupils.
- 1.3 Maintained schools are permitted to carry forward any year end surplus/deficit recorded at the 31st March to the following financial year as long as they conform to rules of the Balance Control Mechanism Scheme.

## 2. SCHOOL BALANCES 2019-20

- 2.1 At the last Schools Forum it was reported that school balances at the end of 2018-19 financial year were £7.39m. In line with the Scheme for Financing Schools budget plans submitted in May 2019 have been reviewed and these plans show schools are forecasting schools balances will reduce to £3.97m by the end this financial year. See Table 1 below.

**Table 1 Actual 2018-19 School Balances compared to Projected 2019-20 Schools Balances**

<b>Surplus Balances</b>	<b>2018-19 Final School Balances</b>	<b>2019-20 Planned Year End Balances</b>
Primary & Special	7,438,471	4,364,283
Secondary	1,544,295	1,195,208
<b>Total Surplus Balances</b>	<b>8,982,766</b>	<b>5,559,491</b>
<b>Deficit Balances</b>	<b>2018-19 Final School Balances</b>	<b>2019-20 Planned Year End Balances</b>
Primary & Special	-26,400	-246,363
Secondary	-1,567,092	-1,341,378
<b>Total Deficit Balances</b>	<b>-1,593,492</b>	<b>-1,587,741</b>
<b>Total Balances</b>	<b>2018-19 Final School Balances</b>	<b>2019-20 Planned Year End Balances</b>
Primary & Special	7,412,071	4,117,920
Secondary	-22,797	-146,170
<b>Total Balances</b>	<b>£7,389,274</b>	<b>£3,971,750</b>

## 3. SURPLUS BALANCES 2019-20

- 3.1 Under the current Balance Mechanism Scheme, balances are subject to the following thresholds:
- Primary and special schools can carry forward up to 8% of the 2018/19 school funding allocation as general balances – these are referred to as PERMITTED balances

- Anything over 8% in primary and special schools will be classed as a SURPLUS balance and can only be held for one of the four 'allowable purposes' specified below
- In the same way secondary schools can carry forward up to 5% of the 2018/19 School Funding Allocation and these are referred as PERMITTED balances.
- Anything above 5% in secondary schools will be classed as a SURPLUS Balance.

- 3.2 The approved balance mechanism scheme looks forward to the end of 2019-20, using the budget plans schools have submitted, to take account of spending that school will be making in year. School will need to identify how they will utilise their projected surplus at the end of 2019-20.
- 3.3 Schools with surplus balances above the permitted thresholds are required to submit a return to the LA (approved by Governors) by 30 June detailing how the surplus balance will be utilised.
- 3.4 This information has been collated and Table 2a below shows there are 16 schools with projected surplus balances. The total balances held totals £3.22m of which £1.41m is above the permitted levels and classed as surplus.
- 3.5 In addition to schools holding surplus balances a further 44 schools are holding permitted balances of £2.10m, see Table 2b below. Of these schools 12 primary schools are holding balances over 6% i.e. are close to the 8% threshold so are at risk of closing the 2019/20 financial year with an 'unapproved' surplus balance.
- 3.6 Previous data shows balances often increase beyond initial planned spend at the start of the financial year. For example at the start of 2018-19 financial year schools budget plans projected balances to be £1.81m and the actual balances at the end of 2018-19 were £7.39m.

**Table 2a: Schools with Surplus Balances 2019-20**

Sector	No of Schools with balances above Permitted Level	Total Year End Projected Balance	Permitted Balance	Surplus Balance
Primary & Special	14	£2,276,922	£1,266,345	£1,010,577
Secondary	2	£942,479	£543,474	£399,005
<b>Totals</b>	<b>16</b>	<b>£3,219,401</b>	<b>£1,809,819</b>	<b>£1,409,582</b>

**Table 2b: Schools with Permitted Balances 2019-20**

Sector	No of Schools Permitted	Total Year End Projected Balance
Primary & Special	42	£1,840,998
Secondary	2	£252,729
<b>Totals</b>	<b>44</b>	<b>£2,093,727</b>

- 3.7 A local agreement in the Scheme for Financing Scheme states 'any school which has a revenue surplus balance which is more than twice the permitted threshold, will be subject to a more detailed review of the plans for the surplus'.

- 3.8 There are 6 schools that meet this threshold and LA officers have commenced a review of spending plans of these schools.
- 3.9 Historically school spending has not been in line with the budget plan set, which has resulted in higher than planned balances at year-end. This year a robust review has taken place of the school budgets for accuracy which has resulted in some plans needing to be resubmitted.
- 3.10 It is therefore hoped that spending plans and balance of mechanism scheme submissions are more realistic.

#### **4 REVIEW OF CURRENT MECHANISM**

- 4.1 The current scheme works by allowing schools to hold balances higher than the thresholds of 8% and 5% as long as there are approved plans to spend the surplus against the 4 specified reasons.
- 4.2 The scheme includes a clause whereby if a school doesn't have an approved surplus balances at the start of the financial year (because their plans indicate they will be below the 5% & 8% thresholds) or their balances increase in year above the approved level submitted to the LA, Schools Forum can agree to claw back this element.
- 4.3 Any balances clawed back would then be distributed back into the system to support all schools and academies.
- 4.4 With the significant deficit projected on the High Needs Block and continuing pressures any balances clawed back could be used to offset this deficit along with any agreed transfers from the Schools Block.
- 4.5 Intelligence shared across the North West indicates many LA's haven't acted on the claw back mechanism previously although this is something that is now being discussed and reviewed especially with the pressure on the high Needs Block.
- 4.6 Some schemes in operation in neighbouring LA's were similar to Tameside but there were also some different arrangements in place, for example
- A higher threshold e.g. 12% across all sectors
  - Increased thresholds to 10% and 7% respectively
  - A clawback rate of 50% of the surplus balance
  - Clawback only against balances held for 2 years
  - Any clawbacks removed to be contributed to DSG reserve to support High Needs Pressures.
  - Contribution to a Capital Reserve held by the LA. If schemes do not materialise as planned the funds are returned to all Schools and Academies
- 4.7 All suggestions have been discussed with the Schools Funding group at a meeting on 2 October 2019, who would like Schools Forum to consider adopting the following mechanisms into the scheme;-
- Increase permitted balances to 12% in primary schools and 9% in secondary schools
  - Schools forum to use its powers of clawback if balances are held for in excess of 2 years.
  - Looking to allocate any clawback to the High Needs Budget subject to compliance with regulations
  - Look to set up a Capital fund held by the LA for specific capital schemes, the account to look to attract interest, but with restrictions that if the scheme does not

progress the balance is not return to the school but is instead treated as a surplus balance subject to clawback.

## **5 RECOMMENDATIONS**

5.1 As set out on the front of the report.