



## Schools Forum

**Wednesday 10 October 2018 at 6.00 pm**

Room Q309, Queens Park Community School,  
Aylestone Avenue, NW6 7BQ

### Membership

### Representing

#### SCHOOL MEMBERS

##### Nursery

Lesley Benson  
Karen Zajdel

Head  
Governor

##### Primary

Martine Clark  
Michelle Ginty  
Melissa Loosemore  
Vacancy  
Helga Gladbaum  
Geraldine Chadwick  
Michael Maurice  
Narinder Nathan  
Tim Jones

Head  
Head  
Head  
Head  
Governor  
Governor  
Governor  
Governor  
Governor

##### Secondary

Gill Bal

##### Special Education Needs

Kay Charles

Head

##### Pupil Referral Unit

Vivien Dean

Head

#### ACADEMY MEMBERS

##### Primary

Vacancy  
Jo Jhally

Head  
Governor

**Secondary**

Andy Prindiville	Head
Vacancy	Head
Gerard McKenna	Head
Martin Beard	Governor
Mike Heiser	Governor
Titilola McDowell	Governor

**Special Education Needs**

Jayne Jardine	Head
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**NON-SCHOOL MEMBERS****Early Years PVI**

Paul Russell  
Sylvie Libson

**Trade Union**

John Roche

**16-19 Provider Representative**

Mark Stacey

**For further information contact:** Nikolay Manov, Governance Officer  
Email: [nikolay.manov@brent.gov.uk](mailto:nikolay.manov@brent.gov.uk); Tel: 0208 937 1348

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit:

**[www.brent.gov.uk/committees](http://www.brent.gov.uk/committees)**

**The press and public are welcome to attend this meeting.**

### **Notes for Members - Declarations of Interest:**

If a Member is aware they have a Disclosable Pecuniary Interest\* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest\*\* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

### **\*Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences** - Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

### **\*\*Personal Interests:**

The business relates to or affects:

- (a) Anybody of which you are a member or in a position of general control or management, and:
  - To which you are appointed by the council;
  - which exercises functions of a public nature;
  - which is directed is to charitable purposes;
  - whose principal purposes include the influence of public opinion or policy (including a political party or trade union).
- (b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;
- a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

# Agenda

Introductions, if appropriate.

Item		Page
<b>1 Election of Chair and Vice-Chair</b>	To appoint a Chair and a Vice-Chair of the Schools Forum.	
<b>2 Apologies for Absence and Membership</b>	<ul style="list-style-type: none"><li>➤ To receive apologies for absence</li><li>➤ To welcome Michelle Ginty and John Roche to the Schools Forum</li><li>➤ To note that there are three vacant seats on the Forum:<ul style="list-style-type: none"><li>○ Maintained Primary Head</li><li>○ Academy Primary Head</li><li>○ Academy Secondary Head</li></ul></li></ul>	
<b>3 Declarations of Interest</b>		
<b>4 Deputations (if Any)</b>		
<b>5 Minutes of the previous meeting</b>	To approve the minutes of the previous meeting as a correct record.	1 - 10
<b>6 Actions arising</b>	To consider any actions arising from previous meetings.	11 - 12
<b>7 Council Budget Proposals</b>	<i>Members will hear a presentation on the Council Budget Proposals. A link to the Agenda for the Cabinet meeting on 15 October is available <a href="#">here</a>.</i>	
<b>8 Dedicated Schools Grant Schools Budget Forecast - 2018/19</b>	The report updates School Forum Members with the Forecast position of the Dedicated Schools Grant (DSG) 'Schools Budget' for 2018/19.  <b>Contact Officer:</b> Andrew Ward, Head of Finance Email: <a href="mailto:andrew.ward@brent.gov.uk">andrew.ward@brent.gov.uk</a> Tel: 0208 937 6462	13 - 18
<b>9 2019/20 Funding Announcements and Schools' Budget Position</b>	The paper informs the Schools Forum about the funding announcements made in the summer of 2018. It then assesses these announcements in light of the financial position of schools and the High Needs block. <b>Contact Officer:</b> Andrew Ward, Head of Finance	19 - 32

Email: [andrew.ward@brent.gov.uk](mailto:andrew.ward@brent.gov.uk)  
Tel: 0208 937 6462

**10 Primary School Place Demand Update** 33 - 38

The report provides an update on the latest projections for primary school places. These will be published in the new School Place Planning strategy 2019-2023, which is being considered by Cabinet in November 2018.

**Contact Officer:** Shirley Parks, Head of Forward Planning, Performance and Partnerships

Email: [shirley.parks@brent.gov.uk](mailto:shirley.parks@brent.gov.uk)  
Tel: 020 8937 4529

**11 Options for Financially Supporting Schools with Falling Rolls** 39 - 44

At the June 2018 Schools Forum, members requested that options for financially supporting schools with falling rolls be presented for discussion and consideration.

**Contact Officer:** Andrew Ward, Head of Finance

Email: [andrew.ward@brent.gov.uk](mailto:andrew.ward@brent.gov.uk)  
Tel: 0208 937 6462

**12 Updated Scheme for Financing Schools and Schools Financial Regulations** 45 - 144

The report details the changes implemented to the Scheme for Financing Schools and the Schools Financial Regulations, which became effective from 1 April 2018.

**Contact Officer:** Dena Aly, Senior Finance Analyst

Email: [dena.aly@brent.gov.uk](mailto:dena.aly@brent.gov.uk)  
Tel: 0208 937 2179

**13 Any Other Urgent Business**

**Date of the next meeting: Wednesday 12 December 2018**



Please remember to **SWITCH OFF** your mobile phone during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.

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## **MINUTES OF THE SCHOOLS FORUM Wednesday 20 June 2018 at 6.00 pm**

### **PRESENT**

#### **Governors**

Mike Heiser (Chair)  
Karen Zajdel  
Geraldine Chadwick  
Martin Beard  
Titilola McDowell  
Michael Maurice  
Tim Jones

#### **Head Teachers**

Lesley Benson  
Martine Clark  
Rabbi Yitzchak Freeman  
Melissa Loosemore  
Rose Ashton (Vice-Chair)  
Gill Bal  
Kay Charles  
Andy Prindiville  
Jayne Jardine

#### **Early Years PVI**

Paul Russell  
Sylvie Libson

#### **Officers**

Brian Grady  
Sue Gates  
Andrew Ward  
Dena Aly  
Nikolay Manov  
Sasi Srinivasan  
Sarah Miller (observer)  
Farzana Aldridge (Brent Schools Partnership)

#### **Lead Member**

Councillor Agha

#### **14-19 Partnership Observer**

Mark Stacey

### **ABSENT**

#### **Pupil Referral Unit**

Vivien Dean

1. **Apologies for Absence and Membership**

**Governors**

Helga Gladbaum  
Narinder Nathan  
Jo Jhally

**Head Teachers**

Gerard McKenna  
Troy Sharpe

**Trade Union**

Lesley Gouldbourne

Members welcomed Michael Maurice and Tim Jones who had been elected to sit on the Schools Forum as Primary Governors.

It was noted that there was one vacancy on the Forum - a Secondary Academy Head.

2. **Declarations of Interest**

Mike Heiser declared that he was a Governor representative at the Brent Schools Partnership Board (BSP).

Kay Charles declared that she was Chair of the Brent BSP.

Martine Clark declared that she was Vice-Chair of the Brent BSP.

Sylvie Libson declared that she was a member of the Brent BSP.

3. **Deputations (if Any)**

None.

4. **Minutes of the previous meeting**

**RESOLVED** that the minutes of the previous meeting, held on 21 February 2018, be approved as an accurate record of the meeting.

5. **Actions arising**

The Forum examined the Action Log which had been included in the Agenda pack for the meeting and noted that actions 16, 21, 22 and 28 would be considered at the current meeting.

6. **Raising the Achievement of Black Caribbean Boys in Brent Schools**

Brian Grady introduced the report which sought agreement to allocate funding to raise the Achievement of Black Caribbean Boys in Brent schools which was below the national average. The issue had been discussed by Brent Council's Community and Wellbeing Scrutiny Committee in 2016 and although attainment had improved in 2017, it had remained well below that of pupils nationally at the end of Early



Years Foundation Stage and Key Stages 1, 2 and 4. A Black Caribbean Strategy Group, led by Brent Schools Partnership (BSP) Specialist Centre for Black Caribbean Achievement, had been set up and had been meeting regularly since September 2017. Furthermore, a strategic framework had been developed which set out detailed actions to be taken by a range of stakeholders to strengthen capacity and expertise to raise achievement and support parents to contribute to their children's learning (for details, please see Appendix 3 on pages 23-25 of the Agenda pack).

Kay Charles, in her capacity of Chair of the BSP, highlighted that the proposal outlined in the report had been based on evidence-based approaches and information which had been collected from a wide range of sources. The paper reflected BSP's belief that Brent should be leading development and innovation related to strategies to raise the attainment of Black Caribbean students and schools had to be supported to build the necessary capacity to deliver this. She explained that the proposal had been developed in such a way that it was inclusive of all schools in Brent and it would be based on peer support, aimed at maximising resources available and creating sustainable capacity for the whole Borough (for information about individual components of the project, please see paragraph 3.14 on page 13 of the Agenda pack).

Members of the Forum welcomed the report. They enquired how impact would be monitored in the aftermath of the initial two-year period. Farzana Aldridge (Strategic Director, Brent Schools Partnership) stated that the BSP would manage the programme and regular updates would be provided to the Schools Forum on impact.

In relation to funding, it was noted that Dedicated Schools Grant (DSG) reserves would be used for two academic years as set out in recommendation 2.1 of the report (page 11 of the Agenda pack) which would be in line with the decisions made by the Schools Forum at the meeting on 21 February 2018. However, Mr Grady acknowledged that a sustainable approach had to be secured and that this had informed the detail of the proposal.

A Member of the Schools Forum raised the issue of schools not being willing to share data on Black Caribbean Boys. Mr Grady responded that the Local Authority would explore solutions to address information sharing barriers and an update would be provided to Forum.

**RESOLVED** that:

- (i) The contents of the Raising the Achievement of Black Caribbean Boys in Brent Schools report, be noted;
- (ii) The following funding for two academic years to deliver the actions to raise the attainment of Black Caribbean boys as set out in paragraph 3.14 of the report be agreed:
  - 2018-19 of £359,500
  - 2019-20 of £205,250
- (iii) Six-monthly reports on the progress in the use and deployment of the allocated spend, and the resulting impact on securing improvement for this group of pupils be provided to the Schools Forum; and

- (iv) An update on potential solutions to address information sharing barriers be provided to Schools Forum.

## **7. Strengthening Leadership Development and Succession Planning in Brent schools**

Brian Grady introduced the report which sought agreement from the Schools Forum to allocate funding to secure the full and effective implementation of a strategy to strengthen leadership, development and succession planning in schools across the Borough.

Members of the Forum welcomed the paper and said they were pleased that the programmes would be available to all establishments in Brent. They acknowledged that the route through teaching had changed and that it had been challenging to encourage teachers to become leaders. Therefore, it was necessary to deliver programmes that equipped people with the right set of skills and provided them with appropriate levels of support. Farzana Aldridge (Strategic Director, Brent Schools Partnership) commented that the three programmes were aimed to support a number of leaders while developing a shift in culture in schools. Work had already commenced on developing a Leadership Charter, which would list a set of commitments to which every school in Brent should sign up to. This would demonstrate the schools' commitment to leadership development at all levels, and support for schools in delivering the commitments within the Charter would be provided through consultancy work and advice. This approach was expected to address teacher shortages and problems associated with recruiting Head Teachers. A Member noted that it was essential to support new teachers to identify and fulfil their ambitions as having successful leaders was a prerequisite for having successful schools. It was pointed out that the Leadership Charter would be developed in partnership with governors as the success of the initiative would depend on their engagement.

The Forum discussed that if the programme was officially accredited, it was likely to attract higher numbers of teachers as they would know that their qualification would be widely recognised. Ms Aldridge said that she had had conversations with the Institute of Education in order to gain accreditation.

It was noted that the Leadership Development Programme and the Leadership Charter could be self-sustainable if schools worked collaboratively to develop their members of staff.

### **RESOLVED** that:

- (i) The contents of the Strengthening Leadership Development and Succession Planning in Brent schools, be noted;
- (ii) The following funding for two years to deliver the actions that had been identified to strengthen the provision for leadership, development and succession planning in all schools in Brent be agreed:
  - 2018-19 of £282,000
  - 2019-20 of £163,250

- (iii) Six-monthly reports on the use and deployment of the allocated spend, and the resulting impact on strengthening leadership and succession planning in Brent schools be provided to the Schools Forum.

*Michael Maurice and Rose Ashton left the meeting at 6:30 pm.*

## 8. **Early Years Projects funded from allocated Dedicated Schools Grant reserves**

Sue Gates introduced the report which proposed that allocated Dedicated Schools Grant (DSG) reserves were used to fund three Early Years (EY) initiatives.

The first one was the establishment of a **development grant** to support providers who were facing challenges related to supporting children with higher levels of development needs with ensuring their business sustainability. The grant would be put in place for one year to relieve cost pressures faced by providers and allow time for renewed business sustainability to be explored. The grant would be calculated at 20p per hour for each Nursery Education Grants (NEG) for three- and four-year olds free entitlement hour delivered by settings in the previous year. Subject to confirmation from the Schools Forum, this grant would be made available to all settings offering the free entitlement and guidance would be made available outlining any terms and conditions relating to the administration and the spend of the grant.

The **Progress for all project** addressed issues which were impacting all settings such as lower than national average take-up rate of the EY free entitlement and lower attainment rates by priority groups. Ms Gates said that Brent's Early Help service had been awarded a £50,000 grant from the Department for Education for the project and the money would be used to fund a pilot covering three ward areas. If funding was to be allocated from the DSG reserves, it would be used to put in place more widespread, long-term projects with clear measurable objectives aiming for a sustainable impact. In addition, work would take place to support home learning and raise awareness of childcare options. Outcomes of the pilot were expected to be available following the completion of the pilot in September 2018 and if 'Progress for all' was to be implemented, this would take place from September 2018 to December 2020.

The **Superheroes project** related to the exploration of an early years and primary age prevention programme that emphasised early identification and intervention to support young people to not get involved with gangs. Members heard that the issue of the role of superheroes in play had been explored at the Brent Early Years Conference in January 2018 and settings had been keen to access support to equip practitioners to develop practice in this area. The project would draw on best practice across EY settings and schools and would be focused on early identification of vulnerable children and supporting them to develop skills to avoid dangerous situations.

In relation to expenditure, Ms Gates said that the reserve amount allocated to Early Years by the Forum would cover part of the two projects and all the cost of the Development Grant (for more details, please see section four of the report (page 63 of the Agenda pack)).

Members of the Forum enquired how the outcomes of the Superheroes project would be measured and Ms Gates explained that predicting the impact of EY interventions was challenging. She suggested that effectiveness would be measured by assessing children's attributes and understanding of issues such as gangs, knife crime and aggressive and disruptive behaviour before and after they had participated in the project. Furthermore, there would be various initiatives aimed at engaging families and, in the long-term, the project was expected to help the Local Authority create an Early Intervention Strategy.

An Early Years PVI member noted that EY budget and the Early Years Task Group were mainly focused on Private, Voluntary and Independent (PVI) settings so primary schools with receptions or nurseries had little contact with Early Years Team. Brian Grady noted that actions would be taken to increase the engagement of the Team with nurseries and primary schools.

In relation to the scope of the Superheroes project, Ms Gates said that it was expected that it would continue until mid-primary stage. It would be led by Early Help and Early Intervention and direction and guidance would be provided through the Early Years Task Group, while schools would be involved in measuring impact. Members of the Schools Forum queried how the project would be governed. They also asked how children could be clearly tracked as they progressed through the education system so the number of children associated with gang activity who had been identified in the early years declined. In response, Ms Gates said that the project had not been sufficiently developed to enable this, but once it was, the 2015 Home Office and Early Intervention Foundation practice review could be used to support the evaluation of impact.

The Schools Forum discussed what other key stakeholders could be involved in the project. Ms Gates noted that a mapping exercise would be conducted to gather information and identify best practices that could be included in a systematic approach to early identification of vulnerable children. Forum members requested that existing groups in the Borough were engaged with rather than initiate a new series of groups to support a stand-alone project.

A Forum member questioned whether it was feasible to attempt to roll the Superheroes project out across the whole of the Borough as its complexity could have been underestimated. They proposed running a small-scale pilot, involving one or two schools, and identifying lessons learned before expanding the geographical coverage. In addition, Members expressed concerns in relation to the lack of clarity what the programme would involve and its cost.

As the report outlined three separate proposals, the Chair decided to take separate votes on each one.

The Development Grant (as set out in paragraph 3.1 of the report (page 61 of the Agenda pack)) was then put to the vote by a show of hands and declared **CARRIED**.

The Progress for all project (as set out in paragraphs 3.2-3.5 of the report (pages 61-62 of the Agenda pack)) was then put to the vote by a show of hands and declared **LOST**.

The Superheroes project (as set out in paragraph 3.6-3.11 of the report (pages 62-63 of the Agenda pack)) was then put to the vote by a show of hands and declared **LOST**.

**RESOLVED** that:

- (i) The contents of the Early Years Projects funded from allocated Dedicated Schools Grant reserves, be noted;
- (ii) A revised version of the paper be presented at a future Schools Forum meeting, containing additional information on the scopes of the Progress for all and the Superheroes projects as per the discussion at the current meeting; and
- (iii) The Early Years Task Group would meet to reflect on the discussion at the current meeting.

## **9. Dedicated Schools Grant Financial Outturn 2017/18**

Andrew Ward introduced this report which set out the final Dedicated Schools Grant (DSG) outturn against the budget set for 2017/18 and provided detail on the overall £1.8 million underspend. He informed Members that the 2017/18 Statement of Accounts had been submitted to the Council's external auditor and was expected to be finalised and approved by the statutory deadline (31 July 2018).

Mr Ward informed the Forum that the underspend had been caused by an underspend on school growth and rising rolls within the schools block (£2.1 million) and this was despite a £1 million reduction in the budget in 2017/18. Furthermore, there was also an underspend in the Early Years block, largely due to an underspend on nursery provision for three and four year olds in maintained schools and a planned underspend on central budgets. In contrast, the High Needs block had overspent in 2017/18 by £1.6 million, primarily due to overspends on top-up funding to mainstream settings, and a higher amount of recoupment for High Needs post-16 than anticipated. There had been an underspend of £0.3 million on High Needs recruitment which had not been predicted.

Members heard that the DSG underspend of £1.8 million would be added to existing reserve of £6 million, so that reserves would total £7.8 million as at the start of 2017/18. Mr Ward reminded the Forum that it had been approved to use £2.5 million for allocation in the funding formula in 2018/19 and 2019/20. An additional £2 million reserves would be retained as a contingency against cost pressures and potential funding reductions within the High Needs block and the Early Years block.

Dena Aly directed Members' attention to Appendix B (page 45 of the Agenda pack) which contained a breakdown of individual balances by school. The overall balances had decreased by £2.7 million and although this was the second year in which balances had decreased, Ms Aly said that it was not possible at present to identify a pattern. Six primary schools had finished the year in deficit and 13 had small balances (less than 8%), while most special schools and Pupil Referral Units had increased their balances. Improvement projects and other planned activities had been the main reasons for spending funds and most schools had been able to manage pressures without deviating from their balances significantly. In terms of future steps, Ms Aly noted that most schools were likely to have taken actions to

address the drops in their balances and schools in deficit would be required to set balanced budgets.

A Member of the Forum enquired whether the Local Authority received information on the balances of academies and Mr Ward explained that their accounts were published and it was possible to look at their net current assets, but this would not provide an easy comparison. In a similar way, examining the accounts of an academy school would not be informative when these were part of larger Multi Academy Trusts.

**RESOLVED** that:

- (i) The contents of the Dedicated Schools Grant Financial Outturn 2017/18 report, be noted; and
- (ii) A further report regarding school budget plans be presented at the Schools Forum meeting in October 2018.

**10. Dedicated Schools Grant Financial Outlook Report**

Andrew Ward introduced this report which outlined the issues the Schools Forum would face when setting the 2019/20 Dedicated Schools Grant (DSG), also known as the 'Schools Budget'. Mr Ward said that there was not much information on the national funding formula available and High Needs and the Early Years Task Groups would continue to meet to set a balanced budget for 2019/20. Mr Ward highlighted that the predicted funding gap was £1.4 million and noted that as it was not sustainable to continue using reserves and reallocate underspending. There was a risk that school allocations would have to be reduced in cash terms in future years in order to balance the budget. Additional information about planning the budget would be available following the Teacher Pay announcement and once data from the October 2018 census became available.

Mr Ward directed Members' attention to section six of the report (page 53 of the Agenda pack) which focused on the mainstream funding formula. He said that the primary to secondary funding ratio was in line with the national funding formula at 1:1.28. The mix of additional need funding factors and school funding factors had not changed in recent years and was not an exact match for the national funding formula. However, changing it would require a consultation with all schools which would have to be built into the budget timetable. Therefore, it could be more beneficial to adjust the pupil funding factor allocations proportionally as this could be done in consultation with Schools Forum rather than with all schools.

Mr Ward emphasised that the DSG budget was set by the Council in consultation with Schools Forum as per the timetable set out in Table 3 (page 55 of the Agenda pack).

A Member of the Forum noted that the growth fund had declined and enquired whether unused funding should be shifted to falling rolls funding. They also commented that the number of primary students was falling which had caused a capacity issue for schools that had expanded and recommended at looking at how this problem had been tackled by other local authorities.

**RESOLVED** that:

- (i) The contents of the Dedicated Schools Grant Financial Outlook – 2019/20 report, be noted;
- (ii) That the High Needs Task Group would continue to meet in 2018/19 and would recommend a balanced High Needs budget for 2019/20;
- (iii) That the Early Years Task Group would continue to meet in 2018/19 and would recommend a balanced Early Years block budget for 2019/20; and
- (iv) Members of the Schools Forum to send their feedback, comments and suggestions regarding falling rolls funding to Brian Grady and Andrew Ward.

*Andy Prindiville and Sylvie Libson left the meeting at 7:55 pm.*

**11. High Needs Task and Finish Group Report**

Dena Aly presented the report which provided an update on the work of the High Needs Task Group. The Group last met in May 2018 and had continued its work on the development projects funded by the reserves earmarked for High Needs. The Inclusion Support Panel would allocate funds of up to £250,000 to support schools in improving their capacity to provide for pupils with Special Education Needs and Disabilities (SEND). Members heard that the Head of Inclusion had written to all schools to advise them on how to bid for the available funding and allocations would be agreed and confirmed in the autumn term. Furthermore, a draft specification for the post-19 provision had been presented to the Group. It had been agreed that an independent consultant would be recruited in the autumn term and an update would be presented at the Schools Forum meeting in December 2018. The Group had also reviewed the Low Cost High Incidence funding support model which was aimed at supporting schools with higher proportions of SEND students. It had been agreed by the High Needs Block Task Group to replace the old arrangements under which the SEND register had been used as a proxy indicator to allocate funds to those schools which had 4% or more of pupils on the register. This model had allocated £30,000 in 2017/18, using it in 2018/19 would result in zero allocations. Therefore, the Group decided to replace it with the model outlined in Appendix A (page 59 of the Agenda pack). Ms Aly highlighted that the new arrangements would support approximately 50% of the schools with highest proportion of SEND students at a cost of £120,000.

Ms Aly informed Members of the Schools Forum that approximately £500,000 of the reserves earmarked for High Needs was still available for further development projects or to mitigate overspends.

The Schools Forum welcomed the report, however, a member enquired why the proposal to replace the Low Cost High Incidence funding support model had not been voted on and whether schools which had reserves would be eligible to receive funding. Andrew Ward explained that the Inclusion Support Panel and the post-19 provision had been presented previously to the Forum and had been approved, hence, this paper was a progress report which did not contain any new proposals. As far as changing the Low Cost High Incidence model was concerned, the

increase of the funding available to £120,000 would be funded from the existing budget and that the Task and Finish Group had been delegated to confirm the allocation details.

**RESOLVED** that:

- (i) The contents of the High Needs Task and Finish Group Report, be noted; and
- (ii) The High Needs Task Group be retained to monitor the post-19 High Needs review and recommend a 2019/20 High Needs block budget.

**12. Any Other Urgent Business**

None.


The meeting closed at 8.05 pm

MIKE HEISER  
Chair



No	Meeting Date	Agenda Item	Lead Officer	Action Arising	Due date (if applicable)	To be brought to a future meeting	RAG
26	21/02/18	Agenda Item 9 - Dedicated Schools Grant Financial Forecast 2017/18	Brian Grady	Provide an update on primary numbers projections	Oct-18		Ongoing
28	20/06/18	Agenda Item 6 - Raising the Achievement of Black Caribbean Boys in Brent Schools	Brian Grady	Provide six-monthly updates on the progress in the use and the deployment of the allocated spend, and the resulting impact on securing improvement of this group of pupils	Dec-18	YES	Outstanding
29	20/06/18	Agenda Item 6 - Raising the Achievement of Black Caribbean Boys in Brent Schools	Brian Grady	Provide an update on potential solutions to address information sharing barriers	TBC		Outstanding
30	20/06/18	Agenda Item 7 - Strengthening Leadership Development and Succession Planning in Brent Schools	Brian Grady	Provide six-monthly updates on the progress in the use and the deployment of the allocated spend, and the resulting impact on strengthening leadership and succession planning in Brent Schools	Dec-18	YES	Outstanding
31	20/06/18	Agenda Item 8 - Early Years Projects Funded from Allocated Dedicated Schools Grant Reserves	Sue Gates	Present a revised version of the paper, containing additional information on the scopes of the Progress for all and the Superheroes projects	Oct-18	YES	Outstanding
32	20/06/18	Agenda Item 8 - Early Years Projects Funded from Allocated Dedicated Schools Grant Reserves	Andrew Ward / Sue Gates / Dena Aly	Hold a meeting of the Early Years Task Group to reflect on the discussion of the current meeting	Autumn-18		Outstanding
33	20/06/18	Agenda Item 9 - Dedicated Schools Grant Financial Outturn 2017/18	Andrew Ward	Present a report analysing budget share plans	Oct-18	YES	Ongoing
34	20/06/18	Agenda Item 10 - Dedicated Schools Grant Financial Outlook Report	High Needs Task Group	Recommend a balanced High Needs block budget for 2019/20	Jan-19	YES	Outstanding
35	20/06/18	Agenda Item 10 - Dedicated Schools Grant Financial Outlook Report	Early Years Task Group	Recommend a balanced Early Years block budget for 2019/20	Jan-19	YES	Outstanding

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 <b>Brent</b>	<b>Schools Forum</b> 10 October 2018
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Dedicated Schools Grant Schools Budget Forecast – 2018/19</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
<b>No. of Appendices:</b>	One: • Q2 Budget Monitoring Position 2018/19
<b>Background Papers:</b>	N/A
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## 1.0 Purpose of the Report

- 1.1 The purpose of this report is to update School Forum Members with the Forecast position of the Dedicated Schools Grant (DSG) 'Schools Budget' for 2018/19.

## 2.0 Recommendation

- 2.1 The Schools Forum is asked to note this report.

## 3.0 Summary

- 3.1 The Q2 forecast for the DSG Schools Budget is that it will breakeven in 2018/19. There are however notable pressures in the provision of High Needs education causing the block to overspend by at least £2M. Compensating underspends on pupil growth budgets are forecast to offset this overspend, but there is a risk that DSG reserves will have to be drawn down to balance the position by year end.

## **4.0 Background**

- 4.1. Overall the DSG or Schools Budget underspent by £1.8M in 2017/18. Of the 4 blocks of the DSG, the Central block and Early Years block underspent, the High Needs Block overspent by £1.6M, and the pupil growth budgets which sit within the mainstream Schools Block underspent by £2.1M.
- 4.2. The National Fair Funding reforms if applied in full would reduce the High Needs block funding by £6M, but the minimum funding guarantees in place for 2018/19 increased the High Needs Block by 0.5% per pupil, which equated to approximately £1M.
- 4.3. The Dedicated Schools Grant (DSG) expenditure budget for 2018/19 totals £315m which is supported by £312m of grant income and £3m of DSG reserves released in consultation with Schools Forum. The £315m represents the total cost of funding education to early years and school age pupils in the borough before recoupment of funds by the Department for Education to fund the borough's Academies.

## **5.0 Early Years**

- 5.1. The Early Years Block is the most self-contained of the 4 blocks, and totals £24M. 95% of this block income is passed onto providers, and little variance is expected on the remaining 5%. The 95% allocated out should be broadly in balance with the income received. However the amounts actually paid to providers are expected to exceed the income by £310K as part of a planned use of reserves designed to protect existing funding rates, e.g. maintaining 2 year old provision at £6 per hour.
- 5.2. A reduction to the Early Years Block income of £278K has been applied to the income to be received in 2018/19. This actually relates to 2017/18, and is due to lower take up of universal 3 and 4 year old entitlement and 2 year old entitlement as at the January Census compared to the previous estimates upon which the indicative allocations were based on. As per CIPFA guidance on the DSG this was not accrued for in the 2017/18 accounts, but officers will review this decision in future. If an accrual can be estimated for Early Years funding adjustments at year end then this will result in a clearer and more transparent in-year position for the Early Years Block.
- 5.3. The £278K funding reduction is a pressure on the 2018/19 DSG. The total Early Years Block position will continue to be monitored and reported to the Early Years group.

## **6.0 Central Block**

- 6.1. The Central Block of the DSG (£2.4M) funds central services for schools. This also includes a set contribution towards pension strain costs for former school employees of £600k.

## **7.0 Schools Block**

- 7.1. There should be little volatility in the net position of the funds allocated to schools (£229M), the funding formula is already set for 2018/19 and in-year

academy conversions will have little net impact, with the amount recouped equal to the formula budget share. There is potential for some variance when changes are made to National Non-Domestic Rates allocations following any revaluations. These are adjusted to ensure schools receive funding equal to the rates charged.

- 7.2. It is likely that there will be a large underspend against the growth contingency budgets (£3M) which are prudently set aside for localised primary growth and for the demographic bulge in Secondary phase pupil numbers. Allocations will be known at the end of the autumn term, but the indications from the number of primary place offers made indicate a likely underspend of £2M. The rise in secondary pupil numbers is expected to become more evident, and require more funding from this budget from 2019/20 onwards.

## **8.0 High Needs**

- 8.1. The main risks of variance to budget are in the High Needs Block (£54M). The High Needs block underspent up to 2016/17, but overspent in 2017/18 and is now experiencing growing demand led pressures.
- 8.2. The block supports high needs pupils in specialist provision, in mainstream settings, and provides specialist support services. Although there has been an increase in the amount of in-borough special provision places, which are less costly than places out of borough, the total increase in number of High Needs children, the increased severity of need, and the increase in the rates charged, means there is a forecast overspend in excess of £1M on the total cost of special educational placements.
- 8.3. The number of Education Health and Care Plans (EHCPs) is approximately 2,200, compared to 1,650 statements 4 years ago, an annualised increase of 8%, well in excess of population growth. This growth will continue to be monitored and the current demand for support is expected to remain. Nearly half of EH&C plans are for children in mainstream settings, and additional funding is allocated to schools according to need. This is an additional budget pressure on the High Needs Block.
- 8.4. The rise in demand is also evident in the increased numbers of post 16 places, with growing demand for provision for 19-25 year olds. The High Needs post 16 budget of £1.8M overspent by £0.6M in 2017/18 where approximately 180 young people were supported compared to 150 in the previous year, and this is likely to be repeated in 2018/19.
- 8.5. It is expected that the underspend on growth budgets in the Schools Block will substantially compensate for an overspend on high needs, and DSG reserves can be called on if required. More accurate High Needs forecasts can be completed in the autumn term, and the blocks will continue to be monitored and reported to Schools Forum in addition to Cabinet. Work is continuing with the Schools Forum sub-group for High Needs on addressing the pressures for the 2019/20 budget.

## **9.0 Financial Implications**

- 9.1. The financial implications have been detailed in the body of this paper.

## **10.0 Legal Implications**

10.1. There are no legal implications for this report.

## **11.0 Equality Implications**

11.1 Not applicable.

## **12.0 Consultation with Ward Members and Stakeholders**

12.1 Not applicable

### **Report sign off:**

**GAIL TOLLEY**

Strategic Director of Children and Young People

Appendix 1 - Q2 Budget Monitoring Position 2018/19

S251 Line	Budget Heading	Description	Budget	Forecast	Reserves	Variance	Commentary
			£'000	£'000	£'000	£'000	
	<b>Income (post- recoupment)</b>						
1.9.1	Early Years Block		24,332	24,022	310	0	Early years adjustment to 201718
1.9.1	Schools Block		120,231	118,078	2,500	(347)	Recoupment Adjustment
	Central School Services Block		2,325	2,367	0	(43)	
1.9.1	High Needs Block		50,501	50,064	0	437	Import/ Export and Recoupment adjustments /Post 16 recoupment adj.
	<b>TOTAL INCOME</b>		<b>197,389</b>	<b>194,531</b>	<b>0</b>	<b>48</b>	<b>Post recoupment DSG</b>


S251 Line	Budget Heading	Description	Budget	Forecast		Variance	Commentary
			£'000	£'000		£'000	
1.0.1	Schools Block	Primary Schools	103,957	103,957		0	
1.0.1		Secondary Schools	12,129	12,129		0	
1.0.1		All Through Schools	0	0		0	
1.5.		Central Support	362	362		0	
1.1.1	De-delegated Items	Contingencies - Schools in Difficulty	200	200		0	
1.1.4		Free school meals eligibility	28	28		0	
1.1.8		Staff costs – supply cover excluding cover for facility time	350	320		(30)	
1.4.10	Pupil Growth and Infant Class Sizes	Expansion and rising rolls funding	3,130	1,000		(2,130)	Significantly underspent as demand for expansion funding decreased
	<b>Total Schools</b>		<b>120,156</b>	<b>117,996</b>		<b>(2,160)</b>	

1.0.1	Early Years Block	2 year old Nursery Education Grant	3,843	3,843		0	
1.0.1		3 and 4 year old Nursery Education Grant	18,692	18,692		(0)	
1.0.1		EY Pupil premium	149	149		0	
1.0.1		Early Years Panel Funding	498	498		0	Includes £98k disability access fund
1.3.1		Early Years Central Expenditure	1,149	1,149		(0)	
	<b>Total Early Years</b>		<b>24,332</b>	<b>24,332</b>		<b>(0)</b>	

1.0.1/1.2.1	School/HN Block	Maintained Special School Funding	9,747	9,747		0	
1.0.1/1.2.1	School/HN Block	Maintained ARPs	1,125	1,125		0	Additional payments for 30hours early years children
1.0.1/1.2.1	School/HN Block	Maintained Pupil Referral Units	2,997	2,997		0	
1.2.1	HN Block	Planned top-up in mainstream schools	3,890	3,890		0	Budget Share
1.2.1	Top up funding	Targeted Funding	30	120		90	Low Cost High Incidence Targeted Funding
1.2.1	HN Block	In year top up funding - Maintained & Academies	17,326	19,252		1,926	All in -year placements to maintained schools and academies including out of borough
1.2.1	HN Block	Early Years Inclusion Fund	1,128	1,128		0	
1.2.3	Top up funding	Residential and independent settings	8,205	8,786		581	
1.2.5	SEN Support	Outreach, Ed Pysch, SEN advisory, SEN Transport	3,104	3,104		0	
1.2.6	Hospital Education Services		253	253		0	
1.2.7	Other alternative provision services	EOTAS - Commissioned Services	235	235		0	
1.2.8	Support for Inclusion		1,080	1,080		0	
1.2.10	PFI / BSF costs	Capitla Expenditure from Revenue - Village School	944	729		(216)	Lower interest rates than originally budgeted for
1.2.11	Direct Payments		0	11		11	

S251 Line	Budget Heading	Description	Budget	Forecast	Reserves	Variance	Commentary
			£'000	£'000	£'000	£'000	
1.2.13	Therapies and other health related s	e.g. Speech and Language Therapy & TAMHS	512	406		(106)	
			0	0		0	
	Total High Needs		50,577	52,863		2,287	
1.4.1	Central School Services Block	Contribution to combined budgets - Schools Effectiveness, Gordon Brown Activity Centre, Wembley Learning Centre	804	695		(109)	
1.4.13		Licences/subscriptions	195	195		0	
1.4.2		School Admissions	689	689		0	
1.4.3		Servicing of schools forums	34	20		(14)	
1.4.4		Termination of employment costs	604	604		0	
	Total Central School Services		2,325	2,202		(123)	
	TOTAL EXPENDITURE		197,389	197,393	0	4	
	Balance		0	2,862	0	52	



 <b>Brent</b>	<b>Schools Forum</b> 10 October 2018
	<b>Report from the Strategic Director of Children and Young People</b>
<b>2019/20 Funding Announcements and Schools' Budget Position</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
<b>No. of Appendices:</b>	Two: <ul style="list-style-type: none"> <li>Teachers' Pay Grant Estimate 2018/2019</li> <li>Teachers' Pay Grant Estimate 2019/2020</li> </ul>
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Andrew Ward, Head of Finance Email: <a href="mailto:andrew.ward@brent.gov.uk">andrew.ward@brent.gov.uk</a> Tel: 0208 937 6462  Dena Aly, Senior Finance Analyst Email: <a href="mailto:dena.aly@brent.gov.uk">dena.aly@brent.gov.uk</a> Tel: 0208 937 2179

## 1.0 Purpose of the Report

- 1.1 This report is intended to inform the Schools Forum about the funding announcements made in the summer of 2018. It then assesses these announcements in light of the financial position of schools and the High Needs block.

## 2.0 Recommendation

- 2.1 The Schools Forum is asked to note this report.

## 3.0 Summary

- 3.1. The Teachers' Pay grant to schools is estimated at £2M for Brent schools in 2019/20, and will be allocated in full to schools as per the DfE methodology. High Needs financial pressures are growing and are unlikely to be compensated for in full by underspending growth budgets in 2019/20. This will therefore require reserves to be held against the risk of overspend. Consequently, the indications are that the mainstream funding formula, increased by £2.5M of reserves in 2018/19, will need to reduce by approx. £1.4M.

- 3.2. Although this will mean a net increase in the overall cash allocations made to schools, the financial position will remain difficult due to rising cost pressures.

#### **4.0 School Funding Announcements**

- 4.1. In late July 2018 there was a ministerial statement on the teacher pay rise for 2018/19. This coincided with the DfE releasing policy and operational guidance on school revenue funding for 2019/20 and 2020/21. The two announcements did not reference each other, and so for the time being need to be considered separately.

#### **5.0 Teacher Pay-rise 2018/19 and 2019/20**

- 5.1. The teacher pay rise was confirmed as an increase from September 2018 of:
- 3.5% for the main pay scale
  - 2.0% for the upper pay scale
  - 1.5% for the leadership scale.
  - 2.0% for TLRs (payments for additional responsibilities)
- 5.2. This will be funded by a grant separate to the DSG in 2018/19 and in 2019/20. The detailed grant allocations were not announced, although the statement did clarify that the grant will fund the difference between the above and the 1% it was assumed that schools have already budgeted for.
- 5.3. In September 2018 the DfE published the methodology for the Teachers' Pay grant. It is to be awarded to schools based on pupil numbers, inclusive of 2 to 19 year olds, and an area cost adjustment will apply to the separate rates for primary, secondary and special. Nursery Schools are included in the primary rates. The pay-rise applies from September 2018, so allocations for 2018/19 are 7/12ths of the allocation for 2019/20.

5.4. **Table 1 – Teachers' Pay grant – Inner London scale per pupil rates**

<b>School</b>	<b>Rate in 2018 to 2019 (£)</b>	<b>Rate in 2019 to 2020 (£)</b>
Primary Schools	19.51	33.65
Secondary Schools*	31.57	54.2
Special Schools**	78.1	134.97

- 5.5. The detailed school level allocations have not, at the time of writing, been published yet. However, Appendix 1 and 2 provide estimates for the funding to be received by Brent schools for both years. For clarity, the Council will pass on this grant to maintained schools and academies will receive it directly from the ESFA.

#### **6.0 School Revenue Funding 2019/20**

- 6.1. The revenue funding for schools will continue to be made by via 4 blocks – Schools, Central, High Needs and Early Years. As in 2018/19 the allocations are to be calculated on the basis of the national school funding formula reforms but will be aggregated and allocated to each Local Authority. This arrangement is confirmed for 2019/20 and 2020/21, which means the primary legislation

needed to fund schools directly will not be put before parliament for another year or two.

## **7.0 Schools Block 2019/20**

- 7.1. As announced last year there will be some increase in cash (rather than real) terms to funding allocations in 2019/20 of about 0.5% per pupil, estimated at £1M. Local Authorities will continue to set the local schools formulae for distributing the schools block, although LA's allocations are aggregated from school level calculations using the national funding formula.
- 7.2. A key change for 2019/20 is that the DfE will top slice the amount of Schools Block previously set by each authority as a Growth Budget and then reallocate to authorities according to a formula multiplied by actual growth between October 2017 and October 2018. The size of the growth allocation will not be known until December 2018. It is nuanced to account for differences in Primary and Secondary Pupil growth, and a fall in one will not net off or reduce the other. Decreases in allocations will be minimised to 0.5% of the total Schools Block, which is £1.2M for Brent. Local Authorities will still make decisions on how to fund growth within their areas.
- 7.3. This is significant for Brent as although growth budgets have been reduced in recent years they are still in excess of £3M, but pupil growth has slowed, and this budget is forecast to underspend again in 2018/19. In 2017/18 underspends on growth funds compensated for overspends in the High Needs Block and this will be repeated in 2018/19. It is likely this opportunity for mitigation on overspends will be reduced in 2019/20.
- 7.4. It should also be noted that the CAFAI provision for children new to the country is funded from Brent's growth budget. It should also be noted at the June 2018 Schools Forum it was requested that officers research the methods by which other London boroughs support schools with 'falling rolls'. This would be funded from the growth budget, and so would be an additional pressure.
- 7.5. There are some other minor changes to the national funding formula, e.g. to funding rates for low prior attainment, but these will not cause any material change to Brent allocations.

## **8.0 Central Block 2019/20**

- 8.1. The central block is not expected to change. It funds ongoing responsibilities and historic commitments, and will remain at £2.4M.

## **9.0 High Needs Block 2019/20**

- 9.1. It was previously announced there will be a small increase of 0.5% per head of under 19 population in the High Needs Block. This will be insufficient to contain the currently projected overspend of approx. £2M, and the growing demand for High Needs support, such as the increase in the number of EH&C plans.
- 9.2. No other funding increases are expected. The national high needs formula calculates £6M less than the current allocation for Brent, with the funding protections meaning that the high needs block will stay at £54M plus 0.5% per

child/young person. This results in a 1% increase compared to the 2017/18 baseline.

- 9.3. There will be some changes in how special post-16 institutions are funded, with the DfE planning to consult this autumn on the basis for calculating the high needs funding they receive. This is a growing area of spend in Brent and officers will update on this at the next Forum.

## **10.0 Early Years Block**

- 10.1. There were no announcements made on Early Years Block other than to remind LAs that allocations are indicative. Brent early years providers are funded at a slightly higher hourly rate than that received in the DSG, with reserves making up the shortfall of £300k in 2018/19. It is anticipated that similar inflationary pressures which have necessitated an increase in the Schools Block must, at some stage, require the EY funding rates to increase.

## **11.0 Financial Position of Schools**

- 11.1. All maintained schools submit financial returns to the Council, budgets are monitored and year end returns are included in the annual Statement of Accounts. At the end of 2017/18, 6 schools were in a financial deficit, though all but 1 was able to set a balanced budget for 2018/19.
- 11.2. The 3 year budget schools submit to the council provide a medium term view of the financial position. They were set prior to the funding announcements made over the summer. They show that for 2019/20 8 schools are forecasting to be in deficit, rising to 19 in 2020/21. Given the changing financial landscape, these budgets will need updating, and in some cases the deficits act as a savings target to be worked towards, but overall they do indicate a worsening financial position for many schools.
- 11.3. The proportion of available income budgeted for employee costs in 2018/19 averages 80%, which is in line with national benchmarking, and shows how susceptible school budgets are to increases in employee costs. The recently announced increase in employers' contributions to the Teachers' Pension scheme is a significant cost pressure which schools will have to absorb.
- 11.4. The three year plans did not reveal a marked increase in the proportion of planned spending on employees as opposed to premises, equipment and other costs, as it averages 81% for 2020/21. Drilling down into individual school budgets did show that most were forecasting some level of pay increase for staff. This suggests that generally, schools are planning to limit their total employee expenditure as a proportion of income, though circumstances will of course vary for each individual school.

## **12.0 Implications for 2019/2020**

- 12.1. It is likely that with reduced funds for growth and rising pressures in the High Needs block, it would not be prudent to again supplement the mainstream funding formula from reserves. A table showing the use of reserves is outlined below.

## 12.2 Table 2 – DSG Reserves 2018/19 to 2019/20

	£M	£M
<b>Balance B/Fwd</b>		<b>7.8</b>
Support to schools block in 2018/19	<b>2.5</b>	
Support to EY Block	<b>0.3</b>	
Earmarked for EY	<b>1</b>	
Earmarked for HN	<b>1</b>	
<b>Remaining DSG Reserves</b>		<b>3.0</b>

12.3. The £2.5M support to the schools block in 2018/19 equated to approximately £41 and £63 per pupil in Primary and Secondary phases respectively. To balance the formula for 2019/20 it is estimated that these increases would need to fall back to approximately £18 and £29.

12.4. The rationale for allocating £2.5M was to mitigate the effects of rising cost pressures in advance of awaited funding increases from the DfE. The figures above should therefore be considered alongside the £33 and £54 per pupil allocated by the Teachers' Pay grant in 2019/20.

12.5. Officers will continue to monitor the position and model the funding formula in time for the next Forum, though the data sets that will be used for 2019/20 will not be available until late December 2018, and so modelling will remain illustrative at that stage. The mainstream funding formula will be presented for final approval at the January 2019 Forum.

## 13.0 Financial Implications

13.1 The financial implications have been detailed in the body of this paper.

## 14.0 Legal Implications

14.1. There are no legal implications for this report.

## 15.0 Equality Implications

15.1. Not applicable.

## 16.0 Consultation with Ward Members and Stakeholders

16.1 Not applicable.

### **Report sign off:**

**GAIL TOLLEY**

Strategic Director of Children and Young People

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# Estimated Teachers' Pay Grant - Brent Schools 2018/19

Status	School Name	School Type	Pupil Numbers Oct 17*	Rate per pupil 2018-19 (£)	Estimated Payment (£)
Academy	Alperton Community School	Secondary	1,394	31.57	44,009
Academy	Ark Academy	All-through	1,534	19.51 / 31.57	42,833
Academy	ARK Elvin Academy	Secondary	846	31.57	26,708
Academy	ARK Franklin Primary Academy	Primary	618	19.51	12,057
Academy	Capital City Academy	Secondary	1,160	31.57	36,621
Academy	Claremont High School	Secondary	1,550	31.57	48,934
Academy	Convent of Jesus & Mary Language College	Secondary	956	31.57	30,181
Academy	East Lane Primary School	Primary	264	19.51	5,151
Academy	Furness Primary School	Primary	479	19.51	9,345
Academy	Gladstone Park Primary School	Primary	665	19.51	12,974
Academy	Kingsbury High School	Secondary	1,985	31.57	62,666
Academy	North West London Jewish Day School	Primary	275	19.51	5,365
Academy	Oakington Manor Primary School	Primary	723	19.51	14,106
Academy	Preston Manor School	All-through	1,910	19.51 / 31.57	55,234
Academy	Queens Park Community School	Secondary	1,271	31.57	40,125
Academy	St Andrew & St Francis CE Primary School	Primary	435	19.51	8,487
Academy	St Gregory's Catholic Science College	Secondary	1,072	31.57	33,843
Academy	Sudbury Primary School	Primary	913	19.51	17,813
Academy	The Crest Academies	Secondary	1,047	31.57	33,054
Academy	Wembley High Technology College	Secondary	1,333	31.57	42,083
Academy	Woodfield School	Special	158	78.1	12,340
Academy	Braintcroft Primary School	Primary	683	19.51	13,325
Free School	Kilburn Grange School	Primary	128	19.51	2,497
Free School	Michaela Community School	Secondary	479	31.57	15,122
Maintained	Anson Primary School	Primary	399	19.51	7,784
Maintained	Ashley College	PRU	40	78.1	3,124
Maintained	Avigdor Hirsch Torah Temimah Primary School	Primary	217	19.51	4,234
Maintained	Barham Primary School	Primary	925	19.51	18,047
Maintained	Brent River College	PRU	41	78.1	3,202
Maintained	Brentfield Primary School	Primary	613	19.51	11,960

Estimated Teachers' Pay Grant - Brent Schools 2018/19

Status	School Name	School Type	Pupil Numbers Oct 17*	Rate per pupil 2018-19 (£)	Estimated Payment (£)
Maintained	Byron Court Primary School	Primary	741	19.51	14,457
Maintained	Carlton Vale Infant School	Primary	174	19.51	3,395
Maintained	Chalkhill Primary School	Primary	512	19.51	9,989
Maintained	Christ Church CE Primary School	Primary	207	19.51	4,039
Maintained	College Green School & Services	Nursery	101	19.51	1,971
Maintained	Convent of Jesus & Mary RC Infant School	Primary	312	19.51	6,087
Maintained	Curzon Crescent Nursery School	Nursery	108	19.51	2,107
Maintained	Donnington Primary School	Primary	227	19.51	4,429
Maintained	Elsley Primary School	Primary	552	19.51	10,770
Maintained	Fawood Children's Centre	Nursery	100	19.51	1,951
Maintained	Fryent Primary School	Primary	731	19.51	14,262
Maintained	Granville Plus Nursery School	Nursery	100	19.51	1,951
Maintained	Harlesden Primary School	Primary	398	19.51	7,765
Maintained	Islamia Primary School	Primary	420	19.51	8,194
Maintained	JFS	Secondary	1,943	31.57	61,341
Maintained	John Keble CE Primary School	Primary	417	19.51	8,136
Maintained	Kingsbury Green Primary School	Primary	675	19.51	13,169
Maintained	Leopold Primary School	Primary	807	19.51	15,745
Maintained	Lyon Park Primary School	Primary	902	19.51	17,598
Maintained	Malorees Infant School	Primary	233	19.51	4,546
Maintained	Malorees Junior School	Primary	232	19.51	4,526
Maintained	Manor School	Special	189	78.1	14,761
Maintained	Mitchell Brook Primary School	Primary	625	19.51	12,194
Maintained	Mora Primary School	Primary	425	19.51	8,292
Maintained	Mount Stewart Infant School	Primary	290	19.51	5,658
Maintained	Mount Stewart Junior School	Primary	381	19.51	7,433
Maintained	Newfield Primary School	Primary	356	19.51	6,946
Maintained	Newman Catholic College	Secondary	722	31.57	22,794
Maintained	Northview Junior & Infant School	Primary	235	19.51	4,585
Maintained	Oliver Goldsmith Primary School	Primary	444	19.51	8,662



# Estimated Teachers' Pay Grant - Brent Schools 2018/19

Status	School Name	School Type	Pupil Numbers Oct 17*	Rate per pupil 2018-19 (£)	Estimated Payment (£)
Maintained	Our Lady of Grace Catholic Junior School	Primary	238	19.51	4,643
Maintained	Our Lady of Grace RC Infant & Nursery School	Primary	232	19.51	4,526
Maintained	Our Lady of Lourdes RC Primary School	Primary	222	19.51	4,331
Maintained	Park Lane Primary School	Primary	460	19.51	8,975
Maintained	Phoenix Arch School	Special	50	78.1	3,905
Maintained	Preston Park Primary School	Primary	796	19.51	15,530
Maintained	Princess Frederica CE Primary School	Primary	423	19.51	8,253
Maintained	Roe Green Infant School	Primary	558	19.51	10,887
Maintained	Roe Green Junior School	Primary	474	19.51	9,248
Maintained	Salusbury Primary School	Primary	634	19.51	12,369
Maintained	Sinai Jewish Primary School	Primary	598	19.51	11,667
Maintained	St Joseph RC Junior School	Primary	278	19.51	5,424
Maintained	St Joseph's RC Infant School	Primary	260	19.51	5,073
Maintained	St Joseph's Roman Catholic Primary School	Primary	522	19.51	10,184
Maintained	St Margaret Clitherow RC Primary School	Primary	221	19.51	4,312
Maintained	St Mary Magdalen Catholic Junior School	Primary	346	19.51	6,750
Maintained	St Mary's CE Primary School	Primary	284	19.51	5,541
Maintained	St Mary's RC Primary School	Primary	288	19.51	5,619
Maintained	St Robert Southwell RC Primary School	Primary	438	19.51	8,545
Maintained	The Kilburn Park School Foundation	Primary	188	19.51	3,668
Maintained	The Stonebridge School	Primary	532	19.51	10,379
Maintained	The Village School	Special	251	78.1	19,603
Maintained	Uxendon Manor Primary School	Primary	598	19.51	11,667
Maintained	Wembley Primary School	Primary	863	19.51	16,837
Maintained	Wykeham Primary School	Primary	521	19.51	10,165
<b>Grand Total</b>					<b>1,199,073</b>

\*assume that all mainstream schools have at least 100 pupils and all high needs institutions have at least 40 places

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**Estimated Teachers' Pay Grant - Brent Schools 2019/20**

Status	School Name	School Type	Pupil Numbers Oct 17*	Rate per pupil 2019-20 (£)	Estimated Payment (£)
Academy	Alperton Community School	Secondary	1,394	54.2	75,555
Academy	Ark Academy	All-through	1,534	19.51 / 31.57	73,608
Academy	ARK Elvin Academy	Secondary	846	54.2	45,853
Academy	ARK Franklin Primary Academy	Primary	618	33.65	20,796
Academy	Capital City Academy	Secondary	1,160	54.2	62,872
Academy	Claremont High School	Secondary	1,550	54.2	84,010
Academy	Convent of Jesus & Mary Language College	Secondary	956	54.2	51,815
Academy	East Lane Primary School	Primary	264	33.65	8,884
Academy	Furness Primary School	Primary	479	33.65	16,118
Academy	Gladstone Park Primary School	Primary	665	33.65	22,377
Academy	Kingsbury High School	Secondary	1,985	54.2	107,587
Academy	North West London Jewish Day School	Primary	275	33.65	9,254
Academy	Oakington Manor Primary School	Primary	723	33.65	24,329
Academy	Preston Manor School	All-through	1,910	19.51 / 31.57	94,891
Academy	Queens Park Community School	Secondary	1,271	54.2	68,888
Academy	St Andrew & St Francis CE Primary School	Primary	435	33.65	14,638
Academy	St Gregory's Catholic Science College	Secondary	1,072	54.2	58,102
Academy	Sudbury Primary School	Primary	913	33.65	30,722
Academy	The Crest Academies	Secondary	1,047	54.2	56,747
Academy	Wembley High Technology College	Secondary	1,333	54.2	72,249
Academy	Woodfield School	Special	158	134.97	21,325
Academy	Braintcroft Primary School	Primary	683	33.65	22,983
Free School	Kilburn Grange School	Primary	128	33.65	4,307
Free School	Michaela Community School	Secondary	479	54.2	25,962
Maintained	Anson Primary School	Primary	399	33.65	13,426
Maintained	Ashley College	PRU	40	134.97	5,399
Maintained	Avigdor Hirsch Torah Temimah Primary School	Primary	217	33.65	7,302
Maintained	Barham Primary School	Primary	925	33.65	31,126
Maintained	Brent River College	PRU	41	134.97	5,534
Maintained	Brentfield Primary School	Primary	613	33.65	20,627

**Estimated Teachers' Pay Grant - Brent Schools 2019/20**


Status	School Name	School Type	Pupil Numbers Oct 17*	Rate per pupil 2019-20 (£)	Estimated Payment (£)
Maintained	Byron Court Primary School	Primary	741	33.65	24,935
Maintained	Carlton Vale Infant School	Primary	174	33.65	5,855
Maintained	Chalkhill Primary School	Primary	512	33.65	17,229
Maintained	Christ Church CE Primary School	Primary	207	33.65	6,966
Maintained	College Green School & Services	Nursery	101	33.65	3,399
Maintained	Convent of Jesus & Mary RC Infant School	Primary	312	33.65	10,499
Maintained	Curzon Crescent Nursery School	Nursery	108	33.65	3,634
Maintained	Donnington Primary School	Primary	227	33.65	7,639
Maintained	Elsley Primary School	Primary	552	33.65	18,575
Maintained	Fawood Children's Centre	Nursery	100	33.65	3,365
Maintained	Fryent Primary School	Primary	731	33.65	24,598
Maintained	Granville Plus Nursery School	Nursery	100	33.65	3,365
Maintained	Harlesden Primary School	Primary	398	33.65	13,393
Maintained	Islamia Primary School	Primary	420	33.65	14,133
Maintained	JFS	Secondary	1,943	54.2	105,311
Maintained	John Keble CE Primary School	Primary	417	33.65	14,032
Maintained	Kingsbury Green Primary School	Primary	675	33.65	22,714
Maintained	Leopold Primary School	Primary	807	33.65	27,156
Maintained	Lyon Park Primary School	Primary	902	33.65	30,352
Maintained	Malorees Infant School	Primary	233	33.65	7,840
Maintained	Malorees Junior School	Primary	232	33.65	7,807
Maintained	Manor School	Special	189	134.97	25,509
Maintained	Mitchell Brook Primary School	Primary	625	33.65	21,031
Maintained	Mora Primary School	Primary	425	33.65	14,301
Maintained	Mount Stewart Infant School	Primary	290	33.65	9,759
Maintained	Mount Stewart Junior School	Primary	381	33.65	12,821
Maintained	Newfield Primary School	Primary	356	33.65	11,979
Maintained	Newman Catholic College	Secondary	722	54.2	39,132
Maintained	Northview Junior & Infant School	Primary	235	33.65	7,908
Maintained	Oliver Goldsmith Primary School	Primary	444	33.65	14,941

# Estimated Teachers' Pay Grant - Brent Schools 2019/20

Status	School Name	School Type	Pupil Numbers Oct 17*	Rate per pupil 2019-20 (£)	Estimated Payment (£)
Maintained	Our Lady of Grace Catholic Junior School	Primary	238	33.65	8,009
Maintained	Our Lady of Grace RC Infant & Nursery School	Primary	232	33.65	7,807
Maintained	Our Lady of Lourdes RC Primary School	Primary	222	33.65	7,470
Maintained	Park Lane Primary School	Primary	460	33.65	15,479
Maintained	Phoenix Arch School	Special	50	134.97	6,749
Maintained	Preston Park Primary School	Primary	796	33.65	26,785
Maintained	Princess Frederica CE Primary School	Primary	423	33.65	14,234
Maintained	Roe Green Infant School	Primary	558	33.65	18,777
Maintained	Roe Green Junior School	Primary	474	33.65	15,950
Maintained	Salusbury Primary School	Primary	634	33.65	21,334
Maintained	Sinai Jewish Primary School	Primary	598	33.65	20,123
Maintained	St Joseph RC Junior School	Primary	278	33.65	9,355
Maintained	St Joseph's RC Infant School	Primary	260	33.65	8,749
Maintained	St Joseph's Roman Catholic Primary School	Primary	522	33.65	17,565
Maintained	St Margaret Clitherow RC Primary School	Primary	221	33.65	7,437
Maintained	St Mary Magdalen Catholic Junior School	Primary	346	33.65	11,643
Maintained	St Mary's CE Primary School	Primary	284	33.65	9,557
Maintained	St Mary's RC Primary School	Primary	288	33.65	9,691
Maintained	St Robert Southwell RC Primary School	Primary	438	33.65	14,739
Maintained	The Kilburn Park School Foundation	Primary	188	33.65	6,326
Maintained	The Stonebridge School	Primary	532	33.65	17,902
Maintained	The Village School	Special	251	134.97	33,877
Maintained	Uxendon Manor Primary School	Primary	598	33.65	20,123
Maintained	Wembley Primary School	Primary	863	33.65	29,040
Maintained	Wykeham Primary School	Primary	521	33.65	17,532
Grand Total					2,063,714

\*assume that all mainstream schools have at least 100 pupils and all high needs institutions have at least 40 places

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 <b>Brent</b>	<b>Schools Forum</b> 10 October 2018
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Primary School Place Demand Update</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One: • 2018 Primary Planning Area Map
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Shirley Parks Head of Forward Planning, Performance and Partnerships Email: <a href="mailto:shirley.parks@brent.gov.uk">shirley.parks@brent.gov.uk</a> Tel: 020 8937 4529

## 1.0 Purpose of the Report

- 1.1 This report provides an update on the latest projections for primary school places. These will be published in the new School Place Planning strategy 2019-2023, which is being considered by Cabinet in November 2018.

## 2.0 Recommendation

- 2.1 The Schools Forum is asked to note the report as it is for information only.

## 3.0 Introduction

- 3.1 In November 2018, Brent Council's Cabinet will consider the new School Place Planning Strategy 2019-2023. The strategy will outline the projected need for school places in Brent and how this need will be met. The strategy will set out the objectives and operating principles underpinning the Council's approach to school organisation to support the delivery of good school places for every Brent child.
- 3.2 The developing 2019-2023 strategy is based on an update of the assessment of need for places across the Borough. This assessment points to reducing Reception intakes and a temporary increase in spare places across the Borough.

## **4.0 Detail**

### **4.1 Summary of GLA projection comparisons to previous years**

4.1.1 The projections that Brent and most other London authorities use to inform place planning are provided by the Greater London Authority (GLA). The GLA projections are informed both by centrally held demographic data, such as the Office of National Statistics (ONS) census data and fertility and birth rates, together with locally held information such as migration patterns and planned housing growth. The methodology also takes account of the percentage of children who historically move into the following academic year in an area. This is particularly important in Brent where there is a high level of pupil mobility and migration to schools in other boroughs.

4.1.2 The GLA pupil projection model is based on the GLA's London wide population projections, which have been generated with ward level housing development data provided by the Borough. The projection model calculates the number of children resident in each ward who are expected to attend each school by each national curriculum year from Reception to Year 11 through the following methodology:

- The number of children projected for each new intake is calculated as an average of the proportion of children in those wards that attended the school in the previous 3 years multiplied by the ward level age population data. This helps to smooth out any unusual variations that are unlikely to reoccur each year.
- For other year groups the model calculates the current proportion of children in the ward attending the school and applies this to the ward level population data.
- School level projections are then aggregated to planning area projections and borough totals. Brent has five primary planning areas (described further below).

4.1.3 The latest forecasts reflect adjustments the GLA has made to the projection model in 2018 due to an over estimation of ONS figures for 0-4 year olds in London over the period 2012-2016. Based on analysis of the ONS mid-year population estimates, the GLA has reduced its population estimates of 0-4 year olds for London in 2016 by 24,000. The impact on Brent is a reduction in the forecast intake primary population by 5.8% in 2020. Brent is not alone in experiencing reduced Reception intakes – many other London boroughs are reporting similar trends.

4.1.4 The latest (January 2018) pupil projections are lower than the January 2017 projections, with year group differences ranging from -5% to +2%.

### **4.2 Primary Projections**

4.2.1 Whole borough Reception projections are set out in Table 1 below, which compares projected Reception demand against known capacity and shows the resulting spare places. As a whole borough, the table shows that Reception intakes will continue to decline from 2018 to 2021 before increasing. This results in a temporary increase in the number of spare places with 14% likely by September 2020 (DfE guideline is 5%-10%).



Table 1: Reception forecasts and capacity (GLA January 2018)

Year	Reception projected intake	Reception places available	Surplus places	Surplus/ deficit %
2018/19	3706	4247	541	13%
2019/20	3719	4277	558	13%
2020/21	3707	4277	570	13%
2021/22	3666	4277	611	14%
2022/23	3727	4277	550	13%
2023/24	3798	4277	479	11%
2024/25	3869	4277	408	10%
2025/26	3920	4277	357	8%
2026/27	3977	4277	300	7%
2027/28	4062	4277	215	5%

4.2.2 Brent has five primary planning areas based on the geographic grouping of schools (Appendix 1). By dividing the borough into planning areas officers can more easily ensure that places are provided near to where children live. In reality children can travel across planning areas to attend school, particularly when they live close to the borders.

4.2.3 When broken down into planning areas, only Planning Area 3 shows a shortage of Reception places from 2023/24 onwards due to the intensive house building programme in the area, in particular in the Wembley Central and Alperton growth areas. Planning Area 3 is forecast to have spare places in Reception until 2022/23, and then increasing pressure on places as the new housing comes on stream. Long-term forecasts indicate a need for additional capacity in this area and a new primary free school, Ark Somerville Free School, has been approved by DfE. This school is expected to open in 2022 when projections indicate sufficient basic need demand.

4.2.4 All other planning areas will have spare places over the next five years until demand increases. In the short-term the Authority will be supporting schools in managing reduced school intakes with measures such as temporarily reducing admission numbers.

## 5.0 Financial Implications

5.1 There are no General Fund revenue implications. School places are funded from Dedicated School Grant based on pupil numbers.

5.2 School budgets are under pressure from real terms funding reductions to the DSG. As schools are funded on the basis of pupil numbers, it is likely that small schools and those with falling numbers on roll will find it most difficult to balance their budgets in the medium term. Larger and growing schools are more likely to successfully manage the funding reductions.

5.3 There are no further primary school expansions included in the Council Capital programme. Capital Investment to support the delivery of additional secondary school places projected as needed is being considered through the Capital Investment Panel.

## **6.0 Legal Implications**

- 6.1 The Council retains the statutory responsibility to ensure that there are sufficient school places available for all Brent children and young people who need one. It retains too the duties set out in the Education Act 1996 to promote high standards and ensure equal access.
- 6.2 In addition to securing school places for pupils aged five to 16, the Local Authority has related statutory responsibilities in relation to children and young people with special educational needs and disabilities (SEND) where the Council has to make suitable provision to meet their needs and early years provision, where responsibility for childcare sufficiency and for provision for disadvantaged two year olds and all three and four year olds, as well as children's centres, overlaps with school provision.

## **7.0 Equality Implications**

- 7.1 There are no equality implications as a result of this paper. The Local Authority will continue to plan SEND places in response to demand, with a focus on meeting identified needs.

## **8.0 Consultation with Ward Members and Stakeholders**

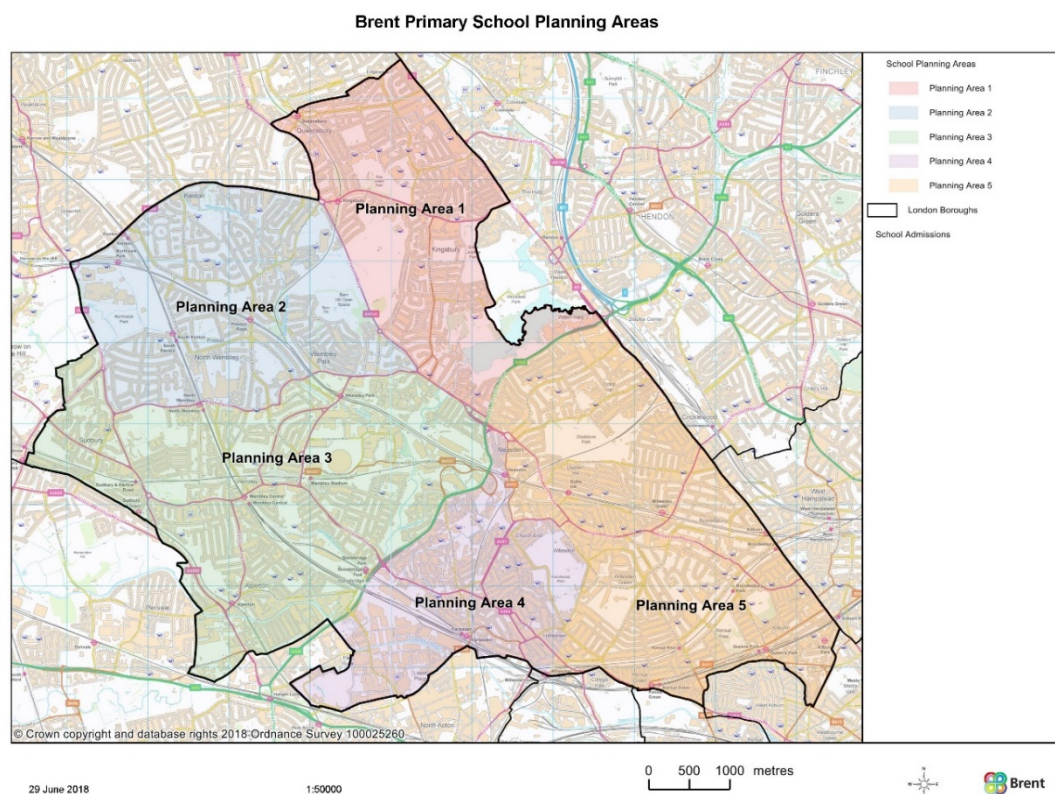
- 8.1 Not applicable.

### **Report sign off:**


**GAIL TOLLEY**

Strategic Director of Children and Young People

# 2018 Primary Planning Area Map



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 <b>Brent</b>	<b>Schools Forum</b> 10 October 2018
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Options for Financially Supporting Schools with Falling Rolls</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	N/A
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Andrew Ward, Head of Finance Email: <a href="mailto:andrew.ward@brent.gov.uk">andrew.ward@brent.gov.uk</a> Tel: 0208 937 6462  Dena Aly, Senior Finance Analyst Email: <a href="mailto:dena.aly@brent.gov.uk">dena.aly@brent.gov.uk</a> Tel: 0208 937 2179

## 1.0 Purpose of the Report

- 1.1 At the June 2018 Schools Forum, members requested that options for financially supporting schools with falling rolls be presented for discussion and consideration.

## 2.0 Recommendations

- 2.1 Schools Forum is requested to:

2.2.1. Decide whether a falling rolls fund is required for 2019/20.

2.2.2. If required, indicate a preferred set of principles upon which officers can produce a financial model for final decision at a subsequent Forum.

## 3.0 Background

- 3.1 After a number of years of substantial pupil growth, the number of children on roll in the reception and year 1 year groups has now fallen slightly. This is not uniform across the borough with some areas affected more acutely than others.

- 3.2 Pupil numbers in the Secondary phase are not forecast to fall as larger cohorts of pupils progress through the year groups into Secondary schools.
- 3.3 A falling rolls fund is permitted as per the 2019/20 DSG operational guidance, with the following conditions:
- Local authorities may set aside schools block funding to create a small fund to support good schools with falling rolls, where local planning data shows that the surplus places will be needed within the next three financial years.
  - The schools forum should agree both the value of the fund, and the criteria for allocation, and the local authority should regularly update the schools forum on the use of the funding.
  - As with the growth fund, the falling rolls fund is also within the NFF schools block.
  - Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases.
- 3.3.1 Compliant criteria would generally contain some of the features set out below:
- support is available only for schools judged good or outstanding at their last Ofsted inspection (this is a mandatory requirement)
  - surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
  - local planning data shows a requirement for a minimum percentage of the surplus places within the next three years
  - formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
  - the school will need to make redundancies in order to contain spending within its formula budget
- 3.3.2 Methodologies for distributing funding could include:
- a rate per vacant place, up to a specified maximum number of places (place value likely to be based on AWPU)
  - a lump sum payment with clear parameters for calculation

#### **4.0 Department for Education Recommended Criteria For Allocating Falling Rolls Funding**

4.1 Section 3.3.1 outlines criteria suggested in the Department of Education (DfE) guidance on growth funding. The below criteria builds upon these principles, and includes suggested figures and additional criteria which may be applied if a falling rolls fund is established.

- Local planning data shows a requirement for at least 70% of the surplus places within the next 3 financial years.
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort. Evidence would need to be submitted to show the impact of falling rolls on meeting basic curriculum requirements.
- The school would be required to evidence the need to make redundancies in order to contain spending within its formula budget.
- The school does not hold excess surplus balance at the start of the financial year (i.e. in excess of 5% (secondary) or 8% (primary) of its school budget share allocation for that year).
- The school does not also qualify for rising rolls funding during the year

#### **5.0 Allocation of Falling Rolls Funding- Rate Per Vacant Place**

5.1 The following principles have been applied to illustrate a methodology for allocating falling rolls funding based on a rate per vacant place, linked to the AWPU rate:

- Schools which have seen a 15% reduction in pupil numbers would trigger falling rolls funding. This would be assessed by comparing the October census data for the current financial year with the previous October.
- Funding is at 75% of the AWPU rate for the relevant sector, based on the premise that the school would not require the same amount of funding as they would if the surplus places were occupied.
- This will be funded per pupil, for the difference between 85% of pupil numbers in the previous year and the latest October count.
- Funding will be provided as a one off payment and not a continuing payment as the cohort moves through the school.
- Funding will only apply to the normal years of transfer (i.e. reception, year 3 and year 5 in primary schools).

#### **6.0 Allocation of Falling Rolls Funding- Lump Sum Payment**

6.1 If this methodology is used, clear parameters would need to be defined to calculate the lump sum allocation. This could include:

- The estimated cost of providing an appropriate curriculum
- Estimated salary costs equivalent to the number of staff who would otherwise be made redundant

6.2 Officers were unable to locate a local authority who used the lump sum methodology for allocating falling rolls. DFE guidance includes examples of falling rolls calculations in other local authorities, all of which are based on a rate per vacant place.

## **7.0 Advantages and Disadvantages of a Falling Rolls Fund**

7.1 There are a number of advantages and disadvantages which should be considered by forum in deciding whether a falling rolls fund should be established

7.2 Advantages:

- The funding would support schools who have seen a short term reduction in pupil numbers to stay financially viable
- Schools are able to retain staff for when pupil numbers increase in the near future

7.3. Disadvantages:

- The financial impact of funding schools with falling rolls, where this funding could be utilised for other pressures within the DSG
- Making payments for unoccupied places contradicts the principle that funding should follow the pupil
- Less incentive for schools to react quickly to changes in pupil numbers. The fund is not intended to address budgetary issues arising from longer term declining demand.
- Assessing schools against the criteria for allocating funding would require a degree of analysis and judgement to ensure schools are treated fairly.
- Methodologies for allocating funding are complex and prone to misunderstanding

## **8.0 Financial Implications**

8.1 The financial implications have been detailed in the body of this paper.

## **9.0 Legal Implications**

9.1 There are no legal implications for this report.

## **10.0 Equality Implications**

10.1 Not applicable.






## **11.0 Consultation with Ward Members and Stakeholders**

11.1 Not applicable.

**Report sign off:**

**GAIL TOLLEY**

Strategic Director of Children and Young People

	<b>Schools Forum</b> 10 October 2018
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Updated Scheme for Financing Schools and Schools Financial Regulations</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Four: <ul style="list-style-type: none"> <li>• Scheme for Financing Schools 2018/19</li> <li>• Summary of Changes – 2018/19 Scheme for Financing Schools</li> <li>• Scheme for Financing Schools : Schools Financial Regulations 2018/19</li> <li>• Summary of Changes – 2018/19 Schools Financial Regulations</li> </ul>
<b>Background Papers:</b>	<a href="#">Schemes for financing schools: Statutory guidance for local authorities</a> – March 2018
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Dena Aly, Senior Finance Analyst Email: <a href="mailto:Dena.Aly@brent.gov.uk">Dena.Aly@brent.gov.uk</a> Tel: 0208 937 2179

## 1.0 Purpose of the Report

- 1.1 This report details the changes implemented to the Scheme for Financing Schools and the Schools Financial Regulations, which became effective from 1 April 2018.

## 2.0 Recommendations

- 2.1 The Schools Forum is requested to approve the amendments to the Scheme for Financing Schools 2018-19
- 2.2 The Schools Forum is being formally consulted on the Brent Schools Financial Regulations 2018-19

### **3.0 Detail**

- 3.1 All changes applied in the revision are in line with the March 2018 Department for Education *Scheme for Financing Schools – Statutory Guidance* issued to local authorities, changes to the Local Authority's own regulations, the EU Public Procurement Regulations and all the relevant regulations.
- 3.2 The 2018-19 Scheme for Financing Schools is attached as Appendix A, with the changes and reasons for change being detailed in Appendix B. The changes will become immediately effective after the approval of Schools Forum.
- 3.3 The 2018-19 Schools Financial Regulation is attached as Appendix C, with the changes and reasons for change being detailed in Appendix D. The changes will become immediately effective after consultation with Schools Forum.

### **4.0 Financial Implications**

- 4.1 There are no financial implications for this report.

### **5.0 Legal Implications**

- 5.1 There are no legal implications for this report.

### **6.0 Equality Implications**

- 6.1 Not applicable

### **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 The March 2018 Department for Education Scheme for Financing Schools Guidance states *'In making any changes to their schemes, local authorities must consult all schools in their area and receive the approval of the members of their schools forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools forum'*.
- 7.2 Voting is open to all maintained school members for the proposed changes to the 2018-19 Scheme for Financing Schools
- 7.3 Open to formal comment from all maintained school members for the proposed changes to the 2018-19 Schools Financial Regulations.

### **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1 Not applicable

#### **Report sign off:**

**GAIL TOLLEY**

Strategic Director of Children and Young People



# **SCHEME FOR FINANCING SCHOOLS**

**2018-19**

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(Updated September 2018)

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(Updated September 2018)

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## **SECTION 1: INTRODUCTION**

### **1.1. The Funding Framework**

The funding framework is set out in the legislative provisions in s.45 – s.53 of the School Standards and Framework Act 1998 (the Act).

Under this legislation, the local authority (LA) will determine for itself on an annual basis, the size of the schools budget and their non-schools education budget – although at a minimum an LA must appropriate its entire Dedicated Schools Grant (DSG) to the schools budget.

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

LAs may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the LA annually, 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 remaining 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).

LAs must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the Governing Body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act.

The financial controls within which delegation works are set out in the London Borough of Brent's Scheme for Financing Schools (this document), and also in the London Borough of Brent's Schools Financial Regulations in accordance with s.48 of the Act and regulations made under that section.

All proposals to revise the scheme must be approved by the Schools Forum, though the LA 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 LA.

Subject to the provisions made by or under the scheme, Governing Boards of schools may spend such amounts of their budget shares as they think fit for any purposes of their school\* and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (\*s.50 has been amended to provide that amounts spent by a Governing Body on providing community facilities or services under s.27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s.50(3A) of the Act.)

An LA may suspend a school's right to a delegated budget if the provisions of this scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget

share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (s.17 to the Act) but in that case there is no right to appeal.

The LA 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 LA must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and outturn statements so far as they relate to that school or central expenditure. Brent's section 251 budget and outturn statements detailing this information can be found on the LA's website at <http://www.brent.gov.uk/your-council/transparency-in-brent/performance-and-spending/budgets-and-finance/section-251-statements/> .

Regulations also require an LA 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 LA and the maintained schools which it funds. The schools maintained by Brent as at February 2018, and therefore covered by this scheme, are listed in Annex A.

This scheme contains requirements relating to financial management and related issues and is binding on both the LA and on schools.

### **1.2.1. Application of the Scheme to the LA and maintained schools**

This scheme applies in respect of all community, nursery, voluntary, foundation (including trust), community special or foundation special schools and pupil referral units (PRUs) maintained by the LA, as listed for information in Annex A. It does not apply to schools situated in Brent which are maintained by another LA, nor does it apply to academies.

## **1.3. Publication of the Scheme**

Schools will be notified of any changes to this scheme, via the Schools Extranet, and a full copy will be placed on the Schools Extranet.

In addition, this scheme will be published on the LA's website which is accessible to the general public together with a statement stating the date the revised scheme comes into force.

## **1.4. Revision of the Scheme**

Any proposed revisions to the scheme will be the subject of consultation with the Governing Body and Head Teacher at every Brent maintained school prior to seeking approval from the Schools Forum.

All proposed revisions will be submitted to the schools forum for approval by the members of the Schools Forum representing maintained schools. If the Schools Forum does not approve

the changes or approves the changes subject to modifications which are not acceptable to the LA, the LA may apply to the Secretary of State for approval.

### **1.5. Delegation of Financial Powers to the Head Teacher**

Governing Boards should consider the extent to which they wish to delegate their financial powers to the Head Teacher, and must record their decision (and any revisions to that decision) in the minutes of the Governing Body meeting.

The 3 year budget shall be proposed by the Head Teacher and agreed and set by the Governing Board. It is recommended that the budget preparation work and ratification is completed by a committee of the Governing Board, such as a Finance/ Resources Committee, but the approval of the budget cannot be delegated to a committee. The budget must be approved at a meeting of the full Governing Board. and submitted to the LA by the deadline set by the LA.

Whilst Brent has no desire to impose uniformity on schools, the following are suggestions on the levels of delegation that should be considered:

- To ensure the effective management of resources, Governing Boards are advised to delegate the responsibility for day to day financial management to the Head Teacher, subject to the establishment of appropriate arrangements for the exercise of that delegated authority.
- The Head Teacher should present the first formal budget plan for each financial year to the Finance/ Resources Committee and subsequently to the full Governing Board for approval prior to submission to Brent.
- The Governing Board should ensure that the Head Teacher reports progress on a regular basis to the full Governing Board or a Finance/ Resources Committee of the Governing Board.
- Financial limits should be defined for the authorisation of orders, invoices and virements between budget heads by the Head Teacher. The level of these limits will depend to a large extent on the size of the school budget and the pattern of expenditure. The limits should not inhibit day to day financial management, but should not place undue responsibility on the Head Teacher.
- The Head Teacher is responsible to the Governing Board for the maintenance of financial controls within the school. The Head Teacher should ensure that the financial controls are maintained in the absence of key staff and should ensure that all staff are adequately trained. The Head Teacher should be responsible for amending and updating financial procedures in line with Audit, Brent or government recommendations. Such changes should be reported back to the Governing Board
- The Head Teacher should ensure that recommendations arising from Internal Audit reports are addressed in accordance with the agreed action plan and that all reports are reviewed by the Governing Board or relevant sub-committee.
- The Head Teacher should oversee the administration of the personnel function within the school and ensure that an adequate division of duties exists.
- The Head Teacher should ensure that effective procedures exist for the backing up of computer-based systems and that they are followed. The Head Teacher should also ensure that adequate security measures are in place to protect financial data.
- The Head Teacher should liaise with the LA, its agents or insurers over matters relating to insurance, and report back to the Governing Board on important issues.

- The Head Teacher should ensure that stocks are secure, maintained at a reasonable level or independently stock-checked on a periodic basis. Valuable items should also be secured and checked regularly.
- The Governing Board should establish a charging policy for the provision of goods and services. The Head Teacher is responsible to the Governing Board for carrying out this policy and accounting for the income generated. Discretion over the provision of goods and services should lie with the Head Teacher in consultation with the Governing Board.
- The Head Teacher should ensure the security of money held on the premises and ensure that such money is banked on a weekly basis. If money is not banked daily, then money should be held securely and should not exceed insurance limits e.g. in a safe or a locked drawer.
- The Governing Board should agree an appropriate level of petty cash and the Head Teacher is responsible to the Governing Board for the proper management of the petty cash.

### **1.6. Maintenance of Schools**

The LA 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 aided school where some of the expenses are, by statute, payable by the Governing Board). Part of the way a LA maintains its schools are through the funding system put in place under s.45 – s.53 of the Act.

## **SECTION 2: FINANCIAL CONTROLS**

### **2.1. General Procedures**

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

In managing their delegated budgets schools must abide by the LA's requirements on financial controls and monitoring as contained in this scheme and the Schools Financial Regulations.

#### **2.1.2. Provision of Financial Information and Reports**

Schools are required to provide the LA with details of anticipated and actual expenditure and income, in a form determined by the LA and by the deadlines set by the LA which will be issued annually in the year end closing of accounts guidance. The format provided by the LA will take account of Consistent Financial Reporting (CFR) framework.

In addition, schools are required to submit a monthly FIN1 return (bank reconciliation), a monthly Summary Trial Balance and Cumulative Expense Analysis (or equivalent), a quarterly budget monitoring report showing clearly the forecasted year end position and monthly VAT returns in the format prescribed by the LA. For schools in deficit, budget monitoring reports are required each month. These must all be reviewed and signed by the Head Teacher in a timely manner and all supporting/backing documents should be submitted at the same time as the return.

**Comment [VJ1]:** VAT returns are to be submitted monthly

The timetable for the submission of all financial returns will be notified to schools via the Schools Extranet.

The LA will discharge its monitoring role and ensure that schools are effectively managing the resources delegated to them by the monitoring of these returns and by the review of internal audit reports.

In the event that any of the required returns are not being received by the LA in a timely manner, the LA reserves the right to send in their officers to provide the required information, which may also result in a *Note of Concern* issued as set out in section 2.15 below.

#### **2.1.3. Payment of Salaries; Payment of Bills**

Schools are responsible for the correct payment of all salaries, bills and relevant taxes relating to its budget share unless the LA has agreed to perform this on behalf of the school through a separate service level agreement.

Schools should ensure that payments for invoices are made within 30 days of the invoice date. This is both a central government and an LA policy. Where an invoice is disputed, the query should be raised with the supplier as soon as known. The invoice should subsequently be cleared promptly for payment once the query has been resolved or a credit note has been received. All invoices should be cleared, or queries raised, prior to long holiday periods.

Any costs including penalties, legal or administrative costs incurred as a result of a school's non or late payment of bills or salaries are chargeable to the school's budget share.

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

Inventories must be maintained by all schools. The inventories must contain an adequate description of furniture, fittings, equipment, plant and machinery and other moveable non capital assets held for the purposes of the school, including items purchased, donated, leased or on loan/hired from other schools or other sources.

Asset registers are useful both as a deterrent to theft (through the annual checks) but also as a prime document in the event of an insurance claim. The importance of keeping records and ensuring their accuracy should therefore be acknowledged by schools.

DfE guidance suggests that all items which have a purchase price above £1,000 (ex VAT) should be included in the inventory. However, Brent strongly suggests that schools record all items above £100. This guidance is notwithstanding any specific requirements relating to the retention of records for areas such as grant conditions, insurance or leases. Head Teachers should use their discretion in deciding whether to include items of a lesser value, although a register must be kept in some form for such items. Schools should give particular consideration to recording 'portable and desirable' items (e.g. digital cameras) that may fall below the recommended levels referred to above.

Head Teachers should keep a separate record of inventory items taken off the school premises. Head Teachers are responsible for the control and proper use of all items on the inventory and for arranging that a check is carried out at not greater than annual intervals to ensure that all items are accounted for. Head Teachers should ensure that the inventory is certified by the individual responsible for performing the check.

Head Teachers are responsible for ensuring that proper records are kept in relation to the accounts and custody of any stocks and stores in the school for which the Chief Finance Officer requires such controls to be established.

Head Teachers are responsible for maintaining proper security for all buildings, stocks, stores, furniture, vehicles, equipment, plant, money, sensitive data etc. under their control. Keys to safes and similar receptacles shall be carried on the person of those responsible at all times; the loss of any such keys must be reported to the Strategic Director of Children & Young People without delay.

#### **2.1.5. Accounting Policies (including Year End Procedures)**

The Chief Finance Officer is responsible for determining the LA's accounting policies. Each Head Teacher is responsible for ensuring that these policies are adhered to and applied consistently in units' accounts. The underlying principles include:

- The accounts should be a fair presentation of the school's financial position and transactions in respect of that financial year.
- Income and expenditure should relate to the services provided in the same accounting period (the financial year). In revenue accounts, provision must be made for income and expenditure earned/used irrespective of when the amounts are actually paid or received.
- The accounts should be prepared on a prudent basis with income only being included to the extent that it is likely to be received; proper allowance should be made for all known liabilities and losses.

Schools must abide by the procedures issued annually by the LA for the year end closing of accounts procedures and other accounting policies.

- The year end procedures are set out in the Schools Closing Guidance issued every year in January which includes a closedown timetable which must be adhered to.
- The financial information system of the LA will be the statutory accounts for each school and will be used to assess financial performance.
- Head Teachers must ensure that accounting procedures and financial records are maintained accurately and kept up to date.

#### **2.1.6. Writing off of Debts**

Debts in respect of income due to the schools delegated budget and collected by them which are found to be irrecoverable, may be written off only by resolution of the Governing Board in accordance with the Schools Financial Regulations. The write-off of property, i.e. stocks and surplus assets, should be treated in the same way. All write-offs should be initiated by a written report from the Head Teacher, and should be formally considered and approved by the full Governing Board and recorded in the minutes of the meeting. This cannot be delegated to a committee of the Governing Board.

The amount of any debt written-off will be borne by the delegated budget of the school to which the income would have been due. All appropriate budgets/forecasts should be amended to reflect this.

Where the invoice exceeds £1k the Governing Board must notify and obtain approval from Chief Finance Officer before writing off the debt. Any proposed write-off that exceeds £3k will also be reported to the LA's Cabinet. All requests for approval must be submitted to the Schools' Finance Team.

All write-offs must be correctly recorded in the accounts, by reversal of the original income transaction. All documentation relating to the write-off and approval of this should be retained by the school. No property that has been written-off can be sold or otherwise disposed of.

### **2.2. Basis of Accounting**

Schools are free to use any accounting software they choose, providing any reports are submitted to the LA in the required format, and provided that they meet the costs of modification to provide output required by the LA. Schools may therefore account for expenditure and income during the financial year on their internal systems using either a cash or accruals basis. Reports submitted to the authority in accordance with this scheme must however be amended, where necessary, at the year end to an accruals basis in order to comply with the LA's requirements.

### **2.3. Submission of Budget Plans**

Each school is required to submit a formal budget plan approved by the Governing Board, no later than 1<sup>st</sup> June each year. The LA would however consider it good practice for Governing Boards to agree their budget plan prior to the start of the new financial year.

The budget plan must show the school's intentions for expenditure in the current and the following two financial years, and details of any assumptions made underpinning the budget plan. In determining the budget plan, schools are required to take into account any estimated surplus or deficit at the previous financial year end to 31<sup>st</sup> March. The budget plan should be



a numerical reflection of the school's development plan (SDP) and should be prepared to reflect the full year effect of decisions made in the current year, the estimated effect of pupil number increases and decreases and any other development issues.

The Governing Board is not permitted to set a budget which plans for a cumulative deficit at the end of any of the financial years, except where the LA has authorised such a budget.

The format of the budget plan and any supporting documents shall comply with the budget template provided and the *Budget Preparation Guidelines* issued by the LA each year, which takes into account the Consistent Financial Reporting (CFR) framework and the desirability of compatibility with that.

Evidence of approval must be submitted at the same time as the budget plan. A Budget Approval form is issued by the LA each year which needs to be signed by the Head Teacher and the Chair of Governors. An extract of the minutes of the Governing Board meeting can also be submitted for further evidence.

The LA will supply schools with all income and expenditure data which it holds which is necessary to efficient planning by schools and an annual plan showing when this information will be available.

#### **2.3.1. Submission of Financial Forecast**

As part of budget management, schools are required to undertake regular forecasts of outturn against budget. Schools are required to provide a full year forecast as at the end of each quarter as part of the budget monitoring submissions to the Schools Finance Team.

These forecasts will be used to confirm if schools are undertaking effective financial planning and to identify any potential budgetary problems in future years. In addition, these will be used as evidence to support the LA's assessment of the Schools Financial Value Standards (SFVS).

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

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning. Schools must do so whilst taking into account the LA's purchasing, tendering and contracting requirements outlined in section 2.10.

Head Teachers and governors are required to determine how to secure better value for money for their school. There are significant variations 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.

Given that school's delegated budgets account for a very high proportion of LA spending, it is important that schools are able to demonstrate that they are following best value principles in their expenditure.

#### **2.5. Virement**

A virement is the transfer of funds from one budget line to another. It is an administrative exercise that provides a degree of flexibility in spending a budget to deal with changing circumstances and/or unexpected developments.



Provided overall spending is contained within the total delegated budgets, schools may vire freely between budget heads in the expenditure of their budget share. However there needs to be appropriate control arrangements established, and Governing Boards are advised to establish criteria for virements and financial limits above which the approval of the governors is required, in their Schemes of Delegation. Decisions should be recorded in Governing Board minutes.

## **2.6. Audit: General**

All maintained schools fall within both the internal and external audit regime determined by the LA, and schools are required to co-operate with both of these.

The LA's maintained schools will be the subject of regular internal audit to review the management of the school's finances and its stewardship of public money on behalf of the LA. Internal audit of schools will be based on a rolling programme, it is expected that each school will be subject to an internal audit review approximately once every 2-3 years.

Schools must allow internal and external auditors access, for the purpose of programmed internal audit or adhoc investigations, to such premises, documents and assets, as the auditors consider necessary. The school staff must provide auditors with any explanations they consider necessary.

The Head Teacher should consider and respond promptly to recommendations in audit reports and report to the Governing Board on the results of audits and any actions required by the school.

The Head Teacher should immediately notify the internal auditors and the Schools Finance team of any suspected irregularities involving fraud, bribery, theft or corruption of cash, stores, stocks or any other property held for the purposes of the school or in any other way affecting school finances or any breach of financial regulations.

## **2.7. Separate External Audits**

In instances where a school wishes to seek an additional source of assurance at its own expense, a Governing Board is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process. Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also be subject to and co-operate with the LA's internal and external auditors. In the event of a difference of opinion between the LA's external auditors and a Governing Board appointed auditor, the views of the LA's external auditor will prevail.

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

Schools are also required to provide annual audit certificates to the LA's internal auditors in respect of voluntary and private funds held by them together with the accounts of any trading organisations which they control. A school refusing to provide audit certificates to the LA as required by this scheme is in breach and the LA may choose to take action on that basis.

Both voluntary and private funds come under the definition of *non-official funds* or *school funds*. Such funds are those funds which do not contain official monies/ delegated funding from the LA and is controlled wholly or in part by the Head Teacher by reason of his/her

employment by the school. Although such funds are not public money, parents and other benefactors are entitled to the same standards of stewardship in regard to them.

An audit of these funds should be carried out annually by an auditor appointed by the Governing Board, as minuted in Governing Board minutes. The audit must be completed within three months of the end of each financial year. In the interests of accountability, the auditor should not be an employee and should be independent of the school with no association to the fund. Funds in excess of £20k must be audited by a qualified accountant who will provide a certificate in accordance with published professional standards. Funds below £20k does not need to be audited by a qualified accountant, but must be audited by a suitable individual familiar with the principles of accountancy. A report of the audit must be submitted to the Governing Board.

Governors have responsibility for the oversight of the management of these funds. The Head Teacher should be held accountable for the good management of these funds. It is therefore recommended that governors should be kept informed about these funds, and therefore in addition to the annual report received, governors should also receive interim reports. These reports should include details of income received, major items of expenditure and the balance of the funds, supported by certified reconciliations.

Official (delegated funding) and non-official (voluntary and private funds) should never be mixed. Any income which properly relates to the school's delegated budget should not be credited to a non-official fund. Any expenditure, such as staffing costs, which properly relates to the school's delegated budget should not be paid from the non-official fund.

Voluntary and private funds are not eligible to reclaim VAT on expenditure, unless separately registered for VAT.

## **2.9. Register of Business Interests**

The Governing Board of each school must have in place a register that lists for each member of the Governing Board, the Head Teacher and staff:

- any business interests 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 Board.

The register must be kept up to date with notification of changes and through annual review of entries, or when a new governor is appointed or elected. This also needs to be done when the term of office of an existing governor expires and he/she is re-appointed/re-elected, and should be made available for inspection by governors, staff, parents and the LA. This register must be published on a publicly accessible website.

Declaration of any interests, including pecuniary, should be raised as a standing agenda item at every full Governing Board and Finance/ Resources Committee meeting and such declarations should be minuted.

Governors, the Head Teacher and any member of staff must refrain from the decision making process or taking any action where they or any member of their immediate family has a business or pecuniary interest.

Further guidance can be found with the Register of Business & Personal Interest form.

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

Schools are required to abide by the LA's financial regulations and standing orders in purchasing, tendering and contracting matters, including leasing. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures. Nothing within these requirements shall be construed as requiring schools to:

- a) do anything incompatible with any of the provisions of this Scheme for Financing Schools, or any statutory provision, or any EU Procurement Directive;
- b) seek LA officer countersignature for any contract for goods or services;
- c) select suppliers only from an approved list;
- d) seek fewer than three tenders or quotations in respect of any contract with a value exceeding £25,000, subject to specific listed exceptions.

The Governing Board/ Head Teacher must ensure that they consider quality, economy and efficiency when purchasing supplies, goods, equipment, services and works.

Although Governing Boards are empowered to enter into contracts in their own right (Education Act 2002, Paragraph 3 of Schedule 1), and also may do so where they have a clear statutory obligation (e.g. contracts made by Aided or Foundation Schools for the employment of staff), in most cases they do so on behalf of the LA as maintainer of the School and the owner of the funds in the budget share. It is a particular government requirement that all Schools shall approve and abide by both Financial Regulations and Contract Procedure Rules. In Brent, the Scheme for Financing Schools requires all Schools to adopt the corporate models of these governance documents, which have been formulated to account for the particular financial and operational arrangements that exist within Schools.

All procurement by schools maintained by the LA must therefore comply with EU Public Procurement Legislation (the Public Contracts Regulations 2015), the LA's Financial Regulations and Contract Standing Orders. Each Head Teacher shall maintain and supply the Chief Finance Officer with such information as is required for corporate compliance with these rules.

An electronic version of the LA's Constitution encompassing the Financial Regulations and Contract Standing Orders can be obtained here: <http://www.brent.gov.uk/your-council/about-brent-council/council-structure-and-how-we-work/our-constitution/>

The table below sets out different categories of contract, depending on the value of the contract (over the life of the contract, including any possible extension) for Supplies, Services and Works.

### **Contract Value**

It is a mandatory requirement to estimate a contract value at the start of a procurement. The value of the contract must be calculated over the entire length of the contract, including any period of extension(s) anticipated.

Supplies & Services		Works	
Very Low Value Contract	→ £0 < £24,999	Very Low Value Contract	→ £0 < £24,999
Low Value Contract	→ £25,000 < £181,302	Low Value Contract	→ £25,000 < £250,000
Medium Value Contract	→ £181,302 < £2m	Medium Value Contract	→ £250,000 < £5m
High Value Contract	→ > £5m	High Value Contract	→ > £5m
<b>EU Threshold Values:</b> <u>Supplies &amp; Services (excluding Schedule 3 Services)</u> from 1 <sup>st</sup> January 2018 > £181,302 <u>Schedule 3 Services</u> from 1 <sup>st</sup> January 2018 > £615,278		<b>EU Threshold Values:</b> <u>Works</u> from 1 <sup>st</sup> January 2018 > £4,551,413	

*A Schedule 3 Service is defined as those social, educational and other specific services listed in Schedule 3 of the Public Contracts Regulations 2015.*

- **Very Low Value Contract** – No formal procurement procedures apply to Very Low Value Contracts, except the requirement to secure best value. The best way for schools to demonstrate value for money is either by seeking three competitive written quotes, using an Approved List (where one exists), or using the Online Market Place. Whilst the use of these procedures is not mandatory, it is however a mandatory requirement to keep an auditable record to demonstrate how value for money has been achieved.
- **Low Value Contract** – Schools are required to seek at least three written quotations from potential providers and record the quotes sought and/or obtained for audit and probity purposes. Alternatively the contract may be procured through the Online Market Place. Alternatively the contract may be procured through the Online Market Place.
- **Medium Value Contract** – Schools are required to undertake a competitive tendering exercise. This tendering exercise must be commenced by placing a contract notice (advert) in OJEU (Official Journal of the EU) if the Public Contract Regulations 2015 apply in full to the procurement. Please refer to the Schools Financial Regulations for further detail.
- **High Value Contract** – Schools must seek and obtain the LA's Cabinet approval before the procurement process is started. In seeking the LA's Cabinet approval to tender, the Governing Board shall address the pre-tender considerations set out in the LA's Contract Standing Order 89, to include details of the criteria for evaluation and award. The tender exercise will be as for Medium Value Contracts. Following receipt and evaluation of bids, further Cabinet authority should be sought prior to awarding the contract.

When valuing a rolling contract with no defined termination date, the contract should be valued over a period of 48 months.

The fact that the LA has let a contract in accordance with the Public Contract Regulations 2015 does not automatically mean that the school is a party to the contract or able to access the contract's supplies, services or works. For the purposes of EU Public Procurement Directives schools are viewed as discrete units and therefore have to be specifically named (individually or as a class) to benefit from a LA let contract. As discrete units, schools can consider collaboration arrangements not only with the LA, but also with other schools in the area, e.g. via the use of framework agreements, joint procurements, etc. to realise economies of scale.

For further details please refer to Brent's Schools Finance Regulations 2018/19.

### **2.11. Application of Contracts to Schools**

Although Governing Boards 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 LA as maintainer of the school and the owner of the funds in the budget share.

Other contracts may be made solely on behalf of the Governing Board when the Governing Board has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

Schools have the right to opt out of LA arranged contracts. Schools are only bound into LA arranged contracts through scheme provisions. Without such cover they are free to leave a LA arranged contract at any time. Schools will be bound by any internal contract they have freely entered into with the LA.

### **2.12. Central Funds and Earmarking**

The LA can make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares. Such allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used: and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the LA itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share. This will also include allocations for pupils with statements of Special Educational Need.

Such earmarked funding from centrally retained funds can only be spent on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not vired into the budget share. Schools must be able to demonstrate that this requirement has been complied with in their accounts.

Any earmarked funds must be returned to the LA if not spent within any period stipulated by the LA over which schools are allowed to use the funding.

Under no circumstances will the LA deduct interest from schools in relation to payments of devolved specific grants.

### **2.13. Spending for the purposes of the school**

Governing Boards are free (in accordance with s.50(3) of the Act) to spend budget shares *for the purposes of the school* to include pupils at other maintained schools, academies and community facilities, subject to regulations made by the Secretary of State and any provisions of the scheme.

By virtue of s.50(3A) (which came into force on 1<sup>st</sup> April 2011), amounts spent by Governing Boards on community facilities or services under s.27 of the Education Act 2002 will be treated as if spent for any purposes of the school to include pupils on roll at other maintained schools, academies and community facilities.

Governing Boards may not incur expenditure from the school budget for purposes which are properly the responsibility of other agencies.

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

Governing Boards can use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the Governing Board of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the Act.

Capital expenditure is money spent to acquire, improve or upgrade physical assets such as buildings and machinery which provides benefits for a period exceeding one year. This may include work on the school site, playing fields, buildings, vehicles or other equipment.

The LA applies a de-minimis limit of £5,000, below which items of expenditure are not capitalised. If the expected capital expenditure from the budget share in any one year is expected to exceed £25,000 in Primary and Special Schools or £50,000 in Secondary Schools, the Governing Board must notify the LA prior to committing funds and take into account any advice from the Strategic Director of Children & Young People as to the merits of the proposed expenditure.

Where the premises are owned by the LA or have voluntary controlled status, then the Governing Board should seek the consent of the LA to the proposed works, but such consent by the LA can only be withheld on health and safety grounds. This includes the extension of buildings, any internal or external alterations to existing buildings, the construction of new buildings and any external works impacting on play areas or playing fields.

These provisions ensure compliance with the current School Premises Regulations and the DfE Construction Standards, and health and safety regulations. In addition, these provisions will not affect expenditure from any capital allocation made available by the LA outside the delegated budget share.

### **2.15. Notice of Concern**

The LA may issue a *Notice of Concern* to the Governing Board of any school it maintains where, in the opinion of the Chief Finance Officer and the Strategic Director of Children & Young People, 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 LA or the school.



Such a notice will set out the reasons and evidence for it being made and may place on the Governing Board 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/ resources committee of the Governing Board;
- 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 budget monitoring reports to the LA which clearly shows current income and expenditure and a projected full year forecast;
- Insisting on monthly financial monitoring meetings at the school attended by LA officers;
- Requiring a Governing Board to buy into the LA's Schools Finance packages and services;
- 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 LA may take where the Governing Board does not comply with the notice.

The rationale for issuing a notice and determining the requirements included within it, are to safeguard the financial position of the LA or the school. Where the LA issues a *Notice of Concern*, the notice will be withdrawn once the Governing Board has complied with the requirements it imposes. The circumstances in which a notice may be issued would include:

- Schools in deficit, where the school has failed to take appropriate and timely action to address the deficit and to follow the requirements of a licenced deficit, and to keep the LA informed on the progress in achieving the deficit recovery plan submitted;
- Schools having consistently high carry forward balances, with no relevant plans for using these;
- Schools failing to complete the SFVS as required;
- Schools with limited or nil assurance audit opinions who have failed to take appropriate and timely action regarding the issues identified in relation to financial management within the audit report issued.

Any dispute between the LA and the school issued with a *Notice of Concern*, regarding any aspect of the notice, will be referred to the LA's Chief Finance Officer for resolution.

## **2.16. Schools Financial Value Standard (SFVS)**

All LA maintained schools (including nursery schools and PRUs that have a delegated budget) must demonstrate compliance with the SFVS and complete the assessment form on an annual basis. It is for the school to determine at what time in 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 LA before 31<sup>st</sup> March each year.

### **2.17. Fraud**

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

The Governing Board and Head Teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

Where a Head Teacher or Governing Board becomes aware of any type of fraud, suspected fraud or attempted fraud, this must be reported to the LA's Chief Finance Officer via the Audit & Investigations Service.



## **SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS**

The LA has adopted the CIPFA Code of Practice for Treasury Management.

For the purposes of this section, the budget share includes any place-led funding for special schools and PRUs.

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

For all maintained schools, the annual sum allocated to each school's bank account will be the total of its individual school's budget. From April 2013 all schools are required to administer their own payroll – schools administering their own payroll shall be advanced their delegated budget on a monthly basis.

### **3.2. Proportion of Budget Share payable at each Instalment**

Schools will receive their monthly budget share payment consisting of Schools Block and High Needs block as follows:

- Primary, Secondary, Special and PRU schools:
  - 1/12th by the 15th of each month – April to March;
- Nurseries
  - 1/12th by the 1st of each month – April to March.

The Early Years block is paid by the Early Years Team every mid-term.

Where schools are experiencing cashflow difficulties and require a different monthly profile, this shall be requested on the Cash Advance Request form to the Schools Finance Team. If such a change results in Brent incurring a loss of interest, then an interest charge will apply as described in 3.3.

Top up payments for pupils with high needs will be made with budget share for pupils on roll as at the end of December and termly in arrears for in year changes that occur from 1<sup>st</sup> January unless alternative arrangements have been agreed with the provider.

### **3.3. Interest Clawback**

Where the LA's normal proportion of budget share instalments are being used, there will be no deduction made from the school budget share instalments for the estimated loss of interest. However, where a school has requested a variation to the standard monthly payment profile, the LA reserves the right to apply an interest charge to the last payment in March, in relation to the loss of interest incurred by the LA in making funds available in advance.

The interest clawback will be calculated using the Bank of England base rate for each day during the relevant time period. School will be notified in advance of the amount of any clawback, with full supporting calculations as confirmation.

#### **3.3.1. Interest on Late Budget Share Payments**

The LA will add interest to late payments of budget share instalments, where such late payment is the result of an LA error. The interest calculation will be the same as the Interest

Clawback calculations, i.e. the Bank of England base rate at the relevant period, calculated on the number of days for which the instalment was delayed.

### **3.4. Budget Shares for Closing Schools**

The budget shares of schools for which approval for discontinuation has been secured, will be made available until closure on a monthly basis net of estimated pay costs, if the LA deems this to be appropriate.

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

All maintained schools have external bank accounts into which their budget share instalments (as determined by other provisions) are paid. Schools are allowed to retain all interest payable on their bank accounts and shall be subject to any bank charges arising.

If a school did not previously have an external bank account and then opens one, the LA will, if the school desires, transfer immediately to the account an amount agreed by both the school and the LA as the estimated surplus balance held by the LA in respect of the school's budget share, on the basis that there will then be a subsequent correction when accounts for the relevant year are closed.

#### **3.5.1. Restrictions on Accounts**

Where a school wishes to change its banking arrangements, it must notify the Strategic Director of Children & Young People of the new arrangements before they come into effect. The LA must approve all new banking arrangements, but no reasonable proposals will be refused. In particular, if a school wishes to change to another bank, the approval of the LA must be sought. This is to protect the school's resources from investment in an inappropriate institution and again refusal will only occur in exceptional circumstances. Any reasonable banking arrangements will be approved automatically. The LA's Treasury Management policy requires that only the following banks and their group members can be used for schools banking arrangements: HSBC, Barclays, Lloyds, RBS and Nationwide Building Society.

Schools may have accounts for budget share purposes which are in the name of the school rather than the LA. However, if a school has such an account, it is required that the account mandate shows that the LA is the owner of the funds in the account and is entitled to receive statements. The LA should also be able to take control of the account if the school's right to a delegated budget is suspended by the LA. Budget share funds paid by the authority and held in school accounts remain LA property until spent (s.49(5) of the Act).

School governors who are not members of staff must not be signatories to any school bank account containing LA provided funds but LA employees and school employees (including employee governors) can be signatories, subject to the principle of division of duties being met.

Where a school opts to use electronic banking facilities, staff user rights must be approved by the Head teacher and the school Governing Board. Schools governors who are not members of staff must not be permitted to have online access to the school bank accounts containing LA provided funds.

### **3.6. Borrowing by Schools**

Governing Boards may borrow money *only with the written permission of the Secretary of State*, and the LA must be notified in advance by any school of its intention to make such application since the LA's own credit requirement would be likely to be reduced to compensate. Governing Boards may however choose to use any scheme that has been approved by the Secretary of State for use by schools, without prior approval by the LA. Currently the only scheme with such approval is the Salix loan scheme which is designed to support energy saving.

The restrictions on borrowing include overdraft facilities, credit cards and finance leases. The use of procurement cards is encouraged, as they can be a useful means of facilitating electronic purchasing and will enable schools to benefit from significant discounts.

Operating Leases are permitted with the prior approval of the LA Chief Finance Officer. Any such requests should be made in the first instance to the Schools Finance Team who will request approval from the relevant delegated officer.

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

This provision does not apply to loan schemes run by the LA, which includes licensed deficits and capital loans.

### **3.7. Other Provisions**

#### Keeping Balances

Schools will be allowed to retain delegated budget income and pay directly into their respective bank accounts.

#### Accounting for Non-Official funds

Where a Head Teacher or a member of staff, by virtue of his/her official position, is responsible for money or goods which are the property of a school's non-official fund:

- Monies and goods belonging to the non-official funds must be separate from other monies or goods;
- Monies and goods are properly recorded separately as belonging to the non-official fund;
- An auditor with suitable qualifications should be appointed to independently verify these funds, with audited annual accounts being submitted to governors.

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

### **4.1. Right to Carry Forward Surplus Balances**

Schools will carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year. Surplus balances are however subject to restrictions shown in 4.2 below. Any deficits must be the subject of licensed deficits as explained in 4.4 below.

Where a school transfers into the London Borough of Brent from another LA, its brought forward balance on the first day of its operation under its new LA shall be equal to its carry forward balance on the last day of its operation under its previous LA.

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

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

- a) The LA shall calculate by 31<sup>st</sup> May each year the surplus balance, if any, held by each school as at the preceding 31<sup>st</sup> March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework (CFR);
- b) The LA shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance, and any unspent grants for the previous financial year where the grant conditions allow carry forward to a future financial year;
- c) The LA shall then deduct from the resulting sum any amounts which the Governing Board of the school has declared to be assigned for specific purposes permitted by the LA, and which the LA is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the LA. In considering whether any sums are properly assigned the LA may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned;
- d) If the result of steps a-c is a sum greater than 5% of the current year's Budget Share for secondary schools, 8% for nursery, primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the LA will consider the excess balances by review and may recommend the clawback of any excessive surplus or direct the use of these funds within the school for specific purposes in future financial years.

Funds deriving from sources other than the LA will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise. The total of any amounts deducted from schools' budget shares by the LA under this provision will be applied to the Schools Budget of the LA.

The LA has regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. The mechanism will therefore only be focused on those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area. Any such redeployment of funds would only be considered with the agreement and approval of the Schools Forum.

To assist the LA in carrying out its financial monitoring role, schools are asked to complete the Surplus Balances Breakdown form when requested by the LA annually, on the use the school intends to make of any surplus balances, in cases where the total balance exceeds 5% for secondary schools or 8% for primary and special schools. Relevant evidence must be submitted to support this response and may comprise of minutes to Governing Board meetings, three year school development plans (SDPs), or any other relevant information. Any surpluses should be earmarked for specific future needs to ensure that pupils benefit from a planned approach to spending that does not deprive them of required educational resources in any given year.

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

No interest will be paid to schools on balances held by the LA on their behalf. Interest generated by schools' own bank accounts will be retained by the school.

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

Revenue deficit balances held by schools as permitted under this scheme, must be carried forward.

#### **4.5. Planning for Deficit Balances**

Schools that are not currently in deficit must not plan for a deficit under any circumstances. See 4.9 below.

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

The LA will not charge interest on deficit balances.

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

The LA cannot and will not write off the deficit balance of any school.

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

When a school closes any cumulative balance (whether surplus or deficit) reverts to the LA. This cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under s.4(1)(a) of the Academies Act 2010. However, where the closure is purely a technicality to enable the merger of an Infant and Junior school, the LA's funding formula will enable a sum equal to the combined closing balances of the Infant and Junior schools to be allocated as the opening balance of the new school.

#### **4.9. Licensed Deficits**

Schools should only apply for a Licensed Deficit in exceptional circumstances where they cannot set a balanced budget without seriously impacting on the educational provision at the school.

The purpose of the Licensed Deficit process is to enable schools to:

- Identify and acknowledge the problem;
- Agree with the LA a plan of action and to monitor progress against this plan;
- Take strategic action to improve the long term financial situation at the school;
- Balance their budget over a period of time – maximum three years.

The Licensed Deficit process is used by the LA to provide schools with an appropriate level of challenge and support to help them set a balanced budget or, if this is not achievable, to prepare a recovery plan that sets out the action the school will take to achieved a sustainable balanced financial position over an agreed period of time. The LA will not therefore unreasonably reject an application for a Licensed Deficit and will consider the following in reaching a decision:

- The nature of the circumstances which gave rise to the deficit and specifically whether they could have been foreseen;
- The school's track record in financial management;
- The robustness of the deficit recovery plan and the appropriateness of the timescales proposed;
- Any other mitigating circumstances.

To apply for a Licensed Deficit:

- A school must complete a Licensed Deficit Application & Agreement Form, which must be signed by the Head Teacher and the Chair of Governors;
- This must be accompanied by a detailed deficit recovery plan which includes staffing details.

A licensed deficit must receive approval from the Chief Finance Officer and the Strategic Director of Children & Young People, or their representatives, and therefore the following conditions must be met:

- A licensed deficit will only be agreed where circumstances affecting the school have changed in ways that could not be reasonably foreseen and the school needs a period in excess of one financial year to enact a reduction in its annual level of expenditure or an increase in its annual level of income sufficient to eliminate the deficit;
- The maximum length of time over which a school can plan to come out of deficit, will be three years;
- Progress against this plan will be reviewed each month by the Schools Finance Team through budget monitoring reports and/or monthly update meetings with the school;
- A recovery plan must be formally revisited each year with the submission of budgets – but the plans submitted must be reduced by the length of time the school has already been in deficit – e.g. the recovery plan submitted in Year 2 of a licensed deficit should be for no longer than 2 years;
- Under no circumstances will the period of recovery be extended and schools will therefore need to adjust their plans accordingly if the financial position of the school worsens during this period;
- The school will be subject to all conditions set out in the Licensed Deficit application form.

Please see refer to the *Deficit Recovery Plan – Guidance for Schools* for further information.

#### **4.10. Loan Schemes**

##### Schools Loans Scheme – Improvement Projects

Schools may seek approval from the LA for planned building improvement work (i.e. meeting suitability and/or sufficiency needs rather than condition) to be financed under this section of the School Loans Scheme ("Improvement Projects"). All Improvement Projects will require the approval of the Strategic Director of Children & Young People and the Chief Finance Officer. Please refer to the Annex B for further details and application forms.

### Cash Advances

Schools that apply for a cash advance due to cashflow difficulties will be offered a loan with a formal repayment plan where the repayment crosses financial years or where the amount requested exceeds £100k. Please refer to the *Cash Advance – Guidance for Schools* for further information.

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

Schools may wish to group together to utilise externally held balances for a credit union approach to loans. Where schools choose to operate in such a way then they must provide the LA with audit certificates.



## **SECTION 5: INCOME**

Schools will normally retain any income earned by the school, except in certain specified circumstances.

### **5.1. Income from Lettings**

Schools will retain all income from the letting of the school premises, which would normally accrue to the LA unless a clause in a specific joint use or Private Finance Initiative (PFI) specifically precludes this.

Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided the Governing Board 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 there is no net cost to the budget share. However, schools should have regard to directions issued by the LA as to the use of school premises.

Income from lettings of school premises should not be payable into non-official funds (voluntary or private funds) held by the school.

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

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

Income from boarding charges is collected on behalf of the LA and should not exceed that needed to provide board and lodging for the pupils concerned.

### **5.3. Income from Fund-Raising Activities**

Schools will retain income from fund-raising activities.

Where such activities have created a charge against the school budget, this charge must be reimbursed first, before the balance of income is credited to any non-official fund.

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

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

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

All income received by schools must be banked promptly and in its entirety.

Procedures should be approved by the Governing Board which ensure adequate monitoring and reconciliation of income due and received. Income due to the school must identify VAT, where appropriate. All VAT income received must be itemised correctly for HM Revenue and Customs purposes.

No personal cheques may be cashed out of money received and under no circumstances must amounts due to the LA be paid into non-official funds temporarily or permanently.



Schools operating their own school meals provision should ensure that income received and expenditure incurred are appropriately accounted for separately in the school's accounting system, and not applied to the accounts net.

Schools are reminded to take account of VAT advice and liaise with the LA's Senior Finance Analyst (Tax) with regards to charging VAT on lettings, any services that lead to fees and charges, and the VAT implications of funding raising activities and the sale of assets.

#### **5.6. Purposes for which Income may be used**

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

## **SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES**

### **6.1. General Provision**

The budget share of a school may be charged by the LA without the consent of the Governing Board *only* in circumstances expressly permitted by the scheme in 6.2 below. The LA will consult with the relevant schools as to the intention to charge, and will notify schools when it has been done.

Schools are reminded that the LA will not act unreasonably in exercise of this scheme, as the LA may be then subject of a direction under s.496 of the Education Act 1996.

Should a school wish to challenge such a charge they must set out their objections in writing to the Strategic Director of Children & Young People, submitted via the Schools Finance Team, who will make the final decision.

For the avoidance of doubt, the LA may de-delegate funding for permitted services without the express permission of the Governing Board, provided this has been approved by the appropriate phase representatives of the Schools Forum.

#### **6.1.1. Charging of Salaries at Actual Cost**

The LA must charge salaries of school based staff to school budget shares at actual cost.

### **6.2. Circumstances in which Charges may be made**

Charges may be made to the budget share of a school by the LA, without the consent of the school, in the following circumstances:

- 6.2.1. Where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA).
- 6.2.2. Other expenditure incurred to secure resignations where the school had not followed LA advice.
- 6.2.3. Awards by courts and industrial tribunals against the LA, or out of court settlements, arising from action or inaction by the Governing Board contrary to the LA's advice.
- 6.2.4. Expenditure by the LA in carrying out health and safety work or capital expenditure for which the LA is liable where funds have been delegated to the Governing Board for such work, but the Governing Board has failed to carry out the required work.
- 6.2.5. Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has voluntary controlled status.
- 6.2.6. Expenditure incurred by the LA 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 LA.
- 6.2.7. Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the LA.
- 6.2.8. Recovery of penalties imposed on the LA 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 LA errors in calculating charges to a budget share (e.g. pension deductions).
- 6.2.10. Additional transport costs incurred by the LA arising from decisions by the Governing Board on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
- 6.2.11. Legal costs which are incurred by the LA because the Governing Board did not accept the advice of the LA (see also section 11).
- 6.2.12. Costs of necessary health and safety training for staff employed by the LA, where funding for training had been delegated but the necessary training not carried out.
- 6.2.13. Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- 6.2.14. Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the LA's compliance with its statutory obligations.
- 6.2.15. Costs incurred by the LA in securing provision specified in a statement of SEN where the Governing Board of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- 6.2.16. Costs incurred by the LA due to submission by the school of incorrect data.
- 6.2.17. Payments in respect of National Non Domestic Rates and Insurance where the LA has incurred the expenditure on behalf of the school and has not received reimbursement.
- 6.2.18. Costs incurred by the LA in obtaining and verifying statutory information that schools are legally obliged to provide but have failed to submit by the due deadline.
- 6.2.19. Recovery of amounts spent from specific grants on ineligible purposes.
- 6.2.20. Costs incurred by the LA as a result of the Governing Board being in breach of the terms of a contract.
- 6.2.21. Costs incurred by the LA or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- 6.2.22. Costs incurred by the LA as a result of failure to comply with pension regulations.

## **SECTION 7: TAXATION**

### **7.1. Value Added Tax**

In order to be able to utilise the LA's ability to reclaim VAT on expenditure relating to non-business activity, schools will need to submit a monthly return to the Schools Finance Team. All amounts reclaimed will be passed back to the school.

Schools must comply with the tax legislation and should follow the procedures set out in any relevant procedure issued by the Finance Department with regard to the following matters:

- Recording and reclaiming of VAT;
- Deduction of income tax in relation to staff employed in schools;
- Construction Industry Taxation Scheme (CIS).

Schools are responsible for their own unofficial funds and these do not fall under the scope of the LA's VAT registration.

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

Schools must abide by the procedures issued by the LA in connection with CIS.

## **SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE LA**

### **8.1. Provision of Services from Centrally Retained Budgets**

The LA will determine on what basis services from centrally retained funds will be provided to schools. The definition of services includes existing Premature Retirement Compensation (PRC) and redundancy payments, which may not ordinarily be thought of as services.

However, the LA will not discriminate in its provision of services on the basis of categories of schools except where funding has been delegated to some schools only, or such discrimination is justified by differences in statutory duties.

### **8.2. Provision of Services Bought back from the LA using Delegated Budgets**

The term of any arrangement with a school to buy services or facilities from the LA will be limited to a maximum of three years from the date of the agreement, and periods not exceeding five years for any subsequent agreement relating to the same services. However, schemes may contain an extension to five and seven years respectively for contracts for supply of catering services.

Services and facilities provided for which expenditure is not retainable centrally by the LA under Regulations made under section 45A of the Act, shall be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service will be met by the total income, even if schools are charged differentially.

Centrally arranged services such as premises and liability insurance and Capita SIMS licences, are excluded from these requirements.

#### **8.2.1. Packaging**

The LA may provide any services for which funding have been delegated. Where the LA is offering the service on a buy-back basis, this will be provided in a way which does not unreasonably restrict schools' freedom of choice among the services available. Where practicable this will include provision on a service-by-service basis as well as packages of services.

### **8.3. Service Level Agreements**

Service level agreements must be in place by 1<sup>st</sup> April to be effective for that financial year, and schools must have at least one month to consider the terms of agreements. All agreements must be entered via purchase on BESTBrent ([www.bestbrent.co.uk](http://www.bestbrent.co.uk)).

If services or facilities are provided under a service level agreement, whether free or on a buy-back basis, the terms of any such agreement, starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

Services, if offered at all by the LA, will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements. However, where services are provided on an ad hoc basis they may be charged for at a different rate than if provided on the basis of an extended agreement.

Centrally arranged premises and liability insurance are excluded from these requirements as these limitations may be impractical for insurance purposes.

#### **8.4. Teachers' Pensions**

In order to ensure that the performance of the duty on the LA to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the LA and Governing Boards of all maintained schools covered by this Scheme in relation to their budget shares.

The conditions only apply to Governing Boards of maintained schools that have not entered into an arrangement with the LA to provide payroll services.

A Governing Board 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 LA 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 LA which the LA requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The LA will advise schools each year of the timing, format and specification of the information required. A Governing Board shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the LA within the time limit specified in the AVC scheme. The Governing Board shall meet any consequential costs from the school's budget share.

A Governing Board of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the LA which the LA requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The LA will advise schools each year of the timing, format and specification of the information required from each school. A Governing Board shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the LA within the time limit specified in the AVC scheme. The Governing Board shall meet any consequential costs from the school's budget share.

## **SECTION 9: PFI SCHEMES**

*This section will only apply if and when a Facilities Management (FM) PFI scheme comes into operation.*

The LA shall have the power to issue regulations from time to time relating to PFI projects. Amongst other issues these may deal with the reaching of agreements with the Governing Boards of schools as to the basis of charges to schools' budget shares relating to such schemes; and the treatment of monies withheld from contractors due to poor performance. Such variations may be scheme variations and require approval.

## **SECTION 10: INSURANCE**

### **10.1. Insurance Cover**

Where funds for insurance are delegated to any school, the LA may require the school to demonstrate that cover relevant to an LA's insurable interests, under a policy arranged by the Governing Board, is at least as good as the relevant minimum cover arranged by the LA if the LA makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets - see 6.2.6. The LA will have regard to the actual risks which might reasonably be expected to arise at the school in question in operating this requirement, and not apply an arbitrary minimum level of cover for all schools.

Head Teachers must give prompt notification to the Chief Finance Officer via the Insurance Team, of all new risks, properties, or vehicles which are required to be insured by the LA, and any alternations affecting existing insurances. Head Teachers must also notify promptly of any loss, liability, damage or other event likely to lead to an insurance claim.



## **SECTION 11: MISCELLANEOUS**

### **11.1. Right of Access to Information**

In addition to specific requirements elsewhere within this scheme, Governing Boards must also supply all financial and other information that might reasonably be required to enable the LA to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the LA (e.g. earmarked funds) on the school.

### **11.2. Liability of Governors**

Schools are reminded that the Governing Board is a corporate body, and because of the terms of s.50(7) of the Act, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith. An example of behaviour that is not in good faith is the carrying out of fraudulent acts.

### **11.3. Governors' Expenses**

The LA may delegate to the Governing Board of a school yet to receive a delegated budget, funds to meet governors' expenses. In order for an individual governor to make a claim the Governing Board must formally adopt a Governor Allowances (Scheme of Paying) Policy. The LA will set the amount of such allowances.

Under section 50(5) of the Act, only allowances in respect of purposes specified in regulations made under s.19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. Payment of any other allowances is forbidden. Schools must not make payments of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

### **11.4. Responsibility for Legal Costs**

Costs of legal actions (including costs awarded against the LA) which are incurred by the Governing Board, although the responsibility of the LA as part of the cost of maintaining the school, unless they relate to the statutory responsibility of voluntary aided school governors for buildings, may be charged to the school's budget share unless the Governing Board acts in accordance with the advice of the LA. If there is a potential conflict of interest between the LA and the Governing Board, the school should seek independent legal advice.

Please refer to section 6. The effect of this is that a school cannot expect to be reimbursed with the cost of legal action against the LA itself (although there is nothing to stop an LA making such reimbursement if it believes this to be desirable or necessary in the circumstances).

These costs referred to do not include the costs of seeking legal advice.

### **11.5. Health & Safety**

In expending the school's budget share, Governing Boards shall have due regard to duties placed on the LA in relation to health and safety, and the LA's policy on health and safety matters in the management of the budget share.

### **11.6. Right of Attendance for Chief Finance Officer**

Governing Boards must permit the Chief Finance Officer of the LA (or any officer of the LA nominated by the Chief Financial Officer) to attend meetings of the Governing Board at which any agenda items are relevant to the exercise of his or her responsibilities. (The Chief Finance Officer's attendance will normally be limited to items which relate to issues of probity or overall financial management; such attendance will not be regarded as routine). Wherever practical, the LA shall give prior notice of such attendance.

### **11.7. Special Educational Needs**

Schools are required to use their best endeavours in spending their budget share to secure the special educational needs of their pupils who require such support. Schools must also ensure that they meet all the requirements of the SEN Code of Practice.

As this is a statutory requirement, the LA reserves the right to suspend delegation if a breach of this requirement occurs and the situation is deemed serious enough to warrant such action.

### **11.8. Interest on Late Payments**

Schools are required to ensure compliance at all times with legislation in relation to interest on late payments.

The *Late Payment of Commercial Debts (Interest) Act 1998* introduced a statutory right for businesses to claim interest on the late payment of commercial debts. Late payment is defined as being payment received after the contract's credit period has expired, or the credit period in accordance with trade custom and practice. Where no credit period is stated in a contract, the Act sets a default of 30 days from delivery of either the invoice for payment or of the goods/service, whichever is later. The rate of interest is the official dealing rate of the Bank of England (the base rate) +8%. The base rate used is that on the day on which the contract states that payment is to be made. If the purchaser does not pay the interest, the supplier can pursue the claim through the courts. It is therefore imperative that all invoices are paid within the time laid down in the credit terms to avoid incurring any additional costs.

### **11.9. 'Whistleblowing'**

Where a school employee or governor wishes to complain about the financial management or financial propriety at the school this should be carried out in accordance with the school's Whistleblowing Policy and Procedures. The school is strongly advised to adopt the LA's Whistleblowing Policy & Procedures. All concerns will be treated in confidence and will be investigated by a delegated representative of the Chief Finance Officer.

### **11.10. Child Protection**

Governing Boards must allow staff to attend child protection case conferences and other relevant events where the LA requires it in order to fulfil its statutory duty. Funding relating to supply cover and training costs for child protection is already part of the provision contained in the weighted pupil element of the formula, and the costs in relation to these will therefore be borne by the school.

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

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded.

The default position is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the LA's budget except in locally determined circumstances.

The LA will not fund under the following circumstances, in line with DfE guidance:

- If the school is making staffing reductions which the LA does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit;
- If the staffing reductions arise from a deficit caused by factors within the school's control;
- If the school has a surplus balance with no agreed plan for its use;
- If the school has refused to engage with the LA's redeployment policy;
- If the school is acting outside the LA's policy and does not act on LA advice given;
- If the school has decided to offer more generous terms than the authority's policy, the LA will not fund the excess.

Please refer to the Schools Redundancy Funding Policy for further information, and for details on how to apply for this.

## **SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE**

### **12.1. Funding**

All funding for repairs and maintenance is delegated to schools as part of the school budget share.

### **12.2. Defining Capital**

Only capital expenditure is retained by the LA. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the LA for financial accounting purposes in line with the CIPFA Code of Practice on LA accounting.

The de-minimus level the LA uses for the definition between capital and revenue in the financial accounts is £5,000. Therefore items of less than £5,000 will not be considered capital expenditure.

### **12.3. Voluntary Aided (VA) Schools**

VA governors will continue to be eligible for grant from the DfE in respect of their statutory responsibilities and in addition they will have responsibility for other repair and maintenance items on the same basis as Community and Foundation schools. VA governor responsibilities are set out in full detail in the DfE document *Voluntary Aided and Special Agreement Schools – Determination of Financial Liability*.

For VA schools, the liability of the LA for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools. However, eligibility for capital grant from the Secretary of State for capital works at VA schools depends on the de minimis limit applied by DfE to categorise such work, not the de minimis limit used by the LA.

## **SECTION 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 its authority and have regard to advice from the LA. Thirdly, the Secretary of State issues guidance to Governing Boards about a range of issues connected with exercise of power, and a school must have regard to that.

However, under s28(1), the main limitations and restrictions on the power will be those contained in the maintaining LA's scheme for financing schools made under s.48 of the Act 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 powers of Governing Boards 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 to control agreements, or agreements between the authority and schools to secure the provision of adult and community learning.

### **13.2.**

As with Budget Share funds, mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

### **13.3. Consultation with the LA – Financial Aspects**

The Governing Board is required to consult the LA and have regard to advice from the LA in relation to any proposed arrangement for community facilities, as required by s.28(4) of the Education Act 2002.

### **13.4.**

Schools are likely to benefit from informal contacts and advice from relevant officers with required professional expertise well before the formal consultation commences. It would also be helpful to all parties if schools gave the LA notice of their intent in advance of the formal consultation itself.

Formal consultation with the LA will commence when the full consultation material has been submitted in writing. The response period will begin from receipt of the full material.

Details of funding agreements with third parties must be sent to the LA for its comments as part of the consultation process and will be subject to the same time frame for response.

### **13.5.**

Brent will provide formal advice in writing within a maximum period of 6 weeks.

Schools should subsequently inform the LA of the action taken, or proposed to be taken, in response to the advice given by the LA.

### **13.6. Funding Agreements – LA Powers**

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

### **13.7.**

Any funding agreements with third parties (as opposed to funding agreements with the LA itself) should be submitted to the LA for comment and advice. Such draft agreements should form part of the consultation with the LA. Schools must take regard to this advice.

Although the LA has no power of veto, if an agreement is concluded without the agreement of the LA or against its wishes and the LA considers it to be seriously prejudicial to the interests of the school or the LA, this may constitute grounds for suspension of the right to a delegated budget.

As a general principle, the LA would suggest that most schemes should put the onus for meeting expenditure on the third party and that the school just has a share of any profit for allowing their premises to be used. That keeps it simple and minimises possible calls on LA and school resources if things go wrong.

### **13.8. Other Prohibitions, Restrictions and Limitations**

The Governing Board should endeavour to protect the financial interests of the LA. The LA may require that in a specific instance of use of the community facilities power, the Governing Board concerned shall make arrangements to protect the financial interest of the LA. Arrangements for protection may include the setting up of a limited company formed for the purpose or obtaining indemnity insurance for risks associated with the project in question, as specified by the LA.

### **13.9.**

S.28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the *Scheme for Financing Schools*. The LA respects and welcomes the right of schools to provide community facilities. Schools are however reminded that they must not discriminate on the grounds of race, nationality or ethnic origin or disability on the terms that they offer out halls and rooms to members of the public or in respect of any contract they enter into with third parties for the provision of community facilities. Governors of schools must not provide community facilities, whether for payment or not, to any individuals or groups which are racist or sexist or otherwise oppressive or whose aims would be counter to the policies on equality and diversity of their school or of the LA. Governors should take particular care not to provide facilities to individuals or groups whose aims are counter to the well being of children or young people.

### **13.10. Other Prohibitions, Restrictions and Limitations**

Schools must provide the LA every six months with a summary statement, in a form determined by the LA, showing the income and expenditure to the school arising from the facilities (actual for previous six months, estimate for the following six months).

**13.11.**

If the LA has cause for concern, it may require these statements every three months.

**13.12. Audit**

The school must grant access to their records and provide information connected to the community facilities for the purposes of both internal and external audit and any investigation conducted by the LA of relevant income and expenditure.

**13.13.**

In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, schools must ensure that such agreements contain adequate provision for access by the LA or its auditors to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the authority to satisfy itself as to the propriety of expenditure on the facilities in question.

**13.14. Treatment of Income and Surpluses**

Schools may keep all net income derived from the facilities, except where otherwise agreed with a funding provider.

**13.15.**

Schools can also carry forward retained net income from one financial year to the next and either add it to any Budget Share surplus or retain it as a separate surplus for the community facility.

If the school is a community or community special school and the LA ceases to maintain it, any surplus from community facilities will revert to the LA.

**13.16. Health & Safety**

Health and safety requirements of the main scheme are extended to the facilities.

**13.17.**

The Governing Board is responsible for the costs of securing Disclosure and Barring Service (DBS previously carried out by CRB) clearance for all adults involved in community activities taking place during the school day. Governing Boards would be free to pass on such costs to a funding partner as part of an agreement with that partner.

**13.18. Insurance**

The Governing Board must ensure adequate insurance arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary.

**13.19.**

The LA can carry out its own assessment of the insurance arrangements made by the school and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school.

### **13.20. Taxation**

Schools can only make use of the LA's VAT reclaim facility on expenditure on community facilities when this is from LA funds and not expenditure from other funds. Advice should be obtained from the LA's VAT officer.

### **13.21.**

If any member of staff employed by the school or LA in connection with community facilities at the school and 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 HMRC rules.

### **13.22.**

Schools must abide by the procedures issued by the LA in connection with CIS.

### **13.23. Banking**

The school must either keep separate bank accounts for Budget Share and community facilities or have adequate internal control to ensure adequate separation of funds.

### **13.24.**

The requirements in relation to banks, requirements for signing of cheques etc. will be the same as for the Budget Share account

### **13.25.**

Schools are reminded that they cannot borrow money without the written consent of the Secretary of State. This requirement does not however extend to monies lent by the maintaining LA.



**NURSERY (4)**

COLLEGE GREEN  
CURZON CRESCENT  
FAWOOD  
GRANVILLE PLUS

**PRIMARY (50)**

ANSON  
BARHAM  
BRENTFIELD  
BYRON COURT  
CARLTON VALE INFANTS  
CHALKHILL  
CHRIST CHURCH BROND CE  
CONVENT OF J&M RC INFANTS  
DONNINGTON  
ELSLEY  
FRYENT  
HARLESDEN  
ISLAMIA  
JOHN KEBLE CE  
KILBURN PARK JUNIORS  
KINGSBURY GREEN  
LEOPOLD  
LYON PARK  
MALOREES INFANTS  
MALOREES JUNIORS  
MITCHELL BROOK  
MORA  
MOUNT STEWART INFANTS  
MOUNT STEWART JUNIORS  
NEWFIELD  
NORTHVIEW  
OLIVER GOLDSMITH  
OUR LADY OF GRACE RC INFANTS  
OUR LADY OF GRACE RC JUNIORS  
OUR LADY OF LOURDES RC  
PARK LANE  
PRESTON PARK  
PRINCESS FREDERICA CE  
ROE GREEN INFANTS  
ROE GREEN JUNIORS  
SALUSBURY

SINAI JEWISH  
ST JOSEPH'S RC  
ST JOSEPH'S RC INFANTS  
ST JOSEPH'S RC JUNIORS  
ST MARGARET CLITHEROW RC  
ST MARY MAGDALEN'S RC  
ST MARY'S CE  
ST MARY'S RC  
ST ROBERT SOUTHWELL RC  
STONEBRIDGE  
TORAH TEMIMAH  
UXENDON MANOR  
WEMBLEY  
WYKEHAM

**SECONDARY (2)**

JFS  
NEWMAN

**SPECIAL (2)**

THE VILLAGE  
PHOENIX ARCH

**PRUS (2)**

ASHLEY COLLEGE  
RIVER COLLEGE



## SUMMARY OF CHANGES – 2018/19 SCHEME FOR FINANCING SCHOOLS

Section	Previous Working	New Wording	Reason For change
1.5	The Head Teacher and Governing Board are responsible for producing an annual budget plan for each financial year which must be approved by the Governing Board or by a sub-committee of the Governing Board and submitted to the LA by the deadline set by the LA.	The 3 year budget shall be proposed by the Head Teacher and agreed and set by the Governing Board. It is recommended that the budget preparation work and ratification is completed by a committee of the Governing Board, such as a Finance Committee, but the approval of the budget cannot be delegated to a committee. The budget must be approved at a meeting of the full Governing Board and submitted to the LA by the deadline set by the LA.	Change in wording to provide further clarification to schools and update in accordance to the guidance issued within the Schools Financial Regulations 2018-19.
2.1.2	In addition, schools are required to submit a monthly FIN1 return (bank reconciliation), a quarterly budget monitoring report showing clearly the forecasted year end position and monthly VAT returns in the format prescribed by the LA. <del>Where schools are experiencing cashflow difficulties, they may submit monthly VAT returns to help with management of their cashflow.</del> For schools in deficit, budget monitoring reports are required each month. These must all be reviewed and signed by the Head Teacher in a timely manner and all supporting/backing documents should be submitted at the same time as the return.	In addition, schools are required to submit a monthly FIN1 return (bank reconciliation), a monthly Summary Trial Balance and Cumulative Expense Analysis (or equivalent), a quarterly budget monitoring report showing clearly the forecasted year end position and monthly VAT returns in the format prescribed by the LA. For schools in deficit, budget monitoring reports are required each month. These must all be reviewed and signed by the Head Teacher in a timely manner and all supporting/backing documents should be submitted at the same time as the return.	Change in wording to provide VAT clarification to schools as the previous wording no longer applies.
2.10	Contract Value:	Contract Value:	

## SUMMARY OF CHANGES – 2018/19 SCHEME FOR FINANCING SCHOOLS

	<p><b>Supplies &amp; Services</b></p> <p>Very Low Value Contract → £0 &lt; £24,999</p> <p>Low Value Contract → £25,000 &lt; €</p> <p>Medium Value Contract → £164,176 &lt; £499,999</p> <p>High Value Contract → &gt; £500,000</p> <p><b>EU Threshold Values:</b>  <u>Supplies &amp; Services (excluding Schedule 3 Services)</u>          from 1<sup>st</sup> January 2016 &gt; £164,176  <u>Schedule 3 Services</u>          from 1<sup>st</sup> January 2016 &gt; £589,148</p> <p><b>Works</b></p> <p>Very Low Value Contract → £0 &lt; £24,999</p> <p>Low Value Contract → £25,000 &lt; £249,999</p> <p>Medium Value Contract → £250,000 &lt; £499,999</p> <p>High Value Contract → &gt; £500,000</p> <p><b>EU Threshold Values:</b>  <u>Works</u>          from 1<sup>st</sup> January 2016 &gt; £4,104,394</p>	<p><b>Supplies &amp; Services</b></p> <p>Very Low Value Contract → £0 &lt; £24,999</p> <p>Low Value Contract → £25,000 &lt; £181,302</p> <p>Medium Value Contract → £181,302 &lt; £2m</p> <p>High Value Contract → &gt; £5m</p> <p><b>EU Threshold Values:</b>  <u>Supplies &amp; Services (excluding Schedule 3 Services)</u>          from 1<sup>st</sup> January 2018 &gt; £181,302  <u>Schedule 3 Services</u>          from 1<sup>st</sup> January 2018 &gt; £615,278</p> <p><b>Works</b></p> <p>Very Low Value Contract → £0 &lt; £24,999</p> <p>Low Value Contract → £25,000 &lt; £250,000</p> <p>Medium Value Contract → £250,000 &lt; £5m</p> <p>High Value Contract → &gt; £5m</p> <p><b>EU Threshold Values:</b>  <u>Works</u>          from 1<sup>st</sup> January 2018 &gt; £4,551,413</p>	<p>Contract values updated in line with the local authorities Contract Standing Orders</p>
3.1	<p>The centrally funded PRUs, as non-bank account schools, may draw on their entire budget shares from</p>	<p>For all maintained schools, the annual sum allocated to each school's bank account will be the total of its</p>	<p>Change in wording as PRUs are no longer centrally funded and</p>

## SUMMARY OF CHANGES – 2018/19 SCHEME FOR FINANCING SCHOOLS

	<p>the start of the financial year, and will not be subject to the instalment arrangements.</p> <p>For all other schools, the annual sum allocated to each school's bank account will be the total of its individual school's budget. From April 2013 all schools are required to administer their own payroll – schools administering their own payroll shall be advanced their delegated budget on a monthly basis.</p>	<p>individual school's budget. From April 2013 all schools are required to administer their own payroll – schools administering their own payroll shall be advanced their delegated budget on a monthly basis.</p>	<p>they hold their own bank accounts, therefore the previous wording no longer applies.</p>
3.2	<p>Schools will receive their monthly payments as follows:</p> <ul style="list-style-type: none"> <li>• By 1<sup>st</sup> April — 1/36<sup>th</sup>;</li> <li>• By 15<sup>th</sup> of each month (April to February) — 1/12<sup>th</sup>;</li> <li>• By 15<sup>th</sup> March — 1/12<sup>th</sup> minus 1/36<sup>th</sup>;</li> </ul>	<p>Schools will receive their monthly budget share payment consisting of Schools Block and High Needs block as follows:</p> <ul style="list-style-type: none"> <li>• Primary, Secondary, Special and PRU schools: <ul style="list-style-type: none"> <li>○ 1/12<sup>th</sup> by the 15<sup>th</sup> of each month – April to March;</li> </ul> </li> <li>• Nurseries <ul style="list-style-type: none"> <li>○ 1/12<sup>th</sup> by the 1<sup>st</sup> of each month – April to March.</li> </ul> </li> </ul> <p>The Early Years block is paid by the Early Years Team every mid-term.</p>	<p>It has been recognised that some schools were experiencing cash flow difficulties due to the reduced budget share allocation paid in March. To reduce this equal monthly payments will be made.</p> <p>Since September 2017 responsibility for Early Years budget share payments for School nurseries has been incorporated into the Early Years Single Funding Formula (EYSFF) system by the Early Years Team. As a result, since September onwards, the overall budget share payments paid by Schools Finance no longer included the Early Years block.</p>

## SUMMARY OF CHANGES – 2018/19 SCHEME FOR FINANCING SCHOOLS

3.5.1	<p>Schools may have accounts for budget share purposes which are in the name of the school rather than the LA. However, if a school has such an account, it is required that the account mandate shows that the LA is the owner of the funds in the account and is entitled to receive statements. The LA should also be able to take control of the account if the school's right to a delegated budget is suspended by the LA. Budget share funds paid by the authority and held in school accounts remain LA property until spent (s.49(5) of the Act).</p> <p>School governors who are not members of staff must not be signatories to any school bank account containing LA provided funds but LA employees and school employees (including employee governors) can be signatories, subject to the principle of division of duties being met.</p>	<p>Schools may have accounts for budget share purposes which are in the name of the school rather than the LA. However, if a school has such an account, it is required that the account mandate shows that the LA is the owner of the funds in the account and is entitled to receive statements. The LA should also be able to take control of the account if the school's right to a delegated budget is suspended by the LA. Budget share funds paid by the authority and held in school accounts remain LA property until spent (s.49(5) of the Act).</p> <p>School governors who are not members of staff must not be signatories to any school bank account containing LA provided funds but LA employees and school employees (including employee governors) can be signatories, subject to the principle of division of duties being met.</p> <p>Where a school opts to use electronic banking facilities, staff user rights must be approved by the Head teacher and the school governing body. Schools governors who are not members of staff must not be permitted to have online access to the school bank accounts containing LA provided funds.</p>	It is recognised that many schools now wish to use electronic banking therefore additional guidance has been issued to provide clarity to schools
7.1	<p>In order to be able to utilise the LA's ability to reclaim VAT on expenditure relating to non-business activity, schools will need to submit a <b>quarterly</b> return to the Schools Finance Team. <b>Schools experiencing cashflow difficulties may submit monthly returns where this has been agreed with the Schools Finance Team.</b> All amounts so reclaimed will be passed back</p>	<p>In order to be able to utilise the LA's ability to reclaim VAT on expenditure relating to non-business activity, schools will need to submit a <b>monthly</b> return to the Schools Finance Team. All amounts reclaimed will be passed back to the school.</p>	Change in wording to provide clarification to schools as the previous wording no longer applies.

SUMMARY OF CHANGES – 2018/19 SCHEME FOR FINANCING SCHOOLS

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**SCHEME FOR FINANCING SCHOOLS:**

## **SCHOOLS FINANCIAL REGULATIONS**

**2018-19**

# **CONTENTS**

(Updated September 2018)

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- A.3 Responsibilities
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## **A. INTRODUCTION**

### **A.1 What These Regulations Cover**

- A.1.1 These regulations form part of the Scheme of Delegation, and apply to all schools that have a delegated budget under the School Standards and Framework Act 1998. These regulations supplement the Brent Scheme for Financing Schools, s.43 – 53 of the School Standards and Framework Act 1998 and s. 14 to the Act as approved by the Secretary of State. It also ensures that schools comply with the requirements of s.151 of the Local Government Act 1972, Contract Procedure Rules, and the Accounts and Audit Regulations.
- A.1.2 The objective of these regulations is to specify a number of procedures and key control measures which ensure the public accountability and high standards of financial integrity to be exercised in the use of public funds and in reducing financial risk.
- A.1.3 The regulations therefore cover the following fundamental areas of financial management and control:
- Setting, monitoring and controlling the revenue budget;
  - Accounting responsibilities;
  - Income and Expenditure controls;
  - Risk management and control of resources;
  - Procurement;
  - Retention of documents.
- A.1.4 The regulations also identify the responsibilities of the Chief Finance Officer, Governing Boards, Head Teachers and all relevant staff in schools. The Chief Finance Officer's responsibilities in relation to schools are mainly exercised through the Schools Finance Team. The Schools Finance Team is therefore the first and primary point of contact on all financial matters.
- A.1.5 For the purposes of this document, the Chief Finance Officer is the officer appointed by the LA in accordance with s.151 of the Local Government Act 1972.

### **A.2 Application of These Regulations**

- A.2.1 These regulations must be followed by all Governing Boards and school officers of schools maintained by Brent, whether they are directly employed, contracted, employed through an agency or volunteer in their conduct of financial and related matters.
- A.2.2 Failure to comply with these regulations may constitute misconduct and lead to formal disciplinary action.

- A.2.3 A list of schools maintained by Brent at February 2018, and therefore covered by these regulations, is included in Annex A.

### A.3 Responsibilities

- A.3.1 The following describes the overall framework and the main roles and responsibilities in respect of these regulations. This is not an exhaustive list and there are also likely to be some overlap in roles. Ultimately all Governing Boards and school officers are responsible for complying with all regulations.
- A.3.2 In discharging their duties and responsibilities all school officers must comply with Brent's Scheme for Financing Schools and any associated regulations including these, and where appropriate financial procedures and standing orders. Where there is inconsistency between these, the relevant Acts shall prevail.
- A.3.3 Under the Scheme of Financing Schools, schools do not have any power to borrow money, including no power to enter into any type of lease purchase arrangements.
- A.3.4 The Chief Finance Officer:
- is the responsible officer for the proper administration of the financial affairs of the LA under s.151 of the Local Government Act 1972;
  - is required to approve all accounting procedures, systems and records of the LA, including schools, under his s.151 duties and the Accounts and Audit Regulations;
  - is therefore responsible for reviewing these regulations and reporting any breaches to the LA's Cabinet or Full Council;
  - puts in place financial standards and practices across the LA, including schools, to deliver a framework for financial control, provide accurate, timely and consistent monitoring information, and sound advice on financial decisions to be made by officers and members;
  - has the right to attend (or a delegated officer) any meeting of a Governing Board to provide advice or report on major financial matters which in his opinion affects the probity and regularity of the LA's financial activities.

The Chief Finance Officer's statutory responsibility for the administration of the LA's affairs cannot be overridden by anything in a Scheme of Delegation or in any set of financial procedures.

(Further details of roles and responsibilities are set out in Part 3 of the Constitution <http://www.brent.gov.uk/your-LA/about-brent-LA/LA-structure-and-how-we-work/our-constitution/>)

**Comment [VJ1]:** Can you please double check this.

### A.3.5 Other Officers

#### A.3.5.1 The Schools Finance Team:

- is the main point of contact for all financial matters;
- collates financial information;
- monitors implementation of the financial control framework;
- supports the Governing Board, Head Teachers and school finance officers in their financial responsibilities; and
- provides assurance to the Chief Finance Officer, Strategic Director of Children & Young People and Members that adequate controls exist to produce sound financial administration.

#### A.3.5.2 The Audit & Investigations Service:

- provides the LA's internal audit function and anti-fraud services;
- assists the Chief Finance Officer and Strategic Director of Children & Young People to discharge their statutory duties;
- provides Head Teachers with advice and guidance on the system of internal control;
- is responsible for investigations into financial irregularities across all LA services, including schools.

### A.3.6 Governing Boards:

- are responsible for the overall financial management of delegated school budgets. Although some powers can be delegated to Head Teachers with formal approval, the Governing Board will retain overall responsibility for any actions taken;
- must maintain a written record where their powers have been delegated to members of staff;
- shall provide the LA with any reasonable information for the effective discharge of the LA duties and responsibilities;
- should ensure that all existing and new employees of the school are informed of their responsibilities under financial regulations and are familiar with these documents;
- should ensure that all financial regulations or contracts and award procedures are followed by everyone in the school;
- should ensure that relevant records are maintained and retained;
- must consult with the Chief Finance Officer on any matter which is liable to materially affect the finances of the LA, before any provisional or other commitment is incurred or a bid for external funding is made;
- are responsible for securing value for money and compliance with the principles of best value in relation to their activities.

#### A.3.7 Head Teachers:

- must ensure that their school promotes, enacts and monitors adherence to the necessary financial control framework and keeps spending within budget, indicating where necessary, conflicts between current service policy and plans and resource allocation;
- are required to keep accurate financial records, comply with the financial control framework and take timely action to keep spend within budget.

*The Governing Board may delegate some of its powers to Head Teachers, but the Governing Board shall retain responsibility for the actions. Many of the requirements of the Governing Board within these regulations may therefore apply to Head Teachers instead, where the relevant powers have been delegated to them.*

#### A.3.8 Schools' Finance Officers:

- collate the financial information about their school;
- provide financial advice to the Governing Board and the Head Teacher of their school;
- provide financial information to the Schools Finance Team;
- support Head Teachers in their financial responsibilities;
- help to implement the financial control framework;
- ensure sound financial administrative systems are in place.

In practice this may be a School Business Manager, Bursar or Finance Officer.

### A.4 **Application of Changes**

- A.4.1 Changes to these regulations may be necessary from time to time to ensure relevance and consistency with the Financial Procedure Rules in the context of a school environment. Any changes required will be in line with national and local regulations and will only be implemented after:
- the agreement of the Chief Finance Officer and the Strategic Director of Children & Young People;
  - consultation with the Schools Forum.

### A.5 **Other Guidance**

- A.5.1 These regulations are supplemented by, and should be read in conjunction with:
- Technical Standards setting out more detailed requirements for financial arrangements, which may change from time to time;
  - Guidance notes on financial management practice which may be issued periodically by the Chief Finance Officer or delegated officers – usually by the Schools Finance Team;
  - Schools Finance Manual;
  - Budget Preparation Guidelines issued annually;
  - Schools Closing Guidance issued annually;
  - The Scheme for Financing Schools updated annually.

## **B. BUDGET MANAGEMENT**

*A **Budget** is the numerical representation of an action plan for a specified time period. In the context of a school, this is a numerical statement of the school's development plan (SDP) – a numerical statement of the school's policy, aims, objectives and strategies in financial terms.*

### **B.1 The Importance of Effective Budget Management**

- B.1.1 Budget management ensures that resources are used for their intended purposes and that these resources are properly accounted for. Each school is expected to manage their own expenditure within the budget allocated to them to ensure that the school does not overspend against this. Regular reporting of income and expenditure against approved budgets ensures that governors are aware of, and highlights situations where, any actions may be required to ensure spending remains within the budget allocation.

### **B.2 Budgetary Role**

- B.2.1 The Governing Board shall be responsible for approving a 3 year budget each year and ensuring that the budget plan is a numerical reflection of the school's SDP and fully reflects the estimated effect of pupil changes and any development decisions.
- B.2.2 The Governing Board shall be responsible for reporting without delay to the Schools Finance Team where it appears that the total budget for the school may be exceeded, and taking appropriate action to bring the budget back into balance.
- B.2.3 The Head Teacher shall be responsible for maintaining a proper system of budgetary control and preparing all estimates for submission to the Governing Board, Chief Finance Officer and Strategic Director of Children & Young People. These functions shall be discharged in accordance with any guidelines or Codes of Practice issued from time to time by the Chief Finance Officer and the Strategic Director of Children & Young People.
- B.2.4 Neither the Governing Board, an individual Governor, nor the Head Teacher shall commit the school to any expenditure for which there is not sufficient budget provision or which will cause an overall budget deficit.

### **B.3 Setting the Budget**

*The budget is the school's SDP in numerical form and therefore should be a reflection of the school's policies, aims and actions to be implemented in the duration of the budget period.*

- B.3.1 Each school shall be given a budget share calculated in accordance with the formula for funding schools, before the beginning of the financial year.



- B.3.2 The 3 year budget shall be proposed by the Head Teacher and agreed and set by the Governing Board. It is recommended that the budget preparation work and ratification is completed by a committee of the Governing Board, such as a Finance/ Resources Committee, but the approval of the budget cannot be delegated to a committee. The budget must be approved at a meeting of the full Governing Board. Budgets must be produced in accordance with the Budget Preparation Guidelines issued annually. The format for submission of the 3 year budget plan and the requirements for supporting documents and evidence of approval are also provided annually at the same time and schools must also comply with these. The Governing Board is not permitted to set a budget which plans for a cumulative deficit at the end of any of the financial years, except where the LA has authorised such a budget.
- B.3.3 The Head Teacher shall submit the approved budget to the Schools Finance Team by 1<sup>st</sup> June each year, along with the required supporting documents and evidence of approval. Any extension to the deadline can only be granted in exceptional circumstances because of particular difficulties.
- B.3.4 The school's Finance Officer shall enter the approved submitted budget plan on to the school's computerised financial system within a month of its approval, and ensure that the budget is locked on the system. This will allow an audit trail for any changes made during the year, which should be appropriately approved and documented. It is accepted that this budget will be the best known estimate at the time of setting and will therefore be subject to change – any changes on the system will create an audit trail which should be backed up by minutes to Governing Board meetings approving the changes.

#### **B.4 Monetary Limits**

*The monetary limit of a school is the amount of money available to spend.*

- B.4.1 The inclusion of money in the school's budget approved by the Governing Board shall authorise the Head Teacher to spend up to that sum plus any available school balance brought forward from previous years. The Head Teacher is not authorised to exceed the approved budget.
- B.4.2 Each Head Teacher shall deliver the curriculum and other school services within the resources agreed.

#### **B.5 Budget Virements**

*A virement is the transfer of funds from one budget line to another. It is an administrative exercise that provides a degree of flexibility in spending a school's budget, and allows for changing circumstances and/or unexpected developments.*

- B.5.1 The Governing Board may agree to transfer resources between budgets but are reminded that resources cannot be transferred from capital to revenue due to accounting conventions. Any transfer of resources between budgets should have a

clear rationale, and should be taken into account for forecasting and future year's budget-setting.

- B.5.2 The Governing Board is advised to establish appropriate criteria for virements and financial limits in their Schemes of Delegation, above which the approval of the Governing Board is required. Any such decisions should be recorded in the Governing Board minutes.
- B.5.3 Where additional funds have been allocated to a school for a specific purpose, they shall only be used for that purpose.

## **B.6 Budget Monitoring**

*Budget Monitoring is the examining of the school's monthly spend and income against the budget that has been set.*

*It is important that schools undertake regular budget monitoring, as this:*

- is essential for effective financial management;*
- allows Governing Boards and Head Teachers to maintain financial control by reviewing the current position and taking any remedial action necessary;*
- is a requirement under the Schools Financial Value Standards (SFVS);*
- enables reasons for significant variances to be established/investigated and reported;*
- may highlight forecasted overspends and ensure that senior management are able to decide upon a course of action and reassess priorities in the SDP where necessary.*

- B.6.1 Once a budget is agreed, the Governing Board and subject to the school's Scheme of Delegation, the Head Teacher and other staff, must ensure that it is strictly monitored.
- B.6.2 The Governing Board shall agree school performance measures linked to the school development plan (SDP) and review progress and outcomes for the resources allocated. It is good practice for the SDP to be fully costed, and the Governing Board should review such costs against the impact.
- B.6.3 The Governing Board and the Head Teacher must be able to demonstrate that the budgets devolved to the school have been spent on the purposes for which they were delegated.
- B.6.4 The Head Teacher shall provide quarterly budget monitoring returns to the Schools Finance Team in the format requested. These returns must have been reviewed and signed by the Head Teacher and shall clearly show the income and expenditure to date against the approved budget, and a forecasted year end position. For schools that are in deficit, budget monitoring reports shall be submitted to the Schools Finance Team monthly.

- B.6.5 Although budget monitoring returns are required quarterly to the Schools Finance Team, schools are strongly advised that these should be completed and reviewed and signed by the Head Teacher at least monthly. These should also be submitted to the Governing Board or a sub-committee of the Governing Board, at least termly or half-termly. The format and frequency of submission to the Governing Board shall be determined by the Governing Board, but must clearly show the necessary full year forecasts to facilitate decisions.
- B.6.6 The Head Teacher shall submit a monthly FIN1 return (bank reconciliation) to Schools Finance Team in the format requested. These returns provide assurance that appropriate banking controls are in place, and must be reviewed and signed by the Head Teacher in a timely manner. All supporting/backing documents must be submitted to the Schools Finance Team at the same time as the return.

## **B.7 Budget Control**

*Budget control is a continual process enabling the school to review and adjust its budget plans during the financial year. It also provides a mechanism to hold budget holders accountable for defined elements of the budget. By identifying and explaining variances against budgetary targets, the school can identify changes in resource requirements at the earliest opportunity.*

*The key controls for managing and controlling the revenue budget are:*

- All elements of budgeted expenditure and income are allocated to a named budget holder;*
- Budget holders accept accountability for their budget allocations and the level of service to be delivered;*
- Budget holders adhere to the approved procedures for the ordering and certifying for payment the purchase of goods and services used in the provision of their service and for the collection of income;*
- Income and expenditure is completely, accurately and promptly recorded and accounted for;*
- Service delivery performance levels are monitored in conjunction with financial performance and that necessary action is taken to align service outputs and budget resources.*

- B.7.1 Each Governing Board shall be responsible for maintaining a proper system of budgetary control.
- B.7.2 Strict financial discipline must be maintained and once decisions have been made on the budget for a year, the Head Teacher must seek to ensure that the budget plan is met.
- B.7.3 The Governing Board shall make arrangement to ensure that significant variances from approved budgets are investigated and reported by Head Teachers regularly.
- B.7.4 Each Governing Board shall determine the extent of powers that are to be delegated to the Head Teacher in respect of financial delegation.

- B.7.5 The Governing Board and Head Teacher must complete the DfE's Schools Financial Value Standard (SFVS) and submit to the Schools Finance Team by 31<sup>st</sup> March each year.

## **B.8 Budget Overspends**

*An overspend occurs when the school has spent more than is available to spend. An overspend may occur on individual budget heads.*

- B.8.1 Overspends in school budgets are not acceptable. An overspend must be dealt with by decisive action of some kind, even if this means changing policy, service levels, and staffing levels.
- B.8.2 The Governing Board and the Head Teacher shall take responsibility for their school budgets and shall examine their own capacity to fund new proposals or overspends.
- B.8.3 Each Head Teacher must notify the Schools Finance Team immediately if it appears that their overall budget is likely to overspend because approved expenditure is forecasted to be exceeded or income will not be achieved.
- B.8.4 The Head Teacher will need to detail the action being proposed to rectify the overspend. This shall include specific and costed proposals, and any service implications must be fully stated. If details are not provided, then the action will not be regarded as satisfactory by the Chief Finance Officer or the Strategic Director of Children & Young People.
- B.8.5 Each Governing Board shall ensure that their school does not have a deficit balance except in exceptional circumstances with prior permission through a licensed deficit approval. This process is detailed in the Licensed Deficit Policy. The Governing Board shall ensure that any deficit balance at the year end is carried forward to the new financial year and taken into account in spending plans.

## **B.9 Budget Underspends**

*An underspend occurs when a school doesn't use all the resources available for the school.*

- B.9.1 Schools shall carry forward any unspent balance of their budget share at the year end.
- B.9.2 The Governing Board shall monitor underspends carefully to ensure that the funds available to spend are being used effectively towards the educational outcomes of pupils.

## **B.10 Withdrawal of Delegation**

*The Governing Board of a school has delegated powers in relation to schools finances. This means that although these funds are owned by the LA, the responsibility for looking after these funds appropriately falls to the Governing Board. Withdrawal of Delegation means that the LA withdraws the powers from a Governing Board to look after these funds, and takes control of the school's finances.*

- B.10.1 Where a school has a delegated budget, the Strategic Director of Children & Young People and the Chief Finance Officer retains the right to suspend delegation, giving one month's notice, where it is considered that the Governing Board:
- has substantially or persistently failed to comply with any requirements of the borough's Scheme for Financing Schools;
  - is not managing the expenditure satisfactorily.
- B.10.2 Financial delegation shall be withdrawn immediately in the event of gross mismanagement of school resources on the part of the Governing Board and/or Head Teacher.
- B.10.3 Where financial delegation has been withdrawn, this shall be reviewed annually.

## **C. LEASING, LOANS & FINANCIAL ARRANGEMENTS**

### **C.1 General Requirements**

- C.1.1 In order to ensure compliance with the prudential framework, the Governing Board may not enter into any leasing agreements or any other loan or financing arrangements for the acquisition of property, vehicles, plant or equipment without the prior written consent of the Chief Finance Officer.
- C.1.2 The Governing Board may not borrow money without the written permission of the Secretary of State. The LA must be notified in advance by any school of its intention to make such an application.
- C.1.3 This however does not fully apply to trusts and foundations provided that these debts are not serviced from the school's delegated budgets. In this instance, the Governing Board is not acting as an agent of the LA in repaying these debts.

### **C.2 Leasing**

*A lease is a contract where a party being the owner of an asset (lessor), provides the asset for use to a school through a rental agreement for a defined period of time.*

*A finance lease is a leasing contract in which the school takes ownership of the asset and is responsible for all maintenance and insurance, but pays for the asset over a period of time. This is effectively a borrowing agreement.*

*An operating lease is a leasing contract in which the ownership for an asset remains with the lessor and they remain responsible for maintenance, insurance and repairs. This is effectively a rental agreement.*

- C.2.1 The Governing Board shall not legally enter into any finance leasing arrangement, as this would constitute borrowing.
- C.2.2 The Governing Board may enter into operating leases only with the written permission of the Chief Finance Officer. Any such requests must be made in the first instance to the Schools Finance Team who will make the appropriate approval request from the relevant delegated officer.
- C.2.3 The Governing Board must take the relevant due diligence before submitting to the Schools Finance Team for approval. Any application to enter into a leasing agreement shall be approved by the Governing Board. The Governing Board shall firstly satisfy itself that the Schools Contract Procedure Rules have been fully complied with and that the proposed leasing agreement represents value for money.

### **C.3 Loans**

*A loan is a form of borrowing, usually cash. This is usually repaid over a period of time, subject to interest.*

- C.3.1 The Governing Board cannot legally enter into any type of external loan agreement.
- C.3.2 This provision however does not apply to loan schemes that have been approved by the Secretary of State. Currently only the Salix loan scheme has such approval.
- C.3.3 This provision also does not apply to loan schemes run by the LA, such as licensed deficits and capital loans.

### **C.4 Credit Cards and Other Financial Arrangements**

*A credit card is a card authorising purchases on credit, chargeable at a predetermined interest rate.*

*An overdraft is an amount that can be spent when there are no funds available in a bank account, and therefore constitutes a form of borrowing.*

*A procurement card is similar to a debit card, allowing schools to make purchases against funds within a bank account.*

- C.4.1 The restriction on borrowing also includes the use of overdraft facilities and credit cards.
- C.4.2 School bank accounts are not permitted to go overdrawn at any time, and overdraft facilities may not be negotiated. Where schools are experiencing cashflow difficulties, schools should refer the Cash Advance Policy.
- C.4.3 The Governing Board is encouraged to use procurement cards as an alternative means of facilitating electronic purchasing, and to allow schools to benefit from significant discounts. Procurement cards should be used and monitored in the same manner as debit cards - refer to section *F.6: Money and Banking* for further details on compliance.

## **D. ACCOUNTING RESPONSIBILITIES**

*Proper accounting records are one of the ways in which the LA discharges its responsibility of stewardship of public resources. The LA has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year.*

### **D.1 Accounting Systems and Procedures**

- D.1.1 The Governing Board is free to use any accounting software they choose, providing they can produce reports in the format required by the LA and other agencies.
- D.1.2 Where the Governing Board plans to change the financial system in use, the Governing Board is required to inform the Schools Finance Team of the change. Schools are strongly advised to only change systems at the beginning of a financial year and to consult with the Schools Finance Team and Audit and Investigations Service prior to implementation.
- D.1.3 Each Governing Board shall establish a scheme of authorisation identifying officers authorised to act on their behalf with respect to payments, income collection and placing of orders, showing limits to their authority.
- D.1.4 The Governing Board shall regularly review their accounting systems to ensure that they report outputs in a timely, accurate, clear and convenient manner which is readily understood by users.
- D.1.5 The Governing Board shall be responsible for ensuring that officers involved in operating accounting systems and undertaking financial procedures receive proper assessment of their financial skills and learning and development needs. This will ensure that the school is not exposed to any administrative or financial risk due to insufficient training or skills, or in the event of the absence of key staff.
- D.1.6 The Governing Board shall ensure all funds are properly accounted for and are only spent on the purposes for which they were established.

### **D.2 Accounting Policies**

- D.2.1 The Chief Finance Officer is responsible for determining the LA's accounting policies. Each Governing Board and Head Teacher, subject to delegation, is responsible for ensuring that these policies are adhered to and applied consistently in the school's accounts.
- D.2.2 All accounting policies shall ensure that:
  - accounts are a fair presentation of the school's financial position and the transactions in respect of that financial year;
  - income and expenditure relate to the services provided in the same financial year, and that provision is made for income and expenditure earned/used irrespective of when the amounts are actually paid or received;



- accounts are prepared on a prudent basis with income only being included to the extent that it is likely to be received, and that proper allowance is made for all known liabilities and losses.

D.2.3 The Schools Finance Team will prepare and issue to all schools annually a Budget Preparation Guidelines and Schools Closing Guidance which will detail all year end reporting requirements as specified by the Chief Finance Officer and the Strategic Director of Children & Young People. Each Governing Board is responsible for ensuring compliance with these.

D.2.4 Other accounting and financial guidance will be issued from time to time as required via circulars on the Schools Extranet. Each Governing Board and Head Teacher must ensure that they access and act on these documents.

### D.3 Accounting Records

D.3.1 The Governing Board are required to maintain and securely hold complete and accurate accounting records of all the financial transactions under their control, and ensure that there is an audit trail leading from income/expenditure through to the accounting statements.

D.3.2 The Governing Board shall ensure that VAT, Income Tax and other statutory additions and deductions are properly calculated and accounted for on all transactions where appropriate, and must supply the LA with such details of statutory additions/deductions as are required to meet the appropriate accounting requirements and enable the submission of statutory returns.

D.3.3 The Governing Board shall ensure that all journal entries (adjustments to the accounts) are properly documented to incorporate adequate explanatory narrative and are cross-referenced to proper working papers. These should be signed by the originator.

D.3.4 The Governing Board shall ensure that all public funds, grants or donations received by the school, and all associated expenditure, is accounted for appropriately within the CFR framework. Earmarked expenditure shall be clearly identified within budget records and only used for approved purposes, and the CFR framework shall be fully complied with.

D.3.5 The Governing Board shall ensure that all accounts are supported by full documentation, which is retained for inspection for a period complying with the rule on retention of documents as detailed in *K: Retention of Documents*. Where documents or records fall due for disposal this shall be undertaken with due regard to confidentiality and Data Protection legislation, according to the nature of the documents or records being disposed of.

D.3.6 The Governing Board shall ensure that adequate procedures are in place to enable accounting records to be reconstructed in the event of system failures.

- D.3.7 The Governing Board shall ensure that key reconciliation procedures are carried out on a regular basis and shall provide evidence as required by the Chief Finance Officer and/or the Strategic Director of Children & Young People. As a minimum:
- All bank accounts must be reconciled monthly and signed for confirmation of review.
  - All accounts, including debtors and creditors, must be reconciled on a monthly basis and at the end of each financial year.
  - Unofficial funds must be accounted for in accordance with the Scheme for Financing Schools.

#### D.4 Final Accounts – Year End Requirements

- D.4.1 The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in line with the requirements of the 2015 Accounts and Audit Regulations, the current Code of Practice on Local Authority Accounting in the UK and the Audit Commission Act 1998, except where specifically stated in the Statement of Accounting Policies.
- D.4.2 The Governing Board shall be responsible for producing detailed final accounts after the end of each financial year (1<sup>st</sup> April to 31<sup>st</sup> March) produced in accordance with codes of practice and agreed timetables and shall provide such information as is required by the Chief Finance Officer and the Strategic Director of Children & Young People to meet statutory accounting requirements.
- D.4.3 The Governing Board shall reconcile and close its accounts and submit its Consistent Financial Reporting (CFR) return by the notified deadline each year, duly authorised by the Head Teacher subject to delegation from the Governing Board.
- D.4.4 The Governing Board shall ensure that year end accounts are produced in accordance with the accruals accounting concept, unless otherwise notified as part of the request for information.
- D.4.5 The Governing Board must maintain full supporting documentation and audit trail to justify all figures contained in their accounts and be able to present for internal and external audit as required.

Comment [VJ2]: Dena, please confirm

## **E. INCOME AND EXPENDITURE CONTROLS**

### **Income**

*Income may be derived both from the provision of supplies and services to customers and from contributions and grants. Income can be a vulnerable asset and effective collection systems ensure that all income due is identified and that all collections are receipted, banked and properly accounted for. It is preferable to obtain income in advance of supplying goods or services as this improves the school's cashflow and avoids the time and cost of administering debts.*

### **E.1 Income – General**

- E.1.1 The Governing Board is responsible for setting a charging policy, conditions of hire and scale of charges for school supplies and services. Where applicable, The Governing Board shall consider the introduction of charges where no charge previously existed. The Governing Board and Head Teacher shall review their charges at least annually. Such reviews shall ensure that the costs incurred by the school are recovered.
- E.1.2 The Governing Board is responsible for the:
- collection of all income due to the school in respect of services provided by that school;
  - safe custody of all income;
  - effective recovery action;
  - establishment of performance management systems to monitor the recovery of income;
  - maintenance of all records relating to income collection and debt write-offs.
- E.1.3 The Governing Board shall ensure that income is collected prior to or at the point of delivery of service to external customers such as for lettings. Where invoices are issued for the collection of debts these shall be issued promptly and all action taken for recovery of that debt.
- E.1.4 The Governing Board shall ensure the appropriate charging of VAT.
- E.1.5 The Governing Board shall ensure that all income received on behalf of the school is paid into the appropriate bank account at least weekly. Cash shall be held in a secure place until cashed. All income shall be banked intact – third party and personal cheques must not be cashed from money held on behalf of the school.
- E.1.6 The Governing Board shall ensure that a numbered receipt is issued, or a signed record kept, for all items of income collected on behalf of the school. A copy of all receipts must be kept and all forms of receipts must be treated as controlled stationery, i.e. numbered and kept in a secure place with all issues recorded. All receipts must be properly accounted for and accounts reconciled on a regular basis. Any major discrepancies in income collected against that banked must be immediately investigated and notified to the Audit and Investigations Service.

## **E.2 Income – Bad Debts/Write Offs**

*A bad debt is an amount owed to the school which is found to be irrecoverable and needs to be written off.*

- E.2.1 The Governing Board is responsible for the write-off of debt, property, stock and surplus assets. All write offs should be initiated by a written report from the Head Teacher, and should be formally considered and approved by the full Governing Board, and recorded in the minutes of the meeting. This cannot be delegated to a sub-committee of the Governing Board.
- E.2.2 The Governing Board must notify and obtain approval from the Chief Finance Officer before writing off any debt exceeding £1k. Debts exceeding £3k will also be reported to the LA's Cabinet.
- E.2.3 The delegated budget of the school shall bear the amount of any debt written off, and all appropriate budgets/forecasts shall be amended to reflect this.
- E.2.4 All documentation and evidence relating to the write off must be retained by the school and must be available for inspection by internal and external audit where required.

## **Expenditure**

*Public money should be spent with demonstrable probity and in accordance with the LA's policies. The LA's procedures should help to make sure that services can receive value for money in their purchasing arrangements.*

## **E.3 Expenditure – General**

- E.3.1 The Governing Board and the Head Teachers are responsible for ensuring that all expenditure under their control is incurred lawfully, is within budget provision and that the best value has been obtained in procuring goods and services.
- E.3.2 The Governing Board shall ensure that there are effective internal controls over the payment process. There must be a clear division of duties between placing orders, authorising payments and signing cheques/payment authorisations. The Governing Board must keep a record of the officers responsible for these functions and the limits of their authority.
- E.3.3 The Governing Board shall ensure that the following principles apply to the allocation of duties in order to safeguard financial propriety.
  - The duty of providing information regarding sums due to or from the school and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them.
  - Employees charged with the duty of examining and checking the accounts of cash transactions, shall not themselves be engaged in any of these transactions.

Where this is not possible (due to a limited amount of staff) these should be countersigned.

- The procedures in place and the responsibility of officers should be in writing and available for examination.

- E.3.4 The Governing Board shall ensure that there is a system of authorising payment from bank accounts, which is sufficient to prevent fraudulent or inaccurate payments being made.
- E.3.5 The Governing Board shall ensure that an up-to-date list of authorised staff to sign official orders, certify invoices for payment, petty cash claims, timesheets and payroll changes is kept. This list should include specimen signatures and clearly identify the limits of each signatory's authority.
- E.3.6 Every governor and school officer must declare any links or personal interests which they have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the school. This must be declared at the start of joining followed by annually.
- E.3.7 The Governing Board shall ensure that only costs relating to the school's delegated budget are charged to the school. The LA however reserves the right to make additional charges in particular circumstances as detailed in 6.2 of the Scheme for Financing Schools.

#### **E.4 Expenditure – Orders**

- E.4.1 The Governing Board shall ensure that official orders are issued for all work, goods or services to be supplied to the school. Where it is not possible to issue an official order prior to procuring, there should be clear documentary evidence or clear notes made for the reason for being unable to do so – this may include emergency situations, absence of key staff to approve, or the use of procurement cards. In such instances orders should be entered retrospectively. Official orders are not required for utilities, i.e. the supply of gas, electricity, telephone or water supplies, or periodical payments such as rent and petty cash purchases. These must however be paid based on actual readings, at least once a year.
- E.4.2 The Governing Board shall take appropriate steps to ensure value for money in the purchasing of all goods and services and must comply with the procurement regulations – see section *G: Procurement and Contracts*.
- E.4.3 The Governing Board shall ensure that authorisation of official orders are made by officers authorised to do so. A copy of each official order shall be retained. Any subsequent variation or amendment to an order shall be made only by those staff authorised to sign orders and should be noted on the copy of the order.

- E.4.4 The Governing Board shall ensure that the function of placing an order (i.e. determining the supplier and issuing a physical order for the supply) should, as far as possible be separated from the function of receiving and inspecting the supply.
- E.4.5 The Governing Board should be satisfied that a contractor is technically competent and has sufficient financial standing to carry out the work or produce the work, goods and services to the required quality, before placing any contracts or orders for work to be undertaken.
- E.4.6 The Governing Board must ensure that:
- unique pre-numbered official orders are used for all goods and services (except for supplies of utilities and periodical payments such as rent and petty cash purchases or other circumstances as outlined in E.4.1);
  - orders are only used for goods and services provided to the school and not by individuals for obtaining goods and services for their private use.
- E.4.7 The Governing Board must ensure that ordering books are treated as controlled stationery and are retained securely when not in use.
- E.4.8 School officers authorising orders must be satisfied that:
- the goods and services ordered are appropriate and needed;
  - the purchase is necessary for the educational purposes of the school;
  - adequate budgeting exists;
  - the necessary quotations or tenders for the purchase have been sought and retained.
- E.4.9 The Governing Board and Head Teacher shall ensure that work is not sub-divided to avoid compliance with regulations, i.e. to avoid the obtaining of adequate quotations or tenders.

## **E.5 Expenditure – Paying Invoices**

- E.5.1 The Governing Board shall make arrangements for the payment of properly authorised accounts. No payment shall be made unless supported by an invoice or payment request.
- E.5.2 The Governing Board shall ensure that there is a clear division of responsibility between placing orders and paying invoices and those authorising payment and signing cheques must be satisfied that the expenditure is valid.
- E.5.3 School officers authorising payment shall firstly satisfy themselves that such sums are legally and properly payable, and that budgetary provision exists to cover the payment.
- E.5.4 The Governing Board must put in place arrangements which ensure that:
- invoices are matched to orders raised. This should be done as soon as possible as this is the school's protection against any dispute;

- the goods/services delivered or work carried out agree with the order and delivery note (where applicable) in respect of quality, quantity and price;
- invoices are checked properly in order for payment, are arithmetically correct and include the appropriate VAT details;
- payments are only made on originals or authorised copy invoices, and are not made on photocopies and faxed invoices;
- a certification slip or payment stamp is used to demonstrate that all the appropriate checks have been carried out;
- all payments are authorised;
- any goods returned or unsatisfactory services are recorded on the delivery note and the copy order at the time to ensure they are not paid for in error;
- payment for goods and services are not made until they have been received;
- the invoice has not previously been paid;
- the invoice is properly coded;
- appropriate entries will be made in accounting records.

E.5.5 The Governing Board shall ensure that a register of periodic (regular) payments is kept to ensure that payments are made accurately and by the due date. Periodic payments include those made for ongoing rents and ground rents.

## **E.6 Expenditure – Payroll**

*Employee costs are the largest item of expenditure in schools. It is therefore important that there are appropriate controls in place to make sure that payments are made only where they are due and that payments accord with the individual's contract of employment.*

- E.6.1 The Governing Board shall ensure that:
- payments are only authorised to bona fide employees or former employees;
  - payments are only made where there is a valid entitlement;
  - conditions and contracts of employment are correctly applied;
  - employees' names listed on the payroll are checked at least monthly to verify accuracy and completeness;
  - there is an effective system of checking and authorising payroll forms;
  - all appropriate payroll records and supporting documentation are retained for the appropriate period.
- E.6.2 The Governing Board is responsible for ensuring that suitable arrangements are in place for payroll administration. It is essential that the Governing Board ensures that sufficient controls are in operation to prevent fraudulent or erroneous payments.
- E.6.3 The Governing Board shall ensure that all emoluments to staff are only effected through payroll systems. This includes the payment of all salaries, wages, pensions, compensation, car mileage claims, other emoluments and the deductions from salaries for tax, superannuation and other deductions to and/or from all employees and former employees of the school shall be made through the payroll. For best practice, all claims in respect of public transport and subsistence costs should be made through the payroll, and not paid directly from petty cash or by cheque. On occasion a member of staff may require an advance where their start date is after the



payroll submission date – in such instances this would be considered a cash advance as their salary would be processed through the payroll in the following month with an appropriate deduction for the payment. If in doubt, please seek advice from the LA.

- E.6.4 The Governing Board is under a duty to ensure that all appointments, resignations, absences, overtime or other circumstances affecting the salary, wage or emoluments of an employee in their school are acted upon immediately.
- E.6.5 The Governing Board must ensure that all appointments are in accordance with appropriate grades and scales of pay, are consistent with agreed arrangements and that adequate budget provision is available.
- E.6.6 The Governing Board is responsible for ensuring that only authorised payments are made. In particular, effective authorisation procedures are needed in respect of new starters, leavers, absences and variations to pay. They should include a proper division of duties between staff authorising payments and those checking payroll output. In no circumstances may a member of staff authorise or process a transaction in relation to their own remuneration.
- E.6.7 The Governing Board are responsible for ensuring that all data is input correctly to the payroll system and that all deadlines are met.
- E.6.8 The Governing Board shall ensure that settlement of any loans is agreed when completing the leaving notice.
- E.6.9 The Governing Board shall determine an appropriate staffing establishment in consultation with the Head Teacher, having due regard for available financial resources and the likely demand for teaching resources over the coming years.
- E.6.10 Where a school's payroll is provided by another payroll provider other than the school, the Governing Board shall ensure that:
- all appropriate payroll records are maintained and updated in respect of income tax, national insurance, statutory sick pay and pension contributions;
  - all relevant payments are made by the payroll provider in respect of HMRC, Teachers' Pension Agency (TPS) and other bodies for which deductions from gross pay are made;
  - the payroll provider has in place appropriate insurance cover to indemnify the school against any loss arising from error or fraud during processing of the school payroll.

## **E.7 Expenditure – Petty Cash**

- E.7.1 The Governing Board is responsible for funding their petty cash imprest accounts out of their bank accounts.



- E.7.2 The Governing Board shall ensure that petty cash is properly accounted for and reconciled on a monthly basis (also taking into account VAT where applicable). Head Teachers shall review and sign these.
- E.7.3 School officers administering petty cash must ensure that expenditure conforms to the legal and justifiable tests as for general expenditure. Proof of expenditure must be obtained and retained in all cases and documentation must be retained in accordance with general expenditure items. Where appropriate an official receipted VAT invoice must be obtained.
- E.7.4 The Governing Board must make adequate arrangements:
- for the safe custody of cash held;
  - to ensure the float is never used to cash personal cheques or to make personal loans;
  - to ensure the prompt recording of transactions;

## **E.8 Expenditure – Capital**

*Capital expenditure is money spent to acquire, improve or upgrade physical assets such as buildings and machinery which provides benefits for a period exceeding one year. This may include work on the school site, playing fields, buildings, vehicles or other equipment.*

- E.8.1 Capital expenditure generally falls outside the Scheme for Financing Schools. However, capital expenditure may be financed from delegated budgets. Where the school charges elements of expenditure relating to capital works, to its budget share, these financial regulations shall apply. These financial regulations shall not apply to expenditure which is the responsibility of the diocesan boards or other funding agencies.
- E.8.2 The Governing Board shall ensure that items below £5,000 are not capitalised, in line with the Scheme for Financing Schools.
- E.8.3 The Governing Board shall seek the consent of the LA, where the premises are owned by the LA, for the extension of buildings and any external works that will impact on play areas or playing fields.

## **Income & Expenditure**

### **E.9 Taxation**

- E.9.1 It is the responsibility of the Chief Finance Officer to make arrangements for the completion of all returns to the HM Revenue & Customs (HMRC). Head Teachers must provide information to the Chief Finance Officer in the format and timetable required in order to meet these responsibilities.
- E.9.2 The Governing Board is responsible for VAT on expenditure and income. A number of school services attract VAT, which must be passed on to customers and separately

accounted for. For details of items attracting VAT, the rates to be applied and the specific accounting arrangements are detailed in Brent's VAT Guide for Schools.

- E.9.3 The majority of payments made to suppliers and contractors will be subject to VAT. In these cases an original VAT invoice must always be obtained. A supplier not registered for VAT is not entitled to charge VAT. VAT invoices must contain certain information, details of, which are set out in VAT Guide for Schools. This booklet also set out a number of practical guidelines, which must be observed.
- E.9.4 Heavy penalties will be imposed on the LA if it submits incorrect VAT returns. Any penalties resulting from an incorrect declaration will be charged to the school concerned.
- E.9.5 The Governing Board must submit a monthly return to the Schools Finance Team providing details of VAT charged and paid. These returns will be in a format notified by the Chief Finance Officer and must be submitted within specified timescales.
- E.9.6 Payments to subcontractors for work of a construction nature are subject to HMRC Construction Industry Scheme (CIS) special verification and reporting rules. Schools are exempt where a contract is between the school/Governing Board and the subcontractor (not with the LA). This means the school can pay the subcontractor direct and do not have to report details of payments made for construction operations under the Construction Industry Scheme (CIS). However, where there is work of construction nature on a school and the contract is between the subcontractor and the LA, in this case invoices are paid and reported for CIS purposes by the LA.
- E.9.7 The Governing Board shall ensure that all payments to employees and former employees of salaries and wages, including London Weighting, overtime, fees, commissions, bonuses, performance related pay, contract additions, leased car allowances, honoraria, sickness payments (including SSP and SMP), holiday pay, pensions compensation, other emoluments and other taxable and/or superannuable payments are made through the school's payroll system. These must not be paid out of petty cash, or through the school's payment systems. This is essential to ensure that all statutory deductions and pension contributions are correctly made and paid over.
- E.9.8 The Governing Board shall ensure that all payments to self-employed persons employed by schools, as consultants or temporary workers, are treated with extreme care. The Governing Board is responsible for assessing employment status in respect of any service providers engaged with the school. In practice this may be an individual providing services such as teaching, lecturing, coaching, consulting, training, etc.
- Where the individual concerned represents a bona fide company, the payment should be made directly to the company.
  - Where it is not possible to determine employment status, the school shall seek advice from the LA's Finance Analyst (Tax/ Exchequer & Controls).
  - If there is any doubt, the person must be paid through the payroll.

## **F. RISK MANAGEMENT AND CONTROL OF RESOURCES**

*Risk Management is the process of defining risks that threaten a school, understanding how to handle them and averting the danger in an efficient and cost-effective manner. Good risk management ultimately saves time, assets, income and other important resources, and prevents the risk of loss, fraud and liabilities.*

### **F.1 Risk Management and Insurance**

- F.1.1 The Chief Finance Officer is responsible for the preparation and promotion of the LA's risk management policy statement.
- F.1.2 The Chief Finance Officer, or under arrangements approved by him, shall effect all insurance, subject to any liability imposed on the LA by statute or other legal obligation.
- F.1.3 The Governing Board shall be responsible for ensuring that assets under their control have appropriate insurance cover within the overall guidance issued and must review on an annual basis the level of risk cover required.
- F.1.4 The Governing Board shall:
- ensure that adequate risk management controls are implemented, monitored and reviewed;
  - notify the relevant Insurance Service immediately of any loss, liability or damage that may lead to a claim against the school;
  - notify the relevant Insurance Service of all new risks, properties or vehicles that require insurance and of any alternations affecting existing insurances;
  - consult with the Chief Finance Officer and the Solicitor to the LA on any terms or any indemnity that the LA is requested to enter into on behalf of the school.
- F.1.5 When considering how much liability insurance to ask for from a provider, the Governing Board must ask these three questions first:
- a) What is the worst that could go wrong?
  - b) How much would that cost to fix?
  - c) Who should be responsible for such costs?

When these are answered, the amount of liability insurance to request will be easy to work out on a case-by-case basis. GoverningBodies should contact the Insurance team for advice and guidance if required.

- F.1.6 The Governing Board shall ensure that all individuals or bodies who make lettings applications confirm that they have adequate insurance arrangements by signing an appropriate Lettings Terms and Conditions form before the application is accepted. A copy of this document shall be retained by the school.
- F.1.7 The Governing Board shall ensure that all school officers that make use of private vehicles in the course of their duties, have arranged appropriate business use cover and such cover is evidenced by the production of certificates of insurance.

## **F.2 Internal Controls**

*Internal Controls include policies and procedures that:*

- *pertain to the maintenance of accurate and reasonably detailed records;*
- *provide reasonable assurance that transactions are properly recorded and authorised;*
- *safeguard assets.*

F.2.1 The Chief Finance Officer shall make arrangements for the production and publications of an annual independent statement on internal control and risk management.

F.2.2 The Governing Board and Head Teacher shall ensure that:

- adequate systems of internal control are established, adhered to, tested and reviewed in order to be confident in the areas set out in the annual assurance matrix;
- staff have a clear understanding of the consequences of lack of control and knowledge of Financial Regulations.

F.2.3 The Governing Board shall put in place appropriate measures to achieve effective internal financial controls. These may include:

- Adequate operation of budgetary control and accounting systems;
- Adequate supervision;
- Physical safeguarding of property and staff;
- Segregation of duties;
- Maintenance of local information systems;
- Adherence to authorisation and approval process.

## **F.3 Schools Financial Value Standard (SFVS)**

*The SFVS is a self-assessment of the school by the Governing Board on the effectiveness of their financial management. The SFVS will inform the LA program of internal audit and auditors will have access to the standard and will check whether the schools self-assessment is in line with their own judgement. Auditors will report any major discrepancies to the Chief Finance Officer and the Strategic Director of Children & Young People.*

F.3.1 The Governing Board shall comply with the DfE Schools Financial Value Standard (SFVS) by the completion and submission of the self-assessment to the LA.

F.3.2 The Governing Board shall ensure that the SFVS is completed, signed by the Chair of Governors and submitted to the Schools Finance Team prior to 31<sup>st</sup> March each year.

- F.3.3 Where schools fail to complete the self-assessment by 31<sup>st</sup> March, the LA may take the following action:
- Issue a notice of concern;
  - Publish the names of schools who did not submit the assessment in time or not at all;
  - Withdraw financial delegation.

#### **F.4 Audit Requirements**

- F.4.1 The Chief Finance Officer will ensure that a strategic and annual audit plan is prepared by the Head of Audit and Investigations which takes account of the characteristic and relative risks of the activities involved. The Chief Finance Officer is responsible for ensuring that adequate arrangements are made for the effective delivery of this plan. Audit visits shall examine accounting, financial and operational aspects of school activity.
- F.4.2 The Chief Finance Officer will ensure that the Strategic Director of Children & Young People, the Head Teacher and Chair of Governors receive suitable reports setting out the findings of all internal and external audit reports of a school.
- F.4.3 The Chief Finance Officer, or authorised representative including external auditors, shall have authority to:
- enter any municipal building, land or area where records relating to any activity of the LA, its partners, contractors or any body partly or wholly funded by the LA, are, or may be, held. This includes maintained schools. If necessary they can conduct searches of those areas, including cabinets, workspaces, desks, for the purposes of locating documents or other material relevant to any matter under investigation. Where necessary they can remove and examine IT equipment.
  - access all records, data, computer systems, correspondence and any other source of information relating to any matter under examination and remove any documents and records as deemed necessary. This will include documentation held by schools in respect of organisations that are partners of the school or are providing services on behalf of the school.
  - request and receive such explanations as are considered necessary concerning any matter under examination.
  - request any person holding or controlling cash, stores or any other school property to produce such items for examination. These may be removed as deemed necessary.

For the avoidance of doubt, the authority detailed above includes both foundation and voluntary aided schools, and any other establishment operated within the LA's accounts.

In relation to rights of access, the Chief Finance Officer and his representatives are expected to have a personal responsibility to observe the highest standards of confidentiality and personal integrity.

- F.4.4 The Governing Board must:
- ensure that the Head Teacher and other school officers respond within the given timescale to recommendations in both internal and external audit reports;
  - ensure that agreed actions arising from the audit recommendations are carried out within the given timescales;
  - monitor the reasons for any failure by the Head Teacher or other school officers to implement those audit recommendations.
- F.4.5 It is advised that the Governing Board shall maintain a risk register within the school, informed by regular reviews and assessments of risks and to identify and document actions to mitigate those risks.
- F.4.6 The Governing Board must ensure that new systems for maintaining financial records, or significant changes to such systems, are discussed with the Schools Finance Team and the Audit and Investigations Service prior to implementation.

## **F.5 Financial Irregularities**

*Any matter that arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the LA or any suspected financial irregularity in the exercise of the functions of the LA. This includes anything that can detrimentally affect the LA's interests.*

- F.5.1 Every school officer has a duty to report any suspected breach of financial regulations, irregularity or suspected irregularity as soon as the matter is identified, to the Head Teacher or the Governing Board, or if circumstances dictate, directly to the Audit and Investigations Service.
- F.5.2 The Governing Board shall ensure that the LA's Whistleblowing Policy is fully distributed and made available to all school officers and governors for reference. This policy applies equally to all school officers and ensures that officers can report their concerns in confidence. The LA has a statutory duty, under the Public Interest Disclosure Act 1998, to protect whistle-blowers from recrimination. Details of the policy can be found on the Schools Extranet or can be obtained from the Schools HR Team or the Audit and Investigation Service.
- F.5.3 The Governing Board has a duty to notify the Chief Finance Officer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the LA's property or resources. Pending investigation and reporting, the Governing Board should take all necessary steps to prevent further loss and to secure records and documentation against removals or alteration.
- F.5.4 The Governing Board must keep a service-based register of gifts and gratuities received by officers. Offers, gifts or inducements for favour shall be declined, fully recorded by the school officer or governor and reported and minuted at the next meeting of the Governing Board. This requirement does not extend to minor items which are considered to be of token value such as stationery, calendars, pocket diaries, chocolates, etc. The Governing Board must set a policy regarding the

acceptance of any gifts and gratuities, which clearly stipulates a cash limit above which all items must be recorded.

## **F.6 Money and Banking**

- F.6.1 The Governing Board must ensure that adequate security arrangements exist for the holding of cash including controlling access to safes and other receptacles. Cash holdings should be kept to a minimum at all times.
- F.6.2 The Governing Board shall maintain such bank accounts as it, in consultation with the Chief Finance Officer and the Strategic Director of Children & Young People, considers necessary for the efficient operation of the school's finances under arrangements approved by the Chief Finance Officer.
- F.6.3 The Governing Board is responsible for approving the authorised signatories to all bank accounts within their school and for ensuring that there is more than one signatory.
- F.6.4 The Governing Board shall ensure that all transfers between accounts, unless undertaken automatically by the school's bank to optimise investment funds, are authorised in writing by the Head Teacher.
- F.6.5 The Governing Board ensure that all any income relating to delegated public funds are not, at any point, paid into or accounted for by voluntary or non-public funds held by the school.
- F.6.6 The Governing Board shall make arrangements with the bank to provide statements of account, together with supporting documentation, at pre-determined intervals. To enable the LA's statutory accounts to be closed on a proper basis it is essential that a statement is obtained showing the position at the close of business on 31<sup>st</sup> March, or the last banking day prior to the 31<sup>st</sup> March.
- F.6.7 The Governing Board are responsible for the effective management of cash flow through their bank accounts.
- F.6.8 The Governing Board shall ensure that all school bank accounts are administered effectively and reconciled to the school's accounting system at least on a monthly basis. This includes investment accounts, bonds and any monies held on deposit with approved banks and building societies and sourced by public funds. The reconciliation shall be reviewed by the Head Teacher and evidenced in writing.
- F.6.9 The Governing Board shall maintain a cash book and other records of all transactions passing through those bank accounts and shall ensure that such records are balanced and reconciled at periods of no less than one month and that prompt action is taken on any discrepancy.



- F.6.10 Imprest and petty cash bank accounts must not be overdrawn at any time. The Governing Board must ensure that their bank account(s) remain in credit.
- F.6.11 School officers shall not use their own private bank accounts for the purposes of making payments or banking income relating to the school.

## **F.7 Property, Stock and Equipment**

- F.7.1 The Chief Finance Officer shall maintain an appropriately valued asset register of all the LA's land and buildings.
- F.7.2 The Governing Board must maintain an inventory of valuable goods and equipment. The inventory must be kept in a secure place and should include:
- All items with a value over £1,000 (the LA strongly suggests that all items over £100 should be included);
  - All items with a value under £1,000 if they may be regarded as portable, desirable items that are susceptible to unauthorised removal;
  - A full description of the items including a note of any security markings and identification numbers etc.
- F.7.3 The Governing Board should ensure that a comprehensive inventory check is carried out at intervals of no more than twelve months. These checks shall be evidenced in writing and the Head Teacher shall certify that checks have been undertaken to their satisfaction. A copy of the certified inventory should be presented to the Governing Board.
- F.7.4 All assets should be held in the name of the LA or school and not in the name of individual officers or their post titles. It is important that valuable items are held in a secure environment commensurate with the value of the items and the cost of security. Large cash holdings should be kept in a suitable locked safe. Keys should be kept in a secure place or retained by the key-holder at all times. All officers should be aware that many documents such as cheque books, savings books, securities and order pads are the equivalent of cash and must be treated accordingly. It is not acceptable to leave safes unlocked during working hours or to leave cash holdings in unlocked desk drawers or filing cabinets. The LA's insurance policy may be invalidated if appropriate security measures are not taken.
- F.7.5 The Governing Board is responsible for maintaining the security at all times of all land, buildings, stores, equipment and other property under their control. Head Teachers must ensure that land and buildings are adequately secured to prevent against unauthorised access or possession. Where the Governing Board feels that special security arrangements are required it should consult the Chief Finance Officer and/or the Strategic Director of Children & Young People.
- F.7.6 The Governing Board shall be responsible for the care and custody of the stores held in their school, which should not be held in excess of economic requirements.



- F.7.7 The Governing Board and Head Teacher shall annually review their use of property for the purpose of identifying surplus or inefficient properties.
- F.7.8 The Governing Board shall make arrangements for a periodical test check of stocks under their control by a person independent of the 'store-keeper' and shall ensure that all stocks are checked at least annually.
- F.7.9 Designated school officers shall maintain a record of all stocks and stores and shall provide the Schools Finance Team with such information as required on stocks and stores for year end accounting purposes.
- F.7.10 The Governing Board shall ensure that where school officers are required to take assets or equipment home, this shall be properly recorded on the inventory.

## **F.8 Sale of Assets**

*Land and buildings cannot be disposed of other than in accordance with LA procedures.*

- F.8.1 Where the Governing Board determines that any asset with a resale value is surplus to requirements must record that fact in writing giving the reason. A disposal file must be held by all schools for this and all other relevant information concerning the disposal, and kept for future inspection.
- F.8.2 The Governing Board must ensure that a member of school staff who determines that an asset is surplus to requirements or is involved in the disposal must never attempt to purchase it or take it for themselves. There must be a clear separation of duties.
- F.8.3 The Governing Board must appoint staff responsible for disposal whose name must be clearly identified in the disposal file. They should be instructed in writing on the disposal and will be accountable to the Governing Board and the Head Teacher for ensuring that disposal is for the best price reasonably obtainable.
- F.8.4 The Governing Board shall ensure that all paperwork in connection with the disposal is kept in the disposal file. The file should be kept for a period of six years after the disposal. The file shall include at least:
- the Head Teacher's written record declaring the asset surplus, and instructions to the person appointed as responsible for the disposal;
  - the independent valuation;
  - the advertisement;
  - the offers made; and
  - the receipt.
- F.8.5 The Governing Board shall ensure that all assets are offered to other schools before members of staff or the public. Information about the assets available should be circulated to all schools and with adequate time allowed for them to make a bid. A

sale may proceed to any person offering at or above the valuation. If there is competition, the sale should be to the highest bidder.

- F.8.6 The Governing Board shall ensure that official receipts are issued for income received. Moneys must be received and properly accounted for by someone who has not been involved in the disposal.
- F.8.7 The Governing Board must ensure the disposal is recorded on the school's inventory.

## **G. PROCUREMENT AND CONTRACTS**

*Under the International Financial Reporting Standards (IFRS) contracts (works, supplies or services) may contain “embedded leases” that need to be disclosed. Contracts that require the use of specific assets (as defined by IFRS) are at risk and may contain such leases. These leases may not be visible or apparent and so contracts must be assessed by the Chief Finance Officer before being signed.*

*Leasing, loans and financial arrangements have their own specific approval process outside of the LA’s Contract Standing Orders and as such are contained within Section C.*

*An electronic version of the LA’s Constitution encompassing the Financial Regulations and Contract Procedure Rules can be obtained here:*

*<http://www.brent.gov.uk/your-council/about-brent-council/council-structure-and-how-we-work/our-constitution/>*

*For the purposes of Contract Standing Order 100 schools shall substitute reference to ‘Democratic Services Manager’ to ‘Head Teacher and/or Chair of Governors.’*

- G.1 All procurement on behalf of the LA must, where applicable, comply with EU Public Procurement Legislation (the Public Contracts Regulations 2015), the LA’s Financial Regulations and Contract Standing Orders.
- G.2 The Governing Board shall maintain and supply the Chief Finance Officer with such information as is required for corporate compliance with these rules.
- G.3 The Governing Board has a duty to ensure that appropriate steps are taken to procure contracts in accordance with the procurement procedures set out in the LA’s Contract Standing Orders and Financial Regulations, in order to ensure compliance with the law and achieve value for money. This includes assessing the value of the contract, over the life of the contract including any possible extensions.

The chart below sets out different categories of contracts depending on the value of the contract (over the life of the contract, including any possible extension) for Supplies, Services and Works.

### Contract Value

It is a mandatory requirement to estimate a contract value at the start of a procurement. The value of the contract must be calculated over the entire length of the contract, including any period of extension(s) anticipated.

Supplies & Services		Works	
Very Low Value Contract	£0 < £24,999	Very Low Value Contract	£0 < £24,999
Low Value Contract	£25,000 < £181,302	Low Value Contract	£25,000 < £250,000
Medium Value Contract	£181,302 < £2m	Medium Value Contract	£250,000 < £5m
High Value Contract	> £5m	High Value Contract	> £5m
<b>EU Threshold Values:</b> Supplies & Services (excluding Schedule 3 Services) from 1 <sup>st</sup> January 2018 > £181,302 Schedule 3 Services from 1 <sup>st</sup> January 2018 > £615,278		<b>EU Threshold Values:</b> Works from 1 <sup>st</sup> January 2018 > £4,551,413	

*A Schedule 3 Service is defined as those social, educational and other specific services listed in Schedule 3 of the Public Contracts Regulations 2015.*

- **Very Low Value Contract** – Although there are no formal procurement procedures for Very Low Value Contracts, the Governing Board must secure best value. The Governing Board is advised that the easiest way to demonstrate best value is either to seek three competitive written quotes, to use an Approved List (where one exists), or to use the Online Market Place. This is not however mandatory, but it is mandatory to keep an auditable record to demonstrate compliance and value for money.
- **Low Value Contract** – The Governing Board must seek at least three written quotations from potential providers and retain the quotes sought and/or obtained, or contracts must be procured through the Online Market Place.
- **Medium Value Contract** – The Governing Board must undertake a competitive tendering exercise. This tendering exercise must be commenced by placing a contract notice (advert) in OJEU (Official Journal of the EU) if the Public Contract Regulations 2015 apply in full to the procurement. Where a Governing Board elects to utilise the LA's e-Tendering system to advertise and run the procurement, they must then comply with Contract Standing Order 101 (e-Tendering and e-Auctions).
- **High Value Contract** – The Governing Board shall obtain approval from the LA's Cabinet before the procurement process is started. In seeking the LA's Cabinet approval to tender, the Governing Board shall address the pre-tender considerations set out in the LA's Contract Standing Order 89, to include details of the criteria for evaluation and award. The tender exercise will be the same as for Medium Value Contracts. Following receipt and evaluation of bids, further

Cabinet authority should be sought prior to awarding the contract.

- G.4 The Governing Board shall ensure that when valuing a rolling contract with no defined termination date, the contract is valued over a period of 48 months.
- G.5 The Chair of Governors and the Head Teacher shall make appropriate arrangements for the receipt and opening of tenders that ensure that each tenderer is treated fairly and equally and the LA's interests are protected. Unless the LA e-Tendering system is used, tenders shall be addressed to the Head Teacher and remain in their custody until the time appointed for opening.
- G.6 For **High Value Contracts**, unless the LA e-Tendering system is used, tenders shall be addressed to the Chair of Governors or the Head Teacher and the tender shall remain in their custody until the time for opening. Tenders for contracts with this value must also be opened and tender details recorded by the Chair of Governors or the Head Teacher and one other officer.
- G.7 Subject to compliance with the EU Procurement Legislation, in cases of extreme urgency, e.g., where there is an immediate danger to life, limb or property, competitive tenders need not be invited in order to deal with the immediate urgent situation provided that advice is sought from the LA's Director of Legal & HR.
- G.8 Subject to compliance with the EU Procurement Legislation, where schools consider that there are good operational and/or financial reasons for not procuring and/or awarding a contract in accordance with Contract Standing Orders or Financial Regulations, a report should be submitted to the LA's Cabinet seeking a waiver/exemption from complying with Contract Standing Orders or Financial Regulations in these respects.
- G.9 The LA's Director of Legal & HR and the Chief Finance Officer or his representative must be invited to be advisers to all Tender Panels for evaluation of High Value Contracts as defined under the LA's Contract Standing Orders.
- G.10 The Governing Board shall maintain a record of all tenders invited and received by them and of all contracts entered into on behalf of the LA and shall record the reasons for non-acceptance of a tender or the rejection of a contractor who has not been included in a tender short-list.
- G.11 The Governing Board shall ensure that no contract subject to the full application of the EU Public Procurement Regulations is awarded without the mandatory 10 days standstill period being complied with.
- G.12 The Governing Board shall ensure that where a contract exceeds £500,000 in value, or is likely to exceed that amount, it shall be contained in a formal document executed as a deed.
- G.13 Every school officer has a legal and personal duty to notify the Chief Executive in writing immediately if they discover that the school has entered or intends to enter into a contract in which he or she has a direct or indirect pecuniary interest. Further guidance on this matter can be sought from the LA's Director of Legal & HR.

## **H. INVESTMENTS AND TRUST FUNDS**

- H.1 The Governing Board shall ensure that all investments of money under the school's control are made in the name of the school where legally possible.
- H.2 The Governing Board shall ensure that all securities that are the property of, or in the name of, the school are held in custody under safe arrangements previously made or agreed by the Strategic Director of Children & Young People.
- H.3 The Governing Board shall ensure that all trust funds held by the school are, where legally possible, in the name of the school.
- H.4 The Governing Board shall ensure that all officers acting as trustees by virtue of their official position deposits all securities, certificates and similar documents relating to the trust in accordance with prior arrangements approved by the Strategic Director of Children & Young People subject to advice from the Chief Finance Officer unless any trust deed otherwise provides.

## **I. CUSTODY OF THIRD PARTY PROPERTY**

- I.1 The Governing Board shall ensure that where it becomes necessary to hold property on behalf of a member of the public or other third party, an itemised inventory is maintained of all such items.
- I.2 The Governing Board shall make secure arrangements for the custody of such property, including cash, and shall arrange for periodic checks by a person other than the employee responsible for its custody.

## **J. ESTATES**

- J.1 The LA's Director of Legal & HR shall have custody of all title deeds and shall make secure arrangements for their custody.
- J.2 The Governing Board shall ensure that where a school proposes to build another building, the matter is referred to the LA's Director of Legal & HR for advice as to the legal effect of the transaction.

## **K. RETENTION OF DOCUMENTS**

- K.1 The following items must be retained indefinitely or during the whole of the school's possession of the relevant asset and for twelve years afterwards:
- Property deeds, contracts and leases relating to land and buildings in the ownership or occupation of the LA or Governing Board.
  - Share certificates, stocks, bonds and other securities together with any appropriate contracts of purchase or sale.
  - Guarantees, indemnities, insurance policies.
- K.2 All other contracts carried out under the seal of the LA must be retained for twelve years after completion of the contract.
- K.3 LAs are required by statute to retain all accounting documents for a minimum of six years plus the current tax year. The statute of limitations for contracts not under seal applies for six years after completion of the contract. In addition HM Revenue & Customs may inspect documents for periods of six years. Officers can be held personally liable where documents required are not available. In order to give effect to these requirements the following documents must be retained for a minimum of six years plus the current tax year:
- All accounting documents including invoices, contract certificates, paid cheques, bank statements;
  - Debtor accounts, income receipts and associated documents;
  - All contracts not under seal for works, goods or services (six years after completion of the contract);
  - All tender and related documents (six years after completion of the contract);
  - Details of salaries, wages and superannuation payments including particulars of pay calculations, copy payslips, P60 documents.
- K.4 The Governing Board shall consult with the Audit and Investigations Service before copying documents not previously copied or before using a new method, to ensure such methods would be accepted for evidence purposes.
- K.5 The Governing Board shall nominate a member of school staff to make safe arrangements for the storage and review of information. All records must be properly indexed to allow efficient recovery.

## **L. NON-OFFICIAL FUNDS**

*A non-official fund refers to both voluntary and private funds which do not contain official money or delegated funding from the LA. It is controlled wholly or in part by the Head Teacher by reason of their employment by the school.*

These Financial Regulations as a whole does not apply to non-official funds, but the Governing Board is advised to ensure similar standards of accounting are exercised in relation to these funds to ensure an effective control framework.

The following regulations however do apply.

- L.1 The Governing Board shall ensure that non-official funds are never mixed with official (delegated) funds. The Governing Board shall ensure that any income which properly relates to the school's delegated budget is not credited to a non-official fund.
- L.2 The Governing Board shall arrange for voluntary and any other non-public funds to be the subject of an annual independent audit by an auditor appointed by the Governing Board.
- L.3 The Governing Board shall ensure that the audits of non-official funds are completed within three months of the end of each financial year.
- L.4 The Governing Board shall ensure that the auditor is not an employee, and shall be independent of the school, and not associated with the fund in any capacity. Funds in excess of £20k shall be audited by a qualified accountant who will provide a certificate in accordance with published professional standards. Funds below £20k does not need to be audited by a qualified accountant, but must be audited by a suitable individual familiar with the principles of accountancy.
- L.5 The Head Teacher shall ensure that a report of the annual audit is submitted to the Governing Board for review.
- L.6 The Governing Board shall provide annual audit certificates to the LA's internal auditors in respect of voluntary and private funds held by the school.
- L.7 The Governing Board shall ensure its oversight of the management of non-official funds by regularly reviewing reports on income received, major items of expenditure, the balance of the funds, and certified reconciliations.
- L.8 The Governing Board shall not use non-official funds to make overtime payments to school officers or for payment of fees to school officers carrying out additional work as part of their normal school duties.
- L.9 The Governing Board shall not reclaim VAT on non-official funds, unless the fund is separately registered for VAT.



## **M. INFORMATION SYSTEMS**

- M.1 The Governing Board shall retain overall responsibility for data protection, and the school shall be registered under the General Data Protection Regulations and Data Protection Act 2018.
- M.2 All school officers shall take adequate steps to keep personal records up-to-date and secure in accordance with the terms of the General Data Protection Regulations and Data Protection Act 2018. This requirement shall also extend to the secure disposal of obsolete records.
- M.3 The Governing Board shall ensure that where CCTV systems are in use at the school for the purposes of preventing and detecting crime, that the General Data Protection Regulations and Data Protection Act registration shall reflect this purpose.
- M.4 The Governing Board shall ensure that all computer systems employed by the school is adequately secured against unauthorised access and use. Such measures may include:
- Appropriate physical location of equipment and locking of rooms when not in use;
  - Establishment of appropriate system users according to their job descriptions and responsibilities;
  - Use of appropriate and regularly updated passwords to prevent unauthorised access;
  - Use of screensavers and time-out routines to prevent unauthorised access and viewing of data on screen.
- M.5 The Governing Board shall ensure that rigorous procedures exist to secure a regular back-up of data and systems held on computers. Back-up media shall be appropriately secured and should be held remotely from the computers to which they relate. This may include securing off-site copies. Back-up and restore routines shall be regularly tested to ensure that data and systems can be restored if necessary.
- M.6 The Governing Board shall establish a disaster recovery plan which considers the recovery of records and data in the event of a serious incident such as fire. Where possible this plan shall be tested to ensure that school business shall continue as far as is possible. These arrangements shall cover not only reconstitution of records but also the prompt sourcing of appropriate replacement equipment, and ensuring that manual records are stored in a secure manner as possible.
- M.7 The Governing Board shall ensure that adequate systems exist for the detection and prevention of infection from computer viruses. Such defences shall be subject to regular update, and the Head Teacher shall ensure that such procedures exist which prevent staff from using computers, which are thought to be infected.

## **ANNEX A – LIST OF MAINTAINED SCHOOLS** (at September 2018)

### **NURSERY (4)**

COLLEGE GREEN  
CURZON CRESCENT  
FAWOOD  
GRANVILLE PLUS

### **PRIMARY (50)**

ANSON  
BARHAM  
BRENTFIELD  
BYRON COURT  
CARLTON VALE INFANTS  
CHALKHILL  
CHRIST CHURCH BROND CE  
CONVENT OF J&M RC INFANTS  
DONNINGTON  
ELSLEY  
FRYENT  
HARLESDEN  
ISLAMIA  
JOHN KEBLE CE  
KILBURN PARK JUNIORS  
KINGSBURY GREEN  
LEOPOLD  
LYON PARK  
MALOREES INFANTS  
MALOREES JUNIORS  
MITCHELL BROOK  
MORA  
MOUNT STEWART INFANTS  
MOUNT STEWART JUNIORS  
NEWFIELD  
NORTHVIEW  
OLIVER GOLDSMITH  
OUR LADY OF GRACE RC INFANTS  
OUR LADY OF GRACE RC JUNIORS  
OUR LADY OF LOURDES RC

PARK LANE  
PRESTON PARK  
PRINCESS FREDERICA CE  
ROE GREEN INFANTS  
ROE GREEN JUNIORS  
SALUSBURY  
SINAI JEWISH  
ST JOSEPH'S RC  
ST JOSEPH'S RC INFANTS  
ST JOSEPH'S RC JUNIORS  
ST MARGARET CLITHEROW RC  
ST MARY MAGDALEN'S RC  
ST MARY'S CE  
ST MARY'S RC  
ST ROBERT SOUTHWELL RC  
STONEBRIDGE  
TORAH TEMIMAH  
UXENDON MANOR  
WEMBLEY  
WYKEHAM

### **SECONDARY (2)**

JFS  
NEWMAN


### **SPECIAL (2)**

PHOENIX ARCH  
THE VILLAGE

### **PRUS (2)**

ASHLEY COLLEGE  
RIVER COLLEGE

## SUMMARY OF CHANGES – 2018/19 SCHOOLS FINANCIAL REGULATIONS

Section	Previous Working	New Wording	Reason for Change
A.3.4	Further details of roles and responsibilities are set out in <b>Part 4</b> of the Constitution	Further details of roles and responsibilities are set out in <b>Part 3</b> of the Constitution	The reference page has changed
D.4.2	The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in line with the requirements of the <b>2011</b> Accounts and Audit Regulations, the current Code of Practice on Local Authority Accounting in the UK and the Audit Commission Act 1998, except where specifically stated in the Statement of Accounting Policies.	The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in line with the requirements of the <b>2015</b> Accounts and Audit Regulations, the current Code of Practice on Local Authority Accounting in the UK and the Audit Commission Act 1998, except where specifically stated in the Statement of Accounting Policies.	The legislation has been updated
E.2.2	The Governing Board must notify and obtain approval from the Chief Finance Officer before writing off any debt exceeding £1k. Debts exceeding <b>£25k</b> will also be reported to the LA's Cabinet.	The Governing Board must notify and obtain approval from the Chief Finance Officer before writing off any debt exceeding £1k. Debts exceeding <b>£3k</b> will also be reported to the LA's Cabinet.	This update is in line with the Local Authorities threshold of reporting debt to Cabinet.
E.3	Contract value: 	Contract value:	Contract value updated in line with the local authorities Contract Standing Orders

## SUMMARY OF CHANGES – 2018/19 SCHOOLS FINANCIAL REGULATIONS

	<p><b>Works</b></p> <p>Very Low Value Contract → £0 &lt; £24,999</p> <p>Low Value Contract → £25,000 &lt; £249,999</p> <p>Medium Value Contract → £250,000 &lt; £499,999</p> <p>High Value Contract → &gt; £500,000</p> <p>EU Threshold Values: Works from 1<sup>st</sup> January 2016 → &gt; £4,104,394</p>	<p><b>Supplies &amp; Services</b></p> <p>Very Low Value Contract → £0 &lt; £24,999</p> <p>Low Value Contract → £25,000 &lt; £181,302</p> <p>Medium Value Contract → £181,302 &lt; £2m</p> <p>High Value Contract → &gt; £5m</p> <p>EU Threshold Values: Supplies &amp; Services (excluding Schedule 3 Services) from 1<sup>st</sup> January 2018 → &gt; £181,302 Schedule 3 Services from 1<sup>st</sup> January 2018 → &gt; £615,278</p> <p><b>Works</b></p> <p>Very Low Value Contract → £0 &lt; £24,999</p> <p>Low Value Contract → £25,000 &lt; £250,000</p> <p>Medium Value Contract → £250,000 &lt; £5m</p> <p>High Value Contract → &gt; £5m</p> <p>EU Threshold Values: Works from 1<sup>st</sup> January 2018 → &gt; £4,551,413</p>	
G.7	Subject to compliance with the EU Procurement Legislation, in cases of extreme urgency, e.g., where there is an immediate danger to life, limb or property, competitive tenders need not be invited in order to	Subject to compliance with the EU Procurement Legislation, in cases of extreme urgency, e.g., where there is an immediate danger to life, limb or property, competitive tenders need not be invited in order to	Update in line with position name change.

## SUMMARY OF CHANGES – 2018/19 SCHOOLS FINANCIAL REGULATIONS

<p><b>G.13</b></p> <p>Page 143</p>	<p>deal with the immediate urgent situation provided that advice is sought from the LA's <b>Director of Chief Legal Officer</b>.</p> <p>Every school officer has a legal and personal duty to notify the Chief Executive in writing immediately if they discover that the school has entered or intends to enter into a contract in which he or she has a direct or indirect pecuniary interest. Further guidance on this matter can be sought from the <b>Director of Chief Legal Officer</b></p> <p>The LA's <b>Director of Chief Legal Officer</b> shall have custody of all title deeds and shall make secure arrangements for their custody.</p> <p>The Governing Board shall ensure that where a school proposes to build another building, the matter is referred to the LA's <b>Director of Chief Legal Officer</b> for advice as to the legal effect of the transaction.</p>	<p>deal with the immediate urgent situation provided that advice is sought from the LA's <b>Director of Legal &amp; HR</b>.</p> <p>Every school officer has a legal and personal duty to notify the Chief Executive in writing immediately if they discover that the school has entered or intends to enter into a contract in which he or she has a direct or indirect pecuniary interest. Further guidance on this matter can be sought from the <b>LA's Director of Legal &amp; HR</b>.</p> <p>The <b>LA's Director of Legal &amp; HR</b> shall have custody of all title deeds and shall make secure arrangements for their custody.</p> <p>The Governing Board shall ensure that where a school proposes to build another building, the matter is referred to the LA's <b>Director of Legal &amp; HR</b> for advice as to the legal effect of the transaction.</p>	
<p><b>G.9</b></p>	<p>The LA's <b>Director of Chief Legal Officer</b> and the Chief Finance Officer or his representative must be invited to be advisers to all Tender Panels for evaluation of High Value Contracts, <b>i.e contracts for services or supplies or works with a value in excess of £500,000</b>.</p>	<p>The LA's <b>Director of Legal &amp; HR</b> and the Chief Finance Officer or his representative must be invited to be advisers to all Tender Panels for evaluation of High Value Contracts as defined under the <b>LA's Contract Standing Orders</b>.</p>	

## SUMMARY OF CHANGES – 2018/19 SCHOOLS FINANCIAL REGULATIONS

<p><b>M.1</b></p> <p><b>M.2</b></p> <p><b>M.3</b></p> <p>Page 144</p>	<p>The Governing Board shall retain overall responsibility for data protection, and the school shall be registered under the <b>Data Protection Act 1998</b>.</p> <p>All school officers shall take adequate steps to keep personal records up-to-date and secure in accordance with the terms of the <b>Data Protection Act 1998</b>. This requirement shall also extend to the secure disposal of obsolete records.</p> <p>The Governing Board shall ensure that where CCTV systems are in use at the school for the purposes of preventing and detecting crime, that the <b>Data Protection Act</b> registration shall reflect this purpose.</p>	<p>The Governing Board shall retain overall responsibility for data protection, and the school shall be registered under the <b>General Data Protection Regulations and Data Protection Act 2018</b>.</p> <p>All school officers shall take adequate steps to keep personal records up-to-date and secure in accordance with the terms of the <b>General Data Protection Regulations and Data Protection Act 2018</b>. This requirement shall also extend to the secure disposal of obsolete records.</p> <p>The Governing Board shall ensure that where CCTV systems are in use at the school for the purposes of preventing and detecting crime, that the <b>General Data Protection Regulations and Data Protection Act</b> registration shall reflect this purpose.</p>	<p>The legislation has been updated</p>