



## Schools Forum

**Thursday 17 June 2021 at 6.00 pm**

**This will be undertaken as an online virtual meeting.**

**The press and public are welcome to attend this online virtual meeting. The link to attend and view the meeting will be made available [here](#).**

### Membership

### Representing

#### **SCHOOL MEMBERS**

##### **Nursery**

Lesley Benson

Head

Angela Turner

Governor

##### **Primary**

Vacancy

Head

Michelle Ginty

Head

Melissa Loosemore

Head

Raphael Moss

Head

Michael Odumosu

Governor

Geraldine Chadwick

Governor

Vacancy

Governor

Narinder Nathan

Governor

Vacancy

Governor

##### **Secondary**

Danny Coyle

Head (Maintained)

##### **Special Education Needs**

Nick Cooper

Head

##### **Pupil Referral Unit**

Ranjna Shiyani

Head

## **ACADEMY MEMBERS**

### **Primary**

Vacancy	Head
Jo Jhally	Governor

### **Secondary**

Andy Prindiville	Head
Jude Enright	Head
Gerard McKenna	Head
Martin Beard	Governor
Mike Heiser <b>(Chair)</b>	Governor
Vacancy	Governor

### **Special Education Needs**

Jayne Jardine	Head
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## **NON-SCHOOL MEMBERS**

### **Early Years PVI**

Paul Russell  
Wioletta Bura

### **Trade Union**

John Roche/Jennifer Cooper

### **16-19 Provider Representative**

Vacancy

<p><b>For further information contact:</b> Craig Player, Governance Officer Email: <a href="mailto:craig.player@brent.gov.uk">craig.player@brent.gov.uk</a>; Tel: 020 8937 2082</p>
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### **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
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<b>2 Declarations of Interest</b>	
<b>3 Deputations (if Any)</b>	
<b>4 Minutes of the previous meeting</b>	1 - 6
To approve the minutes of the previous meeting held on 25 <sup>th</sup> February 2021 as a correct record.	
<b>5 Actions arising</b>	
To consider any actions arising from previous meetings.	
<b>6 Dedicated Schools Grant Financial Outturn 2021/22</b>	7 - 20
To receive a report setting out the final Dedicated Schools Grant (DSG) outturn against the budget set for 2020/21 and detail on the in-year 2020/21 £5.6 million deficit.	
<b>7 Dedicated Schools Grant High Needs Block Management Plan Update</b>	21 - 30
To receive an update on the Dedicated Schools Grant High Needs Block Management Plan.	
<b>8 High Needs Block Budget 2021/22 Update</b>	31 - 38
To receive a report on the High Needs Block budget for adoption in 2021/22, the Graduated Approach Framework being implemented and the implication of the outcomes of the Banding review.	
<b>9 Scheme for Financing Schools &amp; Finance Regulations</b>	39 - 142
To receive a report detailing the changes to be implemented to the	

Scheme for Financing Schools Financial Regulations.

**10 Any Other Urgent Business**

**Date of the next meeting: Thursday 11 November 2021**

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## MINUTES OF THE SCHOOLS FORUM

Held as an online virtual meeting on Thursday 25 February 2021 at 6.00 pm

### Membership

### Representing

#### **PRESENT (all in remote attendance):**

Governors	Mike Heiser (Chair) Martin Beard Geraldine Chadwick (Vice-Chair) Michael Odumuso Narinder Nathan Michael Maurice
Headteachers	Melissa Loosemore Danny Coyle Michelle Ginty Gerard McKenna Jayne Jardine Jude Enright Andy Prindiville Nisha Lingam
Trade Union	John Roche
PRU	Ranjna Shiyani
Officers	Olufunke Adediran Brian Grady Rashella Rapley Craig Player Sharon Buckby Kamaljit Kuar
Councillors	Stephens (Lead Member for Schools, Employment & Skills) Mili Patel (Lead Member for Children's Safeguarding, Early Help and Social Care)

#### **1. Apologies for Absence and Membership**

Apologies were received from Jo Jhally, Raphael Moss, Tim Jones, Paul Russell and Lesley Benson, who was substituted by Nisha Lingam.

2. **Declarations of Interest**

None.

3. **Deputations (if Any)**

None.

4. **Minutes of the previous meeting**

It was **RESOLVED** to approve the minutes of the previous meeting held on 21 January 2021 as a correct record.

5. **Actions arising**

**Action 72:** DSG contribution to central services and CAFAI projects funding – An update would be given under item 6 – Dedicated Schools Grant Monitoring Report 2020/21 to be considered later in the agenda.

**Actions 73, 74 and 75:** Specialist Nursery Panel – An update would be given at the next meeting of the Schools Forum.

**Action 76:** Action to mitigate the HNB deficit – An update would be given under item 8 – Dedicated Schools Grant High Needs Block Deficit Management Plan to be considered later in the agenda.

6. **Dedicated Schools Grant Monitoring Report 2020/21**

Olufunke Adediran, Head of Finance at Brent Council, introduced the report on the financial forecast position 2020/21. The position was reported against the budget set in consultation with the Schools Forum and submitted to the Department for Education on the Section 251 budget return.

The Forum was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- It was explained that there was an error in the report which stated that mainstream top-up funding (inclusion) had been paid by the local authority to non-maintained schools half-termly. Mainstream top-up funding (inclusion) was in fact paid to maintained schools half-termly.
- In response to a question regarding the forecasted overspends in the Speech and Language Therapy service and the Education Psychology service budgets, members were assured that officers would be looking to address the overspend in the next financial year.
- Estimates had been given within the report of disbursements to support schools. It was explained, however, that the full cost of these could not be determined until the end of the financial year.
- Members expressed concern over the rate at which the High Needs Block deficit was growing. It was explained the growth in the number of EHCPs had been more than expected this year and that the effect of the pandemic on future demand was still unclear. Officers recognised the significant level



of increase and were keen to look ahead to be on top of current spend and to ensure financial impacts be addressed quickly.

- In response to a question regarding CAFAI funding, it was noted that a review into the CAFAI process was underway and secondary leaders would be contacted as part of the review.

**RESOLVED** to note the contents of the report.

## 7. **High Needs Block Budget 2021/22**

Olufunke Adediran, Head of Finance at Brent Council, introduced the report on the detailed High Needs Block budget for adoption in 2021/22.

The Forum was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- It was noted that three different budget options were presented to the High Needs Budget Sub-Group on 11 February. Whilst referenced in the report, these options would be discussed in further detail under item 9 of the agenda.
- In response to a question regarding lobbying for additional SEN funding, members were assured that the issue of SEN funding was taken very seriously at both regional and national levels. Some of the lobbying was taking place through the Society of London Treasurers, which was currently looking to form a response to the High Needs Block National Funding Formula consultation. Other forms of lobbying were being undertaken through the Local Government Association and London Councils.

Having noted the comments provided, it was **RESOLVED** to note the contents of the report.

## 8. **Dedicated Schools Grant High Needs Deficit Management Plan**

Sharon Buckby, Head of Inclusion and Brent Virtual School at Brent Council, introduced the report on the High Needs Block Deficit Recovery Management Plan, including the timelines of the key strategies to mitigate the deficit.

The Forum was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- Members noted the concerns raised by schools within the Kingsbury cluster which included: the need for appropriate funding relevant to the individual needs of the child, the appropriateness of funding for SEND children with complex needs within mainstream schools, concerns that children who need EHCPs were being denied them because of funding issues and the cost-effectiveness of ARPs when extra staffing and expertise are considered. Members were assured that the views of schools and providers within the borough would be integrated into the approach.
- In relation to actions being taken to expand the range of local placements for children with SEND and reduce the need for high-cost independent sector placements, it was noted that the ambition was to develop the capacity of

schools to support pupils with SEND thereby reducing out of borough mainstream, special and INMSS spend by at least £1m by 2023/24.

- It was noted that the Graduated Approach Framework would be focused on the skills of staff and how these can be developed. SEN support would take the form of a four-part cycle through in which earlier decisions and actions would be revisited, refined and revised with a growing understanding of the pupil's needs and of what supports the pupil in making good progress and securing good outcomes.
- Members were assured that a monitoring report on the progress of the High Needs Block Deficit Recovery Management Plan would be provided to the Forum on a quarterly basis.
- In response to a question regarding reviewing additionally resourced provision (ARP) in special schools, members were assured that officers were pursuing the most effective ARP model going forward. It was noted, however, that the Forum did not have the power to review of the budget of any individual Academy. It was explained that the additional special school expenditure was largely due to the increase in pupil intake.

It was **RESOLVED**:

(1) To note the timelines of the key strategies.

(2) That a breakdown of the costings for the key strategies to mitigate the High Needs Block Deficit be provided at the next meeting of the Forum. **(Action 77: Olufunke Adediran and Sharon Buckby)**

## 9. **Banding Review**

Sharon Buckby, Head of Inclusion and Brent Virtual School at Brent Council, introduced the report on the proposed Banding options following a Banding review process and the Graduated Approach Framework to be implemented.

The Forum was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- It was explained that three options had been considered in the Banding review. It was noted that Option 1 would retain the current Bandings but include an inflationary uplift of 1.4%, Option 2 would adopt an additional Band for SEN support criteria for mainstream schools and Option 3 would adopt a Banding allocation for special schools increased in line with benchmarked neighbours. Officers recommended endorsing Options 2 and 3.
- Concerns were raised over the lack of additional support for mainstream schools if the Forum were to endorse Option 3, despite comparatively low balances. It was also noted that it would increase the recurrent overspend on the High Needs Block. Members were assured that each option sought to increase support for both special and mainstream schools. It was recognised that more assurance could be provided to address concerns around the allocation of resources.
- Concerns were also raised over the benchmarking process and the difficulty in comparing the Bandings of neighbouring boroughs. It was noted that a

review of Bandings applied by neighbouring authorities had demonstrated that funding for mainstream schools were comparatively higher in Brent. Allocations for ARPs were mid-range and funding for special schools was lower in Brent than in neighbouring authorities.

- Members requested further information regarding the Banding proposals at the next meeting of the Forum. Members were assured that this would not result in any delays to the arrangement of provision. The process for setting charges for out of borough placements, for example, would continue as normal.

Having noted the comments provided, it was **RESOLVED**:

- (1) To note the contents of the report.
- (2) To note the implementation of the Brent Graduated Approach Framework.
- (3) That further information on value for money considerations and resource allocation under the Banding Review be provided at the next meeting of the Forum. **(Action 78: Olufunke Adediran and Sharon Buckby)**
- (4) That further information on the Brent Graduated Approach Framework be provided at the next meeting of the Forum. **(Action 79: Olufunke Adediran and Sharon Buckby)**
- (5) That further information on time limited EHCPs be provided at the next meeting of the Forum. **(Action 80: Olufunke Adediran and Sharon Buckby)**

#### 10. **Dates of Future Meetings**

The Forum noted the provisional schedule of dates for future meeting during the 2021/22 municipal years as follows:

- Thursday 17 June 2021 at 6pm
- Thursday 4 November 2021 at 6pm
- Thursday 9 December 2021 at 6pm (additional date if required)
- Thursday 20 January 2022 at 6pm
- Thursday 24 February 2022 at 6pm


It was noted that dates were subject to change and would not be confirmed until the Annual Full Council meeting.

#### 11. **Any Other Urgent Business**

None.

The meeting closed at 8.00pm

M HEISER  
Chair

	<b>Schools Forum</b> 17 <sup>th</sup> June 2021
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Dedicated Schools Grant Financial Outturn 2020/21</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b> (only applicable for Cabinet, Cabinet Sub Committee and officer decisions)	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
<b>No. of Appendices:</b>	Two:  Appendix A - DSG Outturn 2020/21 Appendix B - Maintained School Balances
<b>Background Papers:</b>	Prior Schools Forum papers 2020/21
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Olufunke Adediran Head of Finance Tel: 0208 937 1196 <a href="mailto:olufunke.adediran@brent.gov.uk">olufunke.adediran@brent.gov.uk</a>  Kamaljit Kaur, Interim Senior Finance Analyst Tel: 0208 937 5417 <a href="mailto:kamaljit.kaur@brent.gov.uk">kamaljit.kaur@brent.gov.uk</a>

## 1. Purpose of the Report

- 1.1. This report sets out the final Dedicated Schools Grant (DSG) outturn against the budget set for 2020/21 and provides detail on the in-year 2020/21 £5.6 million deficit.

## 2. Recommendation(s)

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

### 3. Summary

- 3.1. The DSG budget had an in-year deficit of £5.6m in 2020/21 an improvement from the previous forecast position reported to the Schools Forum of £7.5m. This position was primarily due to a £6.2m deficit on the High Needs block mainly due to demand led pressures on top-up funding to mainstream settings, residential and independent settings, and post-16 providers. There is also £0.5m pressure against the Early Years block due to the impact of maintaining payments to providers based on prior year headcount data as a result of the Covid-19 pandemic. These pressures were offset by underspends in the Schools Block and the Central Services Block.
- 3.2. The School and Early Years Finance (England) Regulations 2020 make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be recovered from future years funding and/or recovery plans agreed with the DfE. The cumulative deficit against the DSG is £10.5m which includes the 2019/20 deficit carried forward.

### 4. 2020/21 DSG Outturn

**Table 1**

<b>Funding Blocks</b>	<b>DSG Funding (£m)</b>	<b>Final Outturn £m</b>	<b>Over/ (Under)spend £m</b>
Schools Block	(233.7)	233.2	(0.5)
Sixth Form funding	(3.8)	3.8	0
High Needs Block	(62.2)	68.5	6.2
Early Years Block	(22.9)	23.4	0.5
Central Block	(2.2)	1.6	(0.6)
<b>Total DSG</b>	<b>(324.8)</b>	<b>330.5</b>	<b>5.6</b>
<b>2019/20 Deficit:</b>			<b>4.9</b>
<b>Cumulative Deficit:</b>			<b>10.5</b>

- 4.1. The schools funding formula for 2020/21 was set in December 2019 and the final DSG budget was confirmed in January 2020. The DSG expenditure budget totals £325m, which is supported by £321m of DSG grant and £3.8m sixth form grant.
- 4.2. The £321m 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 (DfE) to fund the borough's Academies and free schools. In 2020/21, the DfE recouped income of £127m from the Schools Block and the High Needs block. In addition, £3.8m of sixth form funding is received and

passed onto maintained schools that have sixth form provision. The budget details are in Appendix A.

- 4.3. At the end of 2020/21 overall the DSG is in deficit of £10.5m largely due to (£5.6m in year deficit and £4.9m deficit carried over from 2019/20) pressures on the High Needs Block. The deficit will need to be recovered from future years funding and/or through recovery plans agreed with the DfE.

## **5. Schools Block**

- 5.1. Of the £235m Schools Block budget, £110m was allocated directly to Brent maintained schools, £120m has been recouped and allocated directly to academies, £0.9m transferred to HN block leaving a remaining expenditure budget of £4m to fund centrally retained items including rising rolls fund.
- 5.2. The Schools Block has underspent by £0.5m mainly due to a £0.7m underspend against the growth fund for Academies not recouped. This is because of the timing difference between Academies and Local Authority financial years, where funding for Academies are adjusted to take into account the additional 5 months of growth funding required by Academies but not maintained schools. This will therefore net off the pressure against the growth fund of £0.2m, due to pressures arising from rising rolls payments for growth in pupil numbers.

## **6. High Needs Block**

- 6.1. The High Needs Block budget is £62.2m and the allocation includes a contribution of £0.93m (or 0.4%) of Schools Block income. Of this allocation, £7.3m was recouped by the DfE to allocate directly to academies.
- 6.2. The block supports high needs pupils in specialist provision, in mainstream settings, and provides specialist support services and is reporting a deficit of £3.5m with the main cost driver being the significant growth in the number of children with Education, Health & Care plans (EHCPs). The High Needs expenditure exceeded the allocated block income from the DfE by £6.2m.
- 6.3. The growth identified in EHCPs is a national challenge and the increase compared to 2019/20 was 10%. In Brent, at the end of 2019/20, there were 2,435 EHC plans and at the end of 2020/21, this number increased by 16% to 2,805 despite the overall pupil population remaining broadly the same.
- 6.4. There have been notable increases in Post 16 EHCPs where young people with SEND can remain in education provision until they are 25 years of age, this has led to a pressure of £1.4m. There are also increased overspends on

mainstream and out of borough top ups of £2.9m and on residential and independent educational settings of £0.83m principally due to increased numbers of pupils, but also because of increases in the prices charged by external providers.

- 6.5 The increased demand has had knock on effects on other areas of the High Needs Block such as the speech and language therapy budgets and the Education Psychology service budget, which are reflecting pressures of £0.96m due to spot purchases to accommodate needs of children over and above the budgeted contract value and agency staffing costs pressures in the Education Psychology services. This pressure has in turn been offset by a £0.9m underspend against SEN transport as a result of wider one-off savings achieved against the corporate contract during the COVID-19 pandemic. The rise in EHCPs has also had an impact on the Council's general fund budgets with increased demands for children's social work and occupational therapy services
- 6.6 Officers are working on proposals to increase the amount of special provision within the borough, notably for secondary pupils and 16-25 year old SEND students.
- 6.7 The 2021/22 High Needs Block allocation for Brent includes an additional £5m of funding, but expenditure will need to be managed to achieve a balanced in-year budget, ahead of a medium term plan to recover any DSG deficit.

## **7. Early Years**

- 7.1. The Early Years Block budget is £23m for 2020/21. The block's funding allocation is calculated based on the prior year's January census data and the DfE make retrospective census adjustments annually. This block is reporting a deficit of £0.546m due to the amounts paid to providers exceeding the income allocation.
- 7.2. In March 2020, the Government confirmed that local authorities should continue to fund the NEG entitlements despite some settings having to close due to the Covid-19 pandemic. Therefore in Brent, all Early Years providers have continued to receive Nursery Education Grant (NEG) funding over the Summer Term 2020, based on their Spring term 2020 headcount and for the Autumn 2020 term based on Autumn 2019 headcount data. This has led to the block reporting a deficit of £0.546m as amounts paid to providers have exceeded the income allocation mainly against the 2-year-old provision.
- 7.3 The Brent Under 5s Specialist Nursery Panel (the Panel) is a multidisciplinary panel that meets monthly and makes decisions about additional support for



eligible preschool age children, to enable them access and maximise participation in good quality early years provision. Access to this funding has a number of benefits which include;

- Enabling Providers improve their inclusive practice, enabling children with complex SEND access nurseries & the number of complaints to the local authority regarding nurseries not accepting children with SEND has significantly decreased since Private Voluntary and Independent (PVI) nurseries have been able to access funding;
- Upskilling their workforce on specific elements of SEND practice e.g. accredited SENCo training, Attention Autism or communication based training;
- The panel offer is part of a graduated approach with children have a fully supported transition plan which means that they start school with their educational needs fully identified & strategies that are known to be successful in supporting the child are shared.

7.4 Table 2 below shows the number of children that accessed funding from the £1.6m available budget in 2020/21. Decisions are made based on the relevant criteria in place i.e. children that are CWD/SEND meeting the band 5 criteria based on the SENAS banding system.

7.5 The range of spend includes; workforce development so staff are well equipped to confidently meet the specific requirements of individual child/ren; additional staff to enable increased adult to child ratios within the early years setting and to enable staff member/s participate in wider support planning for individual child/ren such as attending core groups and child protection conferences and one-off grants for specialist equipment and resources;

**Table 2**

	Places for children with SEND	Children known to social care
Specialist nurseries	120	76
Childminder/PVI/School Nursery	278	47
<b>Total</b>	<b>398</b>	<b>123</b>

## **8. Central Block**

8.1. The Central Block allocation of the DSG, which totals £2.3m, funds central services for schools and the final outturn showed an overall underspend of £0.6m on these budgets. The underspend was mainly against the historic

pension cost contribution to the general fund, the contribution was not made this year by the local authority to help mitigate the DSG Covid-19 related pressures.

## 9 DSG Balances

- 9.1. At the end of the financial year 2020/21, the DSG deficit has increased to £10.5m. This is based on the DSG reserves opening balance at the start of the year of £4.9m and the in-year DSG deficit of £5.6m (Appendix A).

## 10 School Balances

**Table 2: School Balances 2018/19 to 2020/21**

Type of Establishment	No. of Schools	2018-19 Total Reserves C/Fwd.	2019-20 Total reserves C/Fwd.	2020-21 Total reserves C/Fwd.	Increase / (Decrease) in reserves
		£	£	£	£
Nursery	4	572,889	739,813	858,913	119,100
Primary	47	14,387,752	11,143,728	14,959,847	3,816,118
PRU	2	723,657	860,205	932,541	72,337
Secondary	2	205,753	574,187	915,108	340,920
Special	1	284,852	350,361	544,755	194,394
<b>Totals</b>	<b>56</b>	<b>16,174,903</b>	<b>13,668,295</b>	<b>18,211,163</b>	<b>4,542,869</b>

- 10.1 The table above summarises the school balances over the past 3 years. Overall school balances have increased by £4.5 million from £13.7 million in 2019/20 to £18.2 million in 2020/21 (Appendix B). Of the 56 maintained schools, 43 have increased their overall reserves balance and 13 decreased their balance over the financial year.
- 10.2 Of the 47 maintained primary schools, 12(25%) decreased their reserve balance by an average of £80k, and 37 (75%) increased their reserve balance by on average of £137k. There are five primary schools which are now in a deficit position. Of the 47 maintained primary schools, 21 have closed with balances of 8% or less, and 26 have balances of 8% or more.
- 10.3 Of the 2 maintained secondary schools, 1 has a relatively low reserve balance and one has a reserves balance of 15% of income. The only maintained special school and the 2 PRUs increased their reserves balances in 2020/21. The nursery school balances increased, with 3 of the 4 nursery schools with surplus balances and 1 nursery in deficit.
- 10.4 In summary, whilst there is a mixed picture in how individual schools are managing their financial position, the figures suggest that in 2020/21 schools in Brent have mostly been able to manage pressures without any deterioration of

their financial position. The increase in balances is also partly due to the impact of the partial closures of schools during the pandemic; and the carry forward of catch up premium funding received as schools are able to carry forward the funding to future academic years as stipulated by the DfE guidance.

- 10.5 The funding and expenditure pressures will persist, and are likely to require schools to take action to balance their budgets. Of the 6 schools in deficit, the majority are expected to set a balanced budget for 2021/22, whilst a small number may require a licensed deficit agreement to recover the deficit over a 3 year period. The schools in deficit will be monitored closely throughout the year.

## 11 Updates

### 11.1 Exceptional costs associated with Covid-19

- 11.2 The DfE made funding available to cover costs during the period of March – July 2020 for all state-funded mainstream and special schools, and alternative provision but excluded nursery schools to claim back exceptional costs incurred due to the Covid-19 pandemic. Schools expecting to add to their surplus balances at the end of 2019/20 were not eligible to make claims. Claims limits ranged from a maximum of £25,000 for a mainstream school with 250 pupils or fewer to £75,000 for a mainstream school with over 1,000 pupils. The maximum limit a special school could claim was £50,000.

- 11.3 Schools are required to keep a record of all expenditure for audit purposes and a survey was taken to record the Covid-19 related costs and of the 84 schools in Brent excluding nurseries there was responses from 67 schools at the end of the financial year 2020/21 a summary of these pressures are reflected below:

Table 3

Categories	Primary	Secondary	All-through /Special Schools/ PRUs	Total
	£000	£000	£000	£000
Increased premises costs	220	55	54	327
Additional cleaning costs	387	218	44	640
Free school meals	253	103	18	352
<b>Total Exceptional Costs</b>	<b>860</b>	<b>376</b>	<b>116</b>	<b>1,319</b>
<b>Other Costs</b>				
Additional Staffing	428	229	99	705
Others (e.g. IT)	348	190	12	550
<b>Total Covid-19 related costs</b>	<b>1,636</b>	<b>795</b>	<b>227</b>	<b>2,574</b>

- 11.4 Based on the collated information, the costs recorded against the DfE criteria total £1.3m and other costs associated with the impact of Covid-19 include additional staffing costs and other costs such as laptops, PPE etc. This brings the total costs associated with the impact of the pandemic to £2.574m.
- 11.5. In 2020/21 schools that made claims which met the DfE's criteria received £0.5m, across 14 schools.

## **12 Financial Implications**

- 12.1 The overall DSG budget is reporting a £10.5m deficit as at 31/03/2021 as a result of pressures against the HNB. This is a national challenge faced by most Councils including most London Boroughs that had forecasted to be in deficit positions at the end 2020/21. The DfE regulations (the School and Early Years Finance (England) Regulations 2020) make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be funded from future years funding and/or recovery plans agreed with the DfE.
- 12.2 Longer-term actions will be required to recover the deficit and a task group chaired by the Strategic Director of CYP has been set up by the council to coordinate and monitor these actions. Some of these actions to reduce costs and mitigate the deficit include developing Alternative Provision education in the borough; increasing the amount of special provision within the borough for secondary phase pupils and 16-25 year old SEND students; developing new Additionally Resourced Provisions (ARPs); utilising the West London Alliance (WLA) of Local Authorities to develop its commissioning arrangements to address cost pressures for the High Needs block. A combination of these longer-term recovery actions and anticipated funding increases will contribute to reducing the deficit.

## **13 Legal Implications**

- 13.1 There are no legal implications for this report.

## **14 Equality Implications**

- 14.1 Not applicable.

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

- 15.1 Not applicable.

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

16.1 Not applicable.

**Report sign off:**

**Gail Tolley**

Strategic Director of Children  
and Young People

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2020-21 Budget monitoring and reporting for Schools and LA services funded by the Dedicated Schools Grant and the 16-19 Funding Grant		2020-21 Schools Forum Full Year Agreed Budget £m	2020-21 Year To Date Actuals £m	2020-21 Variance before Adjustments £m
<b>Schools Block</b>				
<b>Individual Schools Budget</b>				
	Primary Schools	126,323,036	126,229,922	(93,115)
	Secondary Schools	80,601,299	79,958,842	(642,456)
	All-through Schools	23,540,582	23,540,582	0
<b>Total Expenditure</b>	<b>Individual Schools Budget</b>	<b>230,464,917</b>	<b>229,729,346</b>	<b>(735,571)</b>
<b>De-delegated Items - Schools</b>				
	Assessment of FSM eligibility	24,205	24,205	0
	Contingencies	186,705	70,886	(115,819)
	Maternity, Paternity and Facilities	226,056	267,918	41,862
	Licences/Subscriptions [SB]	5,262	11,783	6,521
<b>Total Expenditure</b>	<b>De-delegated Items - Schools</b>	<b>442,228</b>	<b>374,792</b>	<b>(67,436)</b>
<b>Expenditure</b>	<b>De-delegated Items - Central Provision</b>			
	Contribution to combined budgets [SB]	610,000	610,000	0
	Pupil Growth/Out of School places	2,250,000	2,439,886	189,886
<b>Total</b>	<b>Expenditure De-delegated Items - Central Provision</b>	<b>2,860,000</b>	<b>3,049,886</b>	<b>189,886</b>
<b>Income</b>	<b>Dedicated Schools Grant - Schools Block</b>			
	Schools Block	(115,121,509)	(115,252,052)	(130,543)
	Schools Block Recoupment	(119,578,035)	(119,370,688)	207,347
	0.4% transfer Schools Block to High Needs Block	932,399	932,399	0
<b>Total</b>	<b>Income Dedicated Schools Grant - Schools Block</b>	<b>(233,767,145)</b>	<b>(233,690,341)</b>	<b>76,804</b>
<b>Total</b>	<b>Net Schools Block</b>	<b>0</b>	<b>(536,316)</b>	<b>(536,316)</b>
<b>High Needs Block</b>				
<b>Expenditure</b>	<b>Place funding</b>			
	IB Place Funding [DfE recouped]	7,214,667	7,214,667	0
	IB Place Funding [Finance]	1,766,000	1,813,000	47,000
<b>Total</b>	<b>Expenditure Place funding</b>	<b>8,980,667</b>	<b>9,027,667</b>	<b>47,000</b>
<b>Expenditure</b>	<b>Top-up and Targeted Funding</b>			
	IB Mainstream Top-ups [Finance]	7,971,005	7,970,688	(317)
	IB Mainstream Top-ups [Inclusion]	19,267,651	21,228,959	1,961,308
	IB Special Schools: Equipment, Therapy & Banding Review	300,000	186,975	(113,025)
	Independent Day Special	6,410,000	7,219,449	809,449
	Independent Residential Care Children's Homes	1,010,227	1,010,227	0
	Independent Residential Special	1,140,000	1,153,023	13,023
	OB ARPs	140,000	119,803	(20,197)
	OB Mainstream	2,348,057	2,568,498	220,441
	OB Recoupment Income	(1,157,879)	(1,291,603)	(133,724)
	OB Special	3,000,000	3,782,430	782,430
	Post 16	3,200,000	4,615,580	1,415,580
	Targeted Funding [Finance]	120,000	253,731	133,731
<b>Total</b>	<b>Expenditure Top-up and Targeted Funding</b>	<b>43,749,061</b>	<b>48,817,761</b>	<b>5,068,700</b>
<b>Expenditure</b>	<b>SEN Support Services</b>			
	Early Years Inclusion Fund	1,128,085	1,004,975	(123,110)
	Education Otherwise / Awaiting Placement	520,237	731,952	211,715
	Hospital Education [Kingswood Centre]	112,000	111,500	(500)
	SEN Services	5,670,285	6,627,454	957,169
	SEN Transport	1,075,726	203,943	(871,783)
	Support for Inclusion	1,000,480	820,723	(179,757)
<b>Total</b>	<b>Expenditure SEN Support Services</b>	<b>9,506,812</b>	<b>9,500,546</b>	<b>(6,266)</b>
<b>Income</b>	<b>Dedicated Schools Grant - High Needs Block</b>			
	High Needs Block	(53,964,141)	(52,965,473)	998,668
	High Needs Block Deductions	(7,340,000)	(7,214,667)	125,333
	0.4% transfer Schools Block to High Needs Block	(932,399)	(932,399)	0
<b>Total</b>	<b>Income Dedicated Schools Grant - High Needs Block</b>	<b>(62,236,540)</b>	<b>(61,112,539)</b>	<b>1,124,001</b>
<b>Total</b>	<b>Net High Needs Block</b>	<b>0</b>	<b>6,233,435</b>	<b>6,233,435</b>
<b>Early Years Block</b>				
<b>Expenditure</b>	<b>Early Years Entitlement</b>			
	2 Year old Nursery Education	3,008,103	3,602,399	594,296
	3 and 4 Year old Nursery Education	17,476,000	17,799,032	323,032
	Early Years Central Expenditure	1,102,000	966,776	(135,224)
	Early Years Panel Funding	522,685	522,685	0
	Early Years Pupil Premium	67,000	35,574	(31,426)
<b>Total</b>	<b>Expenditure Early Years Entitlement</b>	<b>22,175,788</b>	<b>22,926,466</b>	<b>750,678</b>

2020-21 Budget monitoring and reporting for Schools and LA services funded by the Dedicated Schools Grant and the 16-19 Funding Grant			2020-21 Schools Forum Full Year Agreed Budget £m	2020-21 Year To Date Actuals £m	2020-21 Variance before Adjustments £m
<b>Expenditure</b>	<b>Supplementary Funding</b>				
	Maintained Nursery Schools		724,563	732,535	7,972
<b>Total</b>	<b>Expenditure</b>	<b>Supplementary Funding</b>	<b>724,563</b>	<b>732,535</b>	<b>7,972</b>
<b>Income</b>	<b>Dedicated Schools Grant - Early Years Block</b>				
	Early Years Block		(22,900,351)	(23,112,463)	(212,112)
<b>Total</b>	<b>Income</b>	<b>Dedicated Schools Grant - Early Years Block</b>	<b>(22,900,351)</b>	<b>(23,112,463)</b>	<b>(212,112)</b>
<b>Total</b>	<b>Net</b>	<b>Early Years Block</b>	<b>0</b>	<b>546,538</b>	<b>546,538</b>
<b>Central School Services Block</b>					
<b>Expenditure</b>	<b>Central Provision</b>				
	Contribution to combined budgets [CSSB]		792,000	720,853	(71,147)
	Termination of employment costs		604,000	89,508	(514,492)
	Servicing of Schools Forum		10,000	764	(9,236)
	Licences/Subscriptions [CSSB]		214,425	214,002	(423)
	School Admissions		583,139	548,146	(34,993)
<b>Total</b>	<b>Expenditure</b>	<b>Central Provision</b>	<b>2,203,564</b>	<b>1,573,273</b>	<b>(630,291)</b>
<b>Income</b>	<b>Dedicated Schools Grant - Central School Services Block</b>				
	Central School Services Block		(2,203,564)	(2,203,564)	0
<b>Total</b>	<b>Income</b>	<b>Dedicated Schools Grant - Central School Services Block</b>	<b>(2,203,564)</b>	<b>(2,203,564)</b>	<b>0</b>
<b>Total</b>	<b>Net</b>	<b>Central School Services Block</b>	<b>0</b>	<b>(630,291)</b>	<b>(630,291)</b>
<b>Other Expenditure</b>					
<b>Expenditure</b>	<b>6th Form Funding</b>				
	6th Form Schools		3,767,845	3,782,823	14,978
<b>Total</b>	<b>Expenditure</b>	<b>6th Form Funding</b>	<b>3,767,845</b>	<b>3,782,823</b>	<b>14,978</b>
<b>Income</b>	<b>16-19 Funding Grant</b>				
	6th Form Funding		(3,767,845)	(3,786,731)	(18,886)
<b>Total</b>	<b>Income</b>	<b>16-19 Funding Grant</b>	<b>(3,767,845)</b>	<b>(3,786,731)</b>	<b>(18,886)</b>
<b>Total</b>	<b>Net</b>	<b>Other Expenditure</b>	<b>0</b>	<b>(3,909)</b>	<b>(3,909)</b>

Outturn Summary - Net Position	
Schools Block	(536,316)
High Needs Block	6,233,435
Early Years Block	546,538
Central School Services Block	(630,291)
Other Expenditure	(3,909)
<b>Overspend / (Underspend)</b>	<b>5,609,457</b>

DSG Reserves Balance	
2019-20 DSG Deficit Brought Forward	4,928,390
2020-21 DSG Deficit Final Outturn	5,609,457
<b>DSG Deficit Carry Forward</b>	<b>10,537,847</b>




Appendix B - School Balances 2020-21

		£	£	£	£			£
Totals:		16,174,903	13,668,295	18,211,163	4,542,869	21,550	165,241,767	
Establishment Type	School	2018-19 Total Reserves C/Fwd	2019-20 Total reserves C/Fwd.	2020-21 Total reserves C/Fwd.	Increase / (Decrease) in reserves	RESERVES as a % of 2020-21 Total Income	Pupil nos on Roll (Oct 20)	2020-21 Income
Nursery	College Green Nursery School and Services	118,271	147,963	133,772	(14,191)	14.6%	82	913,798
Nursery	Curzon Crescent Nursery School	162,064	184,147	259,884	75,737	22.7%	72	1,145,830
Nursery	Fawood Children's Centre	313,538	445,400	489,865	44,465	37.5%	62	1,306,477
Nursery	Granville Plus Nursery School	(20,984)	(37,697)	(24,609)	13,089	-2.5%	42	970,632
Primary	Anson Primary School	333,615	186,589	336,666	150,077	14.3%	351	2,361,773
Primary	Barham Primary School	748,083	872,820	1,247,127	374,306	24.8%	840	5,036,332
Primary	Brentfield Primary School	376,039	192,992	539,836	346,843	15.9%	429	3,387,805
Primary	Byron Court Primary School	631,514	105,555	133,041	27,486	3.1%	777	4,308,861
Primary	Carlton Vale Infant School	153,856	43,785	93,761	49,976	8.9%	62	1,048,814
Primary	Chalkhill Primary School	1,139,068	298,620	194,678	(103,942)	6.7%	416	2,912,852
Primary	Christ Church CofE Primary School	71,892	47,413	189,779	142,367	13.8%	164	1,370,955
Primary	Convent of Jesus and Mary RC Infant School	26,704	(12,282)	65,159	77,442	3.4%	228	1,890,682
Primary	Donnington Primary School	574,437	580,601	716,104	135,503	46.1%	194	1,554,218
Primary	Elsley Primary School	210,877	117,235	16,843	(100,393)	0.4%	675	3,877,676
Primary	Fryent Primary School	846,153	663,680	834,419	170,739	17.0%	676	4,909,321
Primary	Harlesden Primary School	356,675	4,955	(157,677)	(162,633)	-6.1%	320	2,589,365
Primary	Islamia Primary School	114,245	115,599	114,578	(1,021)	4.0%	421	2,839,193
Primary	John Keble CofE Primary School	189,885	157,877	163,021	5,143	6.2%	366	2,638,987
Primary	Kingsbury Green Primary School	256,191	145,261	346,888	201,627	8.5%	557	4,061,620
Primary	Leopold Primary School	638,249	239,231	452,054	212,824	8.6%	681	5,251,163
Primary	Lyon Park Primary School	58,851	(390,091)	(336,107)	53,984	-7.0%	812	4,826,626
Primary	Malorees Infant School	35,565	(2,154)	(74,676)	(72,522)	-4.5%	170	1,672,655
Primary	Malorees Junior School	8,789	(59,274)	(147,860)	(88,586)	-8.4%	252	1,764,586
Primary	Mitchell Brook Primary School	68,273	148,810	678,574	529,764	15.8%	596	4,289,390
Primary	Mora Primary School	377,265	488,128	750,063	261,935	28.9%	395	2,592,141
Primary	Mount Stewart Infant School	24,809	5,924	59,508	53,585	3.5%	249	1,678,635
Primary	Mount Stewart Junior School	25,370	4,840	177,509	172,668	8.8%	316	2,014,405
Primary	Newfield Primary School	78,545	113,790	108,802	(4,988)	5.2%	242	2,075,039
Primary	Northview Primary School	390,533	398,166	411,313	13,148	26.5%	199	1,553,937
Primary	Oliver Goldsmith Primary School	431,054	572,821	648,025	75,204	26.0%	410	2,490,312
Primary	Our Lady of Lourdes RC Primary School	95,015	109,224	127,740	18,516	8.6%	202	1,493,784
Primary	Park Lane Primary School	481,034	557,789	780,973	223,184	28.8%	410	2,714,606
Primary	Preston Park Primary School	57,907	14,672	135,349	120,677	3.6%	585	3,797,710
Primary	Princess Frederica CofE Primary School	216,140	291,072	248,019	(43,053)	10.3%	397	2,416,911
Primary	Roe Green Infant School	258,881	286,824	613,683	326,860	18.1%	388	3,382,118
Primary	Roe Green Junior School	86,238	61,528	67,341	5,813	2.6%	475	2,615,491
Primary	Salisbury Primary School	229,074	114,419	307,369	192,950	7.9%	599	3,884,296
Primary	Sinai Jewish Primary School	2,615	(90,295)	(15,795)	74,499	-0.4%	590	3,897,771
Primary	St Joseph RC Junior School	914,480	947,894	888,359	(59,535)	56.1%	278	1,584,001
Primary	St Joseph's RC Infant School	871,400	905,980	1,095,953	189,973	70.9%	210	1,545,684
Primary	St Joseph's Roman Catholic Primary School	137,987	222,388	284,054	61,666	8.7%	470	3,265,801
Primary	St Mary Magdalen Catholic Junior School	251,262	387,375	402,713	15,338	20.0%	322	2,010,884
Primary	St Mary's CofE Primary School	107,441	66,614	92,247	25,633	5.5%	222	1,689,438
Primary	St Mary's RC Primary School	331,984	637,462	479,885	(157,577)	25.6%	236	1,877,514
Primary	St Robert Southwell RC Primary School	225,608	284,287	252,856	(31,431)	9.8%	408	2,570,738
Primary	The Kilburn Park School Foundation	80,004	(14,339)	23,619	37,958	1.9%	119	1,214,057
Primary	The Stonebridge School	682,625	468,961	333,487	(135,473)	12.4%	354	2,680,599
Primary	Torah Temimah Primary School	1,981	302	3,870	3,568	0.3%	183	1,310,053
Primary	Uxendon Manor Primary School	293,169	128,044	232,750	104,706	6.6%	619	3,506,675
Primary	Wembley Primary School	531,417	554,438	784,661	230,223	15.0%	800	5,234,052
Primary	Wykeham Primary School	364,954	168,198	259,287	91,089	8.0%	445	3,228,920
PRU	Ashley College	638,070	651,940	659,032	7,092	49.7%	25	1,325,534
PRU	Brent River College	85,587	208,265	273,509	65,245	12.3%	56	2,229,297
Secondary	JFS	27,477	27,495	28,114	618	0.1%	1,527	18,756,234
Secondary	Newman Catholic College	178,276	546,692	886,994	340,302	14.9%	520	5,966,605
Special	Phoenix Arch School (KS1 and KS2)	284,852	350,361	544,755	194,394	31.9%	55	1,708,916

Type of Establishment	No. of Schools	2018-19 Total Reserves C/Fwd £	2019-20 Total reserves C/Fwd. £	2020-21 Total reserves C/Fwd. £	Increase / (Decrease) in reserves £	RESERVES as a % of 2020-21 Total Income
TOTALS						
Nursery	4	572,889	739,813	858,913	119,100	-
Primary	47	14,387,752	11,143,728	14,959,847	3,816,118	-
PRU	2	723,657	860,205	932,541	72,337	-
Secondary	2	205,753	574,187	915,108	340,920	-
Special	1	284,852	350,361	544,755	194,394	-
AVERAGES						
Nursery	4	143,222	184,953	214,728	29,775	19.8%
Primary	47	306,122	237,101	318,295	81,194	11.4%
PRU	2	361,829	430,102	466,271	36,168	26.2%
Secondary	2	102,877	287,094	457,554	170,460	3.7%
Special	1	284,852	350,361	544,755	194,394	31.9%

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	<b>Schools Forum</b> 17 <sup>th</sup> June 2021
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Updated DSG High Needs Block Management Plan</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
<b>No. of Appendices:</b>	One:  Appendix 1 – DSG HNB Management Plan
<b>Background Papers:</b>	Schools Forum Papers 25 <sup>th</sup> Feb 2021 (DSG High Needs Deficit Management Plan)
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Sharon Buckby Head of Inclusion Service and Virtual School Headteacher Tel: 0208 937 1447 <a href="mailto:sharon.buckby@brent.gov.uk">sharon.buckby@brent.gov.uk</a>  Olufunke Adediran Head of Finance CYP Tel: 0208 937 1196 <a href="mailto:Olufunke.adediran@brent.gov.uk">Olufunke.adediran@brent.gov.uk</a>

## 1. Purpose of the Report

1.1. To update the Schools Forum on the costed management plan

## 2. Recommendations

2.1. To note the contents of the report.

## 3. DSG Current Position

3.1 The High Needs Block [HNB] element of the Dedicated Schools Grant [DSG] was in £4.9m deficit at the end of 2019/20 and the 2020/21 outturn is reflecting an

overall DSG deficit of £5.6m. This brings the cumulative DSG deficit to £10.5m by the end of the 2020/21 financial year as reflected in Table 1 below.

**Table 1**

<b>Blocks</b>	<b>2020/21 DSG Income £m</b>	<b>2020/21 DSG Expenditure £m</b>	<b>Variance (surplus) /deficit £m</b>
Schools Block	(237.5)	237.0	(0.5)
High Needs Block	(61.1)	67.3	6.2
Early Years Block	(23.1)	23.6	0.5
Central School Services Block	(2.2)	1.6	(0.6)
<b>Total DSG</b>	<b>(323.9)</b>	<b>329.5</b>	<b>5.6</b>
<b>2019/20 Deficit:</b>			<b>4.9</b>
<b>Cumulative Deficit:</b>			<b>10.5</b>

#### **4. DSG – DfE interventions in 5 local authorities**

- 4.1. The DfE has agreed High Needs reforms and savings targets with a first batch of 5 local authorities (Bury, Hammersmith & Fulham, Kingston upon Thames, Richmond upon Thames and Stoke on Trent) with the highest DSG deficits. These authorities are required to follow the reforms and deliver the savings target to eliminate their historic deficits and function sustainably in future. The intention is to invite more authorities with very high deficits to take part in the process. Based on the level of the deficit in Brent it may take some time before Brent is considered to take part in the process.
- 4.2. In these agreements, the DfE would allocate the local authority additional funding ranging from £10m - £27m spread over a number of years to eliminate the deficit in 4 - 5 years. The authority will have to agree to reach a positive in-year balance on its DSG account by the end of an agreed financial year and in each subsequent year.
- 4.3. The 5 authorities also agreed to ongoing monitoring of performance in fulfilling this agreement which includes; quarterly reporting in writing to the DfE (Funding Policy Unit) on its progress towards implementing the plan; informing the DfE of any unforeseen difficulties or impacts of carrying out the agreement, or any significant risks to reaching the agreed financial position, as soon as they arise; meeting with the DfE in the last quarter of each financial year covered by this agreement or at any other time the DfE deems it necessary to discuss progress, updating on plans for the subsequent financial year and providing the DfE with relevant Schools Forum papers as soon as they are issued.

- 4.4. The agreements are subject to review at any time, for example if there are significant changes to national SEND policy, higher or lower DSG funding levels for the authority in future financial years; insufficient progress made as set out in the plan.
- 4.5. Most of the actions agreed between the five local authorities and the DfE are actions that Brent are already working towards and are summarised in the Brent Council HNB management plan, as set out below.

## **5.0 HNB Management Plan update**

- 5.1 The management plan will be reported against three themes namely; Managing Demand; Improving Sufficiency of places and Financial Management. Appendix 1 shows the costed plan.

### **5.2 Managing Demand.**

- A SEN Support conditional grant with a £0.5m envelope will be piloted in the academic year 2021/22 to increase early intervention activity through a schools based graduated approach which intends to reduce escalation of need to Education Health and Care Plan (EHCP) level.
- In April 2021 the CYP department introduced a revised EHCP assessment and planning process. The intention is to ensure that children and young people most requiring support to access the curriculum receive an EHCP and those children whose needs can be met appropriately with lower levels of intervention in schools or through other services are supported in that way. The Brent Parent/Carer Forum via a 'Big Conversation', were consulted before the changes to the process were applied, along with relevant professionals.
- An improved annual EHCP review process will enhance the scrutiny and review of the impact of plans and consider the length of time a plan should remain in place. Plans will cease when appropriate to do so, or packages of support reduced where levels of needs have changed.
- A sufficiency analysis has been undertaken to forecast needs over the next five years. Placements will be sought with local schools and settings 18 months in advance to ensure greater longer-term planning.
- The ambition is to reduce the numbers of EHCPs to a 7% in year growth by 2024/25 (table 2). However, this ambitious target needs to be considered in the context of Covid-19 and the potential impact of increasing need over 2021/22 as opposed to reducing needs.

Table 2	Actual	Actual	Projections				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Number of EHCPs	2426	2805	3114	3425	3733	3994	4274
Estimated % Increase	12%	16%	11%	10%	9%	7%	7%

### 5.3 Improving sufficiency of places

- Establish more SEND provision in-borough** including a new Special School for the secondary age cohort, as set out in the Brent Council School Place Planning Strategy 2019-23. Whilst this will still require both place and top up funding for additional places, this avoids spending greater sums on Out of Borough provision, and lessens the risk of price inflation from providers. Additional capacity is needed as there is rising demand across London and nationally, resulting in a risk of demand for even the most expensive out of Borough provision outstripping available supply. The Avenue, sponsored by Brent Specialist Academy Trust (BSAT) will provide up to 100 places for children aged 5-18 with complex ASD needs when it moves to its permanent site in Brondesbury from Easter 2022. However, to ensure sufficient local places, there continues to be a need to provide 245 additional secondary special school places across years 7 to 11 to cater for pupils with Autistic Spectrum Disorder (ASD), Mild Learning or Severe Learning Disabilities (MLD/SLD).
- Create more provision and pathways for Post 16** students funded by the High Needs Block. A full business case to develop a Post 16 Resource Centre is being developed for Cabinet approval in October 2021 as part of the SEND capital plan.
- Supporting schools to meet a higher level of need in a more cost effective way within mainstream settings, while maintaining the quality of provision, the Council is developing a proposal to progress with setting up new Additionally Resourced Provisions (ARPs) for Communication and Interaction needs (Autistic Spectrum Disorder (ASD)) for primary and secondary aged pupils. The intention will be to establish two primary ARPs during the academic year 2021/22 academic year with the remaining provision available from September 2022.
- Expanding specialist provision** to avoid placements in more expensive Independent and Non-maintained special schools. Whilst Brent Council is progressing the development of a new secondary special school, additional places will be required before this provision is available. To address the pressure on special school places whilst

awaiting the delivery of secondary provision, proposals are being developed to expand existing specialist provision including Phoenix Arch (community school) by 13 places, an expansion of the Compass Partnership provision at primary and secondary (total 50 places), and an expansion of Brent Specialist Academy Trust (BSAT) at Key stage 3 by 36 places in academic year 2022/23. Additionally as mentioned in above, the BSAT Avenue School site will be ready for full occupation from Easter 2022, thereby providing 100 places across all key stages.

- As additional cost avoidance measures, the alternative provision offer is being enhanced to provide a broader support offer for young people with an EHCP educated in mainstream schools, in order to reduce the likelihood of a move to a special school.

#### 5.4 Financial Management

- **A request to transfer 0.5% of the Schools Block** was approved by the Schools Forum to support the HNB in 2021/22.
- **Reduce the DSG funded SEN support services** or fund these services from the General Fund. The pressure against the Education Psychology team's statutory function will be funded by the general fund following the allocation of growth funds to increase the establishment and enable the service to meet its statutory duties as well as provide the additional early intervention required to manage down demand. This will reduce the pressure on the DSG by £0.2m. Following the Council wide voluntary redundancy programme in 2020/21 a saving has been identified in the Inclusion service of £70k from a DSG funded post. There is also a SEN Outreach Service restructure underway to realise efficiencies of £0.25m from 2022/23.
- **Undertaking a review of all additional packages in place for pupils.** This includes 29 pupils attending out of borough provision with an average additional support plan of between £10k-20k per annum. A review is underway for those attending Independent Non-Maintained Special Schools (INMSS). The cost avoidance will be quantified once the review is completed.
- **Ensure full cost recovery from other local authorities.** Other boroughs which place children in Brent high needs settings are charged our standard top up rates to recoup the cost of funding. These could be increased to account for administration overheads, rising costs and to help ration demand for places. Charging more to other boroughs does

not lower the overall regional or national cost of SEND provision, but if Brent does not do this it will lose out financially. Brent is a net exporter of SEND pupils to other boroughs, who are already raising their recoupment charges. It has been agreed by the DSG High Needs task group that a 5% administrative charge will be applied on the top-up element for all placing authorities from April 2021.

- **Continue to lobby central government** for funding increases which properly match the levels of need in London Boroughs such as Brent. This continues to be an issue raised by SLT and London Councils

## 6. Financial Implications

6.1 At the end of the financial year 2020/21 the overall DSG deficit due to pressures in the High Needs Block is £10.5m. Table 4 below models the financial implications of the cost avoidance estimates identified in the report over the next 5 years. It assumes that if the EHCP growth slows down (Table 2 above) from 16% to 7% by 2025-26 and assuming that the HNB funding increases by an average of 7% over the next few years, that the in-year pressure is likely to reduce from £6.2m in 2020-21 to £1.058m by 2025-26. The forecast for the actions which have been quantified will realise mitigating actions and cost avoidance from £1.7m in 2021-22 to £4.1m by 2025-26. However, although the pressure is forecast to slow down, the cumulative deficit will increase before a reduction occurs which is likely to be by 2024-25.

6.2 At this stage, the only significant way to reduce the current £10.5m deficit is if the HNB receives considerable year on year growth funds more than forecast i.e. 7% average and more than the rate of demand. The DfE interventions in section 6 above involved providing funding to clear historic deficits held by the 5 local authorities but demonstrating how savings/cost avoidance will be achieved to set a balanced budget going forward.

<b>Table 4</b>	<b>Actual 2020-21</b>	<b>Projected 2021-22</b>	<b>Projected 2022-23</b>	<b>Projected 2023-24</b>	<b>Projected 2024-25</b>	<b>Projected 2025-26</b>
<b>In year Forecast</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Expenditure	67,346	71,670	75,791	79,751	83,059	86,510
HNB Allocation	(61,113)	(66,432)	(71,747)	(76,052)	(80,615)	(85,452)
<b>Funding Gap</b>	<b>6,233</b>	<b>5,238</b>	<b>4,044</b>	<b>3,699</b>	<b>2,444</b>	<b>1,058</b>
Management Plan		(1,691)	(2,677)	(3,198)	(3,367)	(4,135)
<b>Forecast in year Deficit/(Surplus)</b>	<b>6,233</b>	<b>3,547</b>	<b>1,367</b>	<b>501</b>	<b>(923)</b>	<b>(3,077)</b>

<b>Cumulative DSG deficit forecast</b>						
Cumulative Deficit	10,526	15,764	19,808	23,507	25,950	27,008
Management Plan		(1,691)	(2,677)	(3,198)	(3,367)	(4,135)
<b>Revised Cumulative DSG Deficit</b>	<b>10,526</b>	<b>14,073</b>	<b>17,131</b>	<b>20,309</b>	<b>22,583</b>	<b>22,873</b>



- 6.3 The actions being undertaken by Brent are looking to reduce costs to set an in-year balanced budget and then start to recover the cumulative deficit. The increase in the deficit is mainly due to the assumption that the numbers of EHCPs continue to rise above the funding allocation increases to the HNB albeit at a reduced rate than previous years. Further work will be required to reduce the deficit further.

## **7. Legal Implications**

- 7.1 The right to an assessment of a child's special educational needs, the production of an Education, Health and Care Plan which meets those needs and the commissioning of the required service provision outlined in the plan are statutory requirements under the Children and Families Act 2014.
- 7.2 There have been legal challenges brought against savings actions proposed by other Local Authorities to their High Needs blocks. The challenges have been unsuccessful where the Local Authority could show it had followed due process.
- 7.3 Legal Implications arising from the School and Early Years Finance (England) Regulations 2020 are contained in the body of the report.

## **8. Equality Implications**

- 8.1 The key groups affected by the proposals are children and young people with special educational needs and disability (SEND) aged 0-25 in Brent. The Council is committed to inclusive education for all children and young people with SEND in our mainstream schools, enhanced resource schools and special schools.
- 8.2 The DSG HNB Deficit Management Plan has been developed in order to improve outcomes for children and young people and achieve financial sustainability. The proposals support the needs of children and young people with SEND to be met earlier through evidence based interventions and aim to reduce our reliance on high cost placements in the non-maintained and independent sector, by ensuring that children with SEND can get a good education at a school close to their home.
- 8.3 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

## **9. Consultation with Ward Members and Stakeholders**

- 9.1 Consultation has been undertaken with parents and carers, schools and settings and health providers. This consultation will continue through the piloting of the Graduated Approach Framework and SEN Support Fund during the 2021/22 academic year. An equality analysis will be undertaken as part of the review process of both the Graduated Approach Framework and SEN Support Fund.

## **10. Human Resources/Property Implications (if appropriate)**

- 10.1 Not applicable.

### **Report sign off:**

***Gail Tolley***

Strategic Director of Children and Young People


## DSG Recovery Plan Summary - April 2021

HNB Forecast is based on managing the rate of EHCP growth through Cost avoidance arising from SEND Support and the Graduated Response Programme

\*\*\*\*"Low" model assumes a 11% increase in 2021-22 reducing to 10% in 2022-23, 9% in 2023-24 and 7% for each following year

Financial Year	Actuals	Actuals	Estimates					Comments
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
	£000	£000	£000	£000	£000	£000	£000	
Schools Block including 6th Form	0	536	0	0	0	0	0	
****High Needs Block (excluding Schools Block transfer)	(4,917)	(6,233)	(5,238)	(4,044)	(3,699)	(2,444)	(1,058)	Based on "LOW" Model cost avoidance due to SEN Support pilot and the Graduated Response Programme.
Early Years Block		(547)						
Central Block		634		0	0	0	0	
<b>Annual Forecast Under/(Over) Spend</b>	<b>(4,917)</b>	<b>(5,609)</b>	<b>(5,238)</b>	<b>(4,044)</b>	<b>(3,699)</b>	<b>(2,444)</b>	<b>(1,058)</b>	
<b>Cumulative (Deficit)/Surplus</b>	<b>(4,917)</b>	<b>(10,526)</b>	<b>(15,764)</b>	<b>(19,809)</b>	<b>(23,507)</b>	<b>(25,951)</b>	<b>(27,009)</b>	
<b>Mitigating Items</b>								
<b>Improving Sufficiency of Places</b>								
- Establishing a new special school in Brent proposed 150 places.				576	576	576	1,200	Cost avoidance based on average (INMSS) cost at £46k and maximum band for maintained special school is £30k
- Increased ARPs (Primary up to 70 & Secondary up to 56) Work with current school clusters to explore with schools how needs can be best met locally, focusing on increasing SEND capacity in mainstream through Additional Resource Provisions (ARPs) AY 2021/22- 2022/23			71	204	581	581	581	Cost avoidance based on the average top up cost of our maintained special school of £14.5k and cost for ARP's at £9.4k
- Phoenix Arch - 13 increase in PAN by 2024 To expand their Published Admission Number (PAN) over the next 3 years					144	312	456	Cost avoidance based on average cost for Phoenix is £21.4k and OOB cost is £45.6k
- Alternative provision (Ashley College) In conjunction with broadening the cohort of CYP with additional needs accessing Ashley College on site as a respite or transition provision.				110	110	110	110	Cost avoidance based on average cost at Southover partnership/Special school £37.8k and cost for Ashley college is £23k
- New post 16 Skills hub Options are being considered by Brent Council with Brent CCG, FE Colleges and school partners to develop a new post 16 skills hub to help meet the demand for education places for young people 16-25 with SEND. Governance arrangements to be developed, potential for a collaboration/joint venture and income generation. Post 16 spend has increased from £3.5m (2019/20) to £4.5m in (2020/21).						TBC	TBC	
<b>Financial Management</b>								
- Schools Block Transfer			1,185	1,200	1,200	1,200	1,200	Assuming a 0.5% request will be made for the next few years
- Reduce the DSG funded SEN support services								
Restructure - Inclusion Service to TBC				250	250	250	250	
Restructure - TBC the current VR agreed was to go towards the Deficit			70	70	70	70	70	
Education Psychology			200	200	200	200	200	To be funded from the GF.
- Administrative charges			39	67	67	67	67	
- Commissioning Arrangements - (E.g Pears Family School Contract)			126					
<b>Total Mitigating Items</b>	<b>0</b>	<b>0</b>	<b>1,691</b>	<b>2,677</b>	<b>3,198</b>	<b>3,367</b>	<b>4,135</b>	
<b>Net Position Cumulative (Deficit)/Surplus</b>	<b>(4,917)</b>	<b>(10,526)</b>	<b>(14,073)</b>	<b>(17,131)</b>	<b>(20,309)</b>	<b>(22,584)</b>	<b>(22,874)</b>	

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	<b>Schools Forum</b> 17 June 2021
	<b>Report from the Strategic Director of Children and Young People</b>
<b>High Needs Block Budget 2021/22 Update</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
<b>No. of Appendices:</b>	One:  Appendix 1 - High Needs Block Budget Planning 2021-22
<b>Background Papers:</b>	Schools Forum 25 <sup>th</sup> February 2021 papers (High Needs Block Budget 2021/22, Banding Review)
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Olufunke Adediran Head of Finance – CYP Tel: 0208 937 1196 <a href="mailto:Olufunke.adediran@brent.gov.uk">Olufunke.adediran@brent.gov.uk</a>  Sharon Buckby Head of Inclusion & Headteacher Virtual School Tel: 0208 937 1447 <a href="mailto:Sharon.buckby@brent.gov.uk">Sharon.buckby@brent.gov.uk</a>

## 1. Purpose of the Report

- 1.1. This report informs the Schools Forum of the detailed High Needs Block budget for adoption in 2021/22.
- 1.2. To inform the Schools Forum about the Graduated Approach Framework being implemented.
- 1.3. To update the Schools Forum of the implications of the outcomes of the Banding review which includes retaining current bandings but include an uplift of 7.5% - 8.1% for Special Schools.

## **2. Recommendations**

- 2.1. That the Schools Forum notes the contents of the report.
- 2.2. That Forum notes the implementation of the Graduated Approach Framework and the update on the Banding Review.

## **3. High Needs Block Funding 2021/22**

- 3.1. The High Needs block funding has been confirmed at £66.4m for 2021/22. This is £6m more than that received in 2020/21. In addition, the Schools Forum has approved a Schools block transfer of 0.5% totalling £1.2m. Total funding for the High Needs Block in 2021/22 is £67.6m. In 2021/22, the HNB funding recouped for Academies is £7.6m.
- 3.2. Appendix 1 details the allocation and where the number of places within special provisions has increased, the place funding and top up funding budgets have been changed accordingly.
- 3.3. The budget currently assumes that the top up funding rates will remain the same for the mainstream schools and ARP bandings but the special school top up funding rates will increase by 7.5% for bands 1 – 5 and by 8.1% for band 6 to be more comparable with neighbouring London Boroughs presented to the February 2021 Schools Forum.
- 3.4. The budget also includes £0.5m set aside for a SEN support pilot in mainstream schools. The pilot is a mechanism to support a reduction in the demand for EHCPs. Updates of the pilot will be presented at future School Forums.
- 3.5. There are increases to the budgets for special schools both in and out of the borough, and for mainstream pupils in out of borough settings. These budget increases reflect the rise in demand and the spending patterns of previous years. In total £1.3m of the increased High Needs block has been allocated in response to the demand on these lines. The budget for post 16 provision has increased by £0.7m to a total of £3.9m based on the 2020/21 outturn pressure.

## **4. Graduated Approach Framework**

- 4.1. Funding for SEN provision is from three elements:

### **- Element 1 [Universal Funding]**

All schools receive funding for each pupil at the school. This is called the Age Weighted Pupil Unit (AWPU) and it is part of schools' delegated funding. Some of this money is to make general SEN provision. This might, for example, include the cost of providing the Special Educational Needs Coordinator (SENCO) and some other resources.

### **- Element 2 [Targeted Funding]**

This is to provide SEN support that is additional to or different from the support that most other children receive. Government guidance says schools should provide up to the first £6,000 of additional or different support for those children who need it, including those with an Education, Health and Care plan.

### **- Element 3 ['Top – Up' Funding]**

The local authority is responsible for managing Element 3 funding. Some children have such complex needs that the school may request some additional funding to 'top-up' Elements 1 and 2. This can be used for specific provision for an individual child or a group of children only if there is detailed evidence of the use of the Graduated Approach and there is clear evidence of exceptional level of needs.

- 4.2. The Top-Up funding (Element 3) is currently administered via the teaching assistant hours identified by individual schools as part of the EHC assessment process. This is currently not moderated.
- 4.3. From April 2021 Top- Up funding (Element 3) to be identified through the Brent Graduated Approach Framework.
- 4.4. The Graduated Approach supports teaching and learning in all provisions. Where a pupil is identified as having SEN, schools should take action to remove barriers to learning and put effective special educational provision in place. This SEN support should take the form of a four-part cycle through which earlier decisions and actions are revisited, refined and revised with a growing understanding of the pupil's needs and of what supports the pupil in making good progress and securing good outcomes. It draws on more detailed approaches, more frequent review and more specialist expertise in successive cycles in order to match interventions to the SEN of children and young people. Code of Practice, Chap. 6 Para 44 to 56, pg., 101 to 102.
- 4.5. The Brent Graduated Approach Framework (The Framework) is currently being coproduced with Brent Council officers, Brent schools and settings, the BPCF and health providers. The Framework will be used to identify additional needs as part of the EHC assessment and review process. The Framework will provide clear expectations of how SEN is supported through multiagency services at universal and universal plus levels and through Quality First Teaching (Elements 1 and 2); targeted SEN Support and specialist support. Moderation of the application of the Graduated Approach in schools and settings will be via SENCO moderation groups and the application of the Whole School SEND Review process.

## **5. Banding Review update**

- 5.1 The current Banding has three separate bands for the Mainstream Schools, the ARPs and the Special Schools. The proposal is for the special schools to be increased in line with other LA's whose top bands ranged from £43k to £48k.

### Special Schools Banding

Special Schools	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6
Core Funding	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Element 3 - Top-Up Funding	£4,025	£6,561	£10,283	£14,015	£17,748	£27,764
Increase 7.5% & 8.1%	£302	£492	£771	£1,051	£1,331	£2,236
<b>Total</b>	<b>£14,327</b>	<b>£17,053</b>	<b>£21,054</b>	<b>£25,066</b>	<b>£29,079</b>	<b>£40,000</b>

- 5.2 The uplift will also contribute to cover the costs of equipment and therapy services were in 2020/21 it was agreed at Schools Forum that provision be made within the budget of £0.25m for additional support where required by in-borough special schools for individual equipment and other needs such as educational therapy for the most complex pupils. Mainstream Schools and ARPs access therapy services via a commissioned service funded through the High Needs Block but the Special Schools commission their own services. In 2021/22 the overall increase factoring the increase in the number of places, and the uplift, equates to £2.7m.

## 6. Risks and Challenges

- 6.1 This budget allocates the available resources within the constraints of the funding that is available for the provision of SEND. The budget set aims to achieve an in-year balance between expenditure and income, and does not reduce the £10.5m deficit that will be brought forward from 2020/21.
- 6.2 The main risk remains that the number of children and young people with EHCPs continues to grow at the same rate as in recent years, rather than the growth levelling off. There is also the risk of price inflation for SEND provision in Out of Borough and independent settings. This can be partly mitigated by effective commissioning an action as part of the HNB Management Plan to recover the deficit.

## 7. Financial Implications

- 7.1 The HNB budget 2021/22 allocates the resources assuming a balanced budget and does not contribute to the recovery of the current £10.5m deficit. The DfE require local authorities in deficit to have a Management Plan in place to recover the deficit over a number of years. The budget and the Management Plan will need to be monitored closely during the financial year.

## 8. Legal Implications

- 8.1 There are no legal implications for this report.

## 9. Equality Implications

- 9.1 The key groups affected by the proposals are children and young people with special educational needs and disability (SEND) aged 0-25 in Brent. The Council is committed to inclusive education for all children and young people with SEND in our mainstream schools, enhanced resource schools and special schools.



9.2 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

**10. Consultation with Ward Members and Stakeholders**

10.1 Not applicable.

**11. Human Resources/Property Implications (if appropriate)**

11.1 Not applicable.

**Report sign off:**

**Gail Tolley**

Strategic Director of Children  
and Young People


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# High Needs Block Budget Planning 2021-22

UPDATED based on DfE s251, LA discussions and amendments since 25.02.21 - FINAL to be represented at Schools Forum of Jun-21

	2020-21 Budget		2021-22 Budget after adjustments (as per s251)		
Description	Place numbers	Budget	Place numbers	Budget	
PLACE FUNDING					
ASHLEY COLLEGE (HEALTH NEEDS EDUCATION SERVICE)	20.0	£200,000	40.0	£250,000	PRU Place funding Budget
BRENT RIVER COLLEGE - KEY STAGE 3 & 4 PRU	56.0	£560,000	56.0	£560,000	
BRENT RIVER COLLEGE - PRIMARY	6.0	£60,000	6.0	£60,000	
FAWOOD	10.0	£100,000	10.0	£100,000	MNS ARPs place funding based on £10k per place
GRANVILLE PLUS NURSERY	6.6	£66,000	7.0	£70,000	
KINGSBURY GREEN	18.0	£112,000	18.0	£120,000	Occupied Place funding based on £6k per place and unoccupied £10k per place
FRYENT	28.0	£168,000	36.0	£220,000	
PHOENIX ARCH	50.0	£500,000	55.0	£550,000	***Recoupment allocated directly by the ESFA
OAKINGTON MANOR	39.0		35.0		
KINGSBURY HIGH	7.0		7.0		
PRESTON MANOR	24.0		25.0		
WOODFIELD	177.0		187.0		
MANOR HOUSE	174.0		196.0		
THE VILLAGE	298.0		307.0		
AVENUE	28.0		28.0		
Place Funding Total	941.6	£1,766,000	1,013.0	£1,930,000	
ELEMENT 3 TOP-UP FUNDING					
ASHLEY COLLEGE (HEALTH NEEDS EDUCATION SERVICE)	0.0	£794,300		£856,290	PRU Top-up Budget
BRENT RIVER COLLEGE - KEY STAGE 3 & 4 PRU		£1,208,730		£1,208,730	
BRENT RIVER COLLEGE - PRIMARY		£174,456		£174,455	
FAWOOD		£105,158		£105,158	ARPS Top-up
GRANVILLE PLUS NURSERY		£74,396		£78,905	
KINGSBURY GREEN		£116,888		£155,361	
FRYENT		£347,575		£434,470	Top-up rates increased between 7.5% - 8.1% for Option 3
SUDBURY		£502,588			
OAKINGTON MANOR		£0		£97,860	
KINGSBURY HIGH		£0		£51,787	
PRESTON MANOR		£0		£235,198	
PHOENIX ARCH		£1,013,288		£1,132,902	
WOODFIELD		£3,028,974		£3,606,468	
MANOR HOUSE		£3,663,544		£4,853,666	
THE VILLAGE		£6,261,812		£7,190,522	
AVENUE		£777,403		£840,011	
IB Special Schools: Equipment & Therapy		£250,000		£0	
IB Special - in year adjustments		£74,538		£0	
IB Mainstream Top- Ups		£7,971,005		£8,113,740	
Targeted Funding		£120,000		£120,000	
OB Mainstream		£2,348,057		£2,559,204	
OB Special		£3,000,000		£3,916,197	Budget increased to fund the demand in 2021-22
OB ARP		£140,000		£140,000	Budget increased to fund the demand in 2021-22
Recoupment income		(£1,157,879)		(£1,157,879)	Budget based on projected actuals in 2020-21
Independent Day		£6,410,000		£6,512,567	Budget increased to fund the demand in 2021-22
Independent Residential		£1,140,000		£1,140,000	
Residential and independent settings		£1,010,227		£1,010,227	
Post 16		£3,200,000		£3,898,408	Budget increased to fund the demand in 2021-22
Top-ups Total	0.0	£42,575,060	0.0	£47,274,247	
LA SERVICES					
Education Otherwise/ Awaiting Placement		£520,237		£520,237	Budget as 2020-21
Early Years Inclusion Fund		£1,128,085		£1,128,085	
SEN Services		£5,670,285		£6,560,285	
Funding for banding review		£50,000		£0	Budget increased to fund the demand in 2021-22
Support for Inclusion		£1,000,480		£1,000,480	Budget adjusted as per 2020-21 projected outturn
SEN Transport		£1,075,726		£1,075,726	
Hospital Education Provision (Ashley College)		£112,000		£0	
SEN SUPPORT		£0		£500,000	To fund the SEN Support
LA services Total	0.0	£9,556,812	0.0	£10,784,812	
TOTAL	941.6	£53,897,872	1,013.0	£59,989,059	
2021/22 HNB Allocation £61,304,141 £66,432,473					
Block Transfer £932,399 £1,185,421					
Revised 2021/22 HNB Allocation £62,236,540 £67,617,894					
***ESFA Recoupment to Academies (£7,340,000) (£7,628,835)					
***Additional import/export adjustment (£998,668)					
Budget £53,897,872 £59,989,059					

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	<b>Schools Forum</b> 17 June 2021
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Updated Scheme for Financing Schools &amp; 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> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
<b>No. of Appendices:</b>	Four:  Appendix A - Scheme for Financing Schools 2021-22 Appendix B - Scheme for Financing Schools - summary of changes Appendix C - Schools Financial Regulations 2021-22 Appendix D - Schools Financial Regulations - summary of changes
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Olufunke Adediran Head of Finance Tel: 0208 937 1196 <a href="mailto:olufunke.adediran@brent.gov.uk">olufunke.adediran@brent.gov.uk</a>  Kamaljit Kaur, Interim Senior Finance Analyst Tel: 0208 937 5417 <a href="mailto:kamaljit.kaur@brent.gov.uk">kamaljit.kaur@brent.gov.uk</a>

## 1. Purpose of the Report

- 1.1. This report details the changes to be implemented to the Scheme for Financing Schools and the Schools Financial Regulations, and will become effective from 1st April 2021.

## **2. Recommendations**

- 2.1. The Schools Forum is requested to approve the amendments to the Scheme for Financing Schools 2021-22.
- 2.2. The Schools Forum is being formally consulted on the amendments made to Schools Financial Regulations 2021-22

## **3. Detail**

- 3.1. All changes applied in the revision are in line with the April 2021 Department for Education Scheme for Financing Local Authority Maintained 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 2021-22 Scheme for Financing Schools is attached as Appendix A, with the summary of changes being detailed in Appendix B. The changes will become immediately effective after the approval of Schools Forum.
- 3.3. The 2021-22 Schools Financial Regulation is attached as Appendix C, with the summary of changes being detailed in Appendix D. The changes will become immediately effective after consultation with Schools Forum.

## **5 Financial Implications**

- 5.1 There are no financial implications for this report.

## **6 Legal Implications**

- 6.1 There are no legal implications for this report.

## **7 Equality Implications**

- 7.1 Not applicable

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

- 8.1 Voting is open to all maintained school members for the proposed changes to the 2021-22 Scheme for Financing Schools.
- 8.2 Open to formal comment from all maintained school members for the proposed changes to the 2021-22 Schools Financial Regulations.

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

- 9.1 Not applicable.

**Report sign off:**

**Gail Tolley**

Strategic Director of Children and Young People

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# **SCHEME FOR FINANCING SCHOOLS**

**2021-22**

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(Updated January 2021)

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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 Board 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 as 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 April 2019, 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 Best Brent, and a full copy will be placed on Best Brent.

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 Board and Head Teacher at every Brent maintained school prior to seeking approval from the Schools Forum.

The members of the Schools Forum representing maintained schools will submit all proposed revisions to the schools forum for approval. 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 Board meeting.

The 3-year budget shall be proposed by the Head Teacher and agreed and set by the Governing Board. It is recommended that a committee of the Governing Board, such as a Finance / Resources Committee, completes the budget preparation work and ratification 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 largely 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.

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

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 the LA is not receiving any of the required returns 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 because of a school's none 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 purpose 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 consider 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 individual responsible for performing the check certifies the inventory.

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 Director of Finance 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 Director of Finance 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 Director of Finance 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 if 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 an 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. The LA issues a Budget Approval form 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. Schools Resource Management**

Schools must seek to achieve effective management of resources and value for money, to optimise the use of their resources and to invest in teaching and learning. 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 auditor appointed by the Governing Board, as minuted in Governing Board minutes should carry out an audit of these funds annually. 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. A qualified accountant who will provide a certificate in accordance with published professional standards must audit funds in excess of £20k. 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 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 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 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 Standing Orders. 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 Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016 (referred to elsewhere herein as "procurement Legislation"), the LA's Financial Regulations and Contract Standing Orders. Each Head Teacher shall maintain and supply the Director of Finance with such information as is required for corporate compliance with these rules.

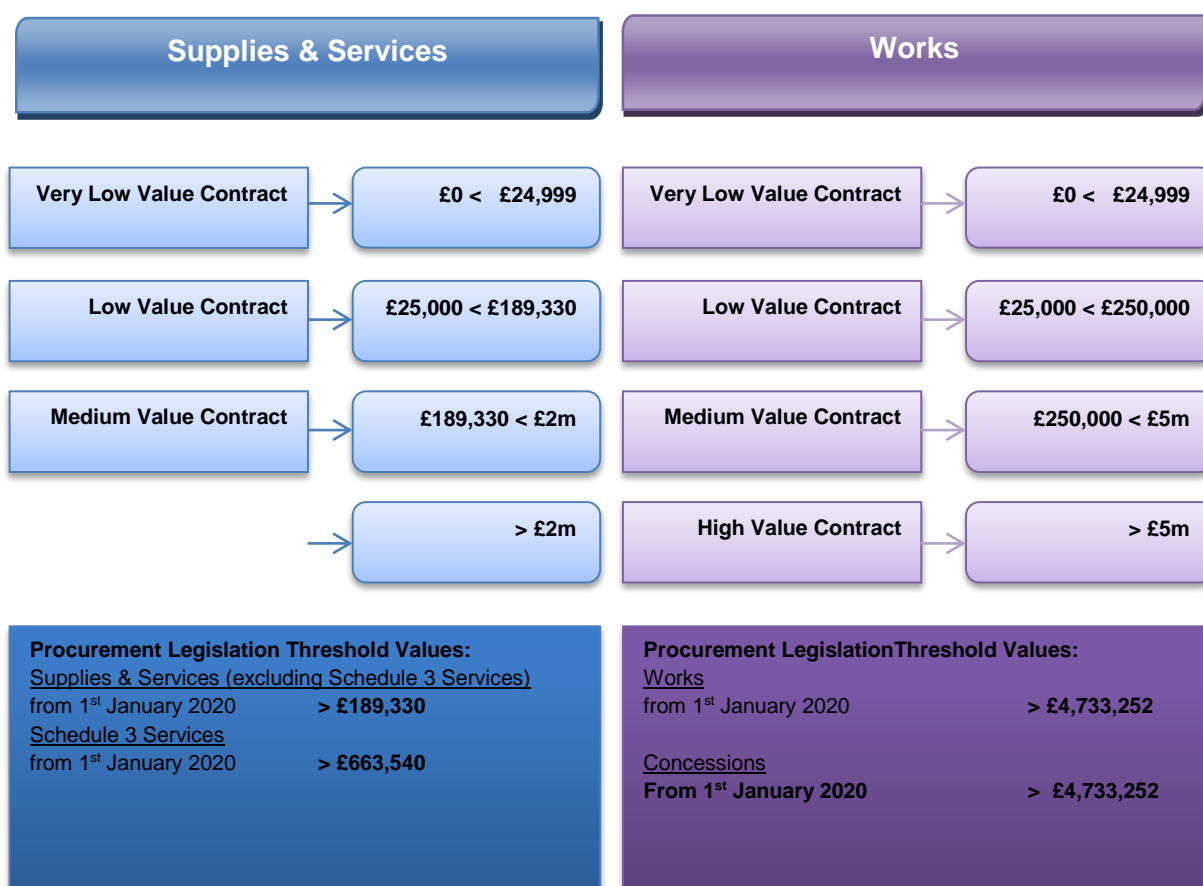
An electronic version of the LA's Constitution encompassing the Financial Regulations and Contract Standing Orders can be obtained here: <http://www.brent.gov.uk/your-council/about-brent-council/council-structure-and-how-we-work/our-constitution/>

A brief overview of the LA's Financial Regulations and Contract Standing Orders is provided below however, the Governing Board must be mindful of referring to and complying the full requirements contained in the LA's Constitution, which may be amended from time to time. Further details are also contained in the Brent's Schools Finance Regulations 2019/20.

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.



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** – The Governing Board must undertake a competitive tendering exercise. Before commencing the tender exercise, formal approval to tender shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility). In seeking approval to tender, a report shall be submitted to the Governing Board or Head Teacher as the case may be, which addresses 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 tendering exercise must be advertised on Contracts Finder, the Cabinet Office facility for advertising tenders. Where the Public



Contract Regulations 2015 or the Concession Contracts Regulations 2016 apply in full to the procurement, a contract notice (advert) must be placed in Find a Tender (the new UK E-notification service which has replaced OJEU for the publication of notices in relation to the procurement of contracts over the relevant Thresholds) as well as on Contracts Finder. 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). Following receipt and evaluation of tenders, approval for the award of contract shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility) by way of a report setting out the outcome of the tender process and evaluation

- **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 requirements for the tender exercise will be as for Medium Value Contracts as set out above. Following receipt and evaluation of bids, further Cabinet authority must 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 Governing Board shall consider whether a contract should be subdivided into lots and if a decision is decided not to subdivide contract into lots, shall record the reason for such decision in writing. Contracts must not however be subdivided into lots to avoid competitive tendering. The estimated value of contracts split into lots shall be calculated using the total value of all lots.

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 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 2020/21.

## **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. 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. In addition, 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 (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010. 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 Director of Finance 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 Director of Finance 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 Director of Finance 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 and from 2017, schools will be required to pay their own Apprenticeship levy under HMRC issued guidelines – 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. 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 LA suspends the school's right to a delegated budget. 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.

The Head teacher and the school Governing Board must approve staff user rights where a school opts to use electronic banking facilities. 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.

If the schools opt to use credit cards or charge cards, no interest should be incurred by the school, with balances fully cleared on a monthly basis.

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

However, the above does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide because 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 Provision**

#### 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 and 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. Therefore, the mechanism will 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 – maximum three years.

The Licensed Deficit process is used by 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. 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 Director of Finance 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.

A school that sets a deficit budget mid-year will be required to apply for a licensed deficit and 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 Director of Finance. 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. 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. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

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

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

Income from boarding charges are 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.

The Governing Board should approve the procedures, 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.

The personal cheques can't be cashed out of money received and under no circumstances; amounts due to the LA must 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) concerning 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 the appropriate phase representatives of the Schools Forum have approved this.

#### **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 there is good reason to charge this to the school.
- 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 LA owns the premises 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 because 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 based on categories of schools except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant.

### **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.

## **SECTION 9: PENSIONS**

### **9.1. 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 monthly 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 appropriate AVC provider in 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 appropriate AVC provider within the time limit specified in the AVC scheme. The Governing Board shall meet any consequential costs from the school's budget share.

For the avoidance of doubt the overall legal responsibility for these activities rest with the school, regardless of whether the payroll provider delivers the work.

<b>Payments of monies due</b>	Monthly contributions – on time and the correct amount, broken down by bands for employee, employer and additional contributions <b>Contributions Schedule - broken down by bands for employee, employer and additional contributions to be provided by the last working day of the month.</b>
<b>Monthly data collection</b>	Supply MDC report in time for submission to Teachers' Pensions and in an agreed secure format

	Errors identified to be cleared within 1 week of notification by LA <b>This process will change during the year because Teachers pensions will be replacing the existing MDC return with the MCR in 2021/22)</b>
<b>End of Year Certificate</b>	This to be supplied to LA by the 30 April in the format notified by the LA
<b>Response to other queries raised</b> There are times where the LA may need to confirm with you missing information on a Teacher's record that is needed to ensure correct calculation of benefit.	2 weeks from notification by the Brent Pensions Team. If unable to respond in 2 weeks then inform the Brent Pensions of the delay

## 9.2. Local Government Pension Scheme (LGPS)

This is a new section in the Scheme for Financing Schools in order to clarify the roles and responsibilities of the Scheme Manager (LB Brent) and Scheme Employers (maintained schools). In addition, it will ensure the services provided by the Scheme Manager are equitable and transparent and it will assist employers in the provision of necessary data.

The Regulations in relation to administration of the Pension Fund are contained in the Local Government Pension Scheme Regulations 2013. This sets out the legal and regulatory responsibilities of the Scheme Manager and Scheme Employers in delivering a high quality administration service to its scheme members. The Pensions Regulator, a public body sponsored by the Secretary of State for Work and Pensions to regulate work-based Pensions, enforces these regulations.

Local Pensions Partnership (LPP), a pension service provider for the LGPS and other public sector pension funds, provides Day to day administration of the Brent Pension Fund. The Scheme Manager retains a small in house team that is responsible for contract management of the LPP and other complex queries.

For Maintained Schools, the table below sets out the main employer responsibilities, with regards to the provision of data. The service level agreement with your payroll provider will determine who actually carries out these activities. Therefore, the table below can be a useful guide when having discussions with your payroll provider to clarify who does what. For the avoidance of doubt the overall legal responsibility for these activities rest with the school, regardless of whether the payroll provider delivers the work.

<b>Payments of monies due</b>	Monthly contributions – on time and the correct amount, broken down by employee, employer and additional contributions
<b>End of year error rates</b> Examples of end of year errors <ul style="list-style-type: none"> <li>• A missing joiner Form</li> <li>• A missing leaver Form</li> <li>• A missing change of hours</li> <li>• A missing notification of absence</li> </ul>	Respond to errors within 10 working days of notification.  If you are unable to respond in ten working days then inform the LPP of the likely time

<ul style="list-style-type: none"> <li>• Return from absence</li> <li>• Missing additional contributions</li> <li>• Significantly low/high pensionable remuneration compared to the previous year with no explanation as to the reason</li> </ul>	frame that you can respond in and advise Brent Pensions of the delay
<b>Submission of year end return</b>	<p>You must submit your year-end return by 30th April each year.</p> <p>If you are unable to submit your year-end return then inform the LPP of the likely time frame that you can provide it and the reason why and advise Brent Pensions of the delay</p>
<b>Response to other queries raised</b> There are times where the LPP may need to confirm with you that a member's record is correct before issuing them with a benefit calculation. It is these types of queries that we are referring to.	2 weeks from notification by the LPP. If unable to respond in 2 weeks then inform the LPP of the likely timeframe that you can respond in and advise Brent Pensions of the delay
<b>On-line access Employer LPP portal "YourFund"</b>	Use of online forms for all relevant tasks
<b>Submission of joiners/leavers</b>	<ul style="list-style-type: none"> <li>• Notification of joiners within 1 month of joining the scheme</li> <li>• Notification of leavers within 1 month of leaving the scheme</li> <li>• Notification of retirement within 1 month prior to the last day of service</li> </ul>
<b>Notification of other changes during employment</b>	Relevant changes e.g. change of hours, absence notification online within 1 month of the event

## **SECTION 10: 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 11: INSURANCE**

### **11.1. 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, paid for from central either 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, and arbitrary minimum level of cover for all school.

Head Teachers must give prompt notification to the Director of Finance 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 12: MISCELLANEOUS**

### **12.1. 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.

### **12.2. 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.

### **12.3. 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.

### **12.4. 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.

### **12.5. 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.



### **12.6. Right of Attendance for Director of Finance**

Governing Boards must permit the Director of Finance of the LA (or any officer of the LA nominated by the Director of Finance) to attend meetings of the Governing Board at which any agenda items are relevant to the exercise of his or her responsibilities. (The Director of Finance'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.

### **12.7. 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.

### **12.8. 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.

### **12.9. '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 Director of Finance.

### **12.10. 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.

### **12.11. 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 13: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE**

### **13.1. Funding**

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

### **13.2. Defining Capital**

Only the LA retains capital expenditure. 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.

### **13.3. 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 14: COMMUNITY FACILITIES**

### **14.1. 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.

### **14.2.**

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

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

Changes made by the Children and Families Act 2014 mean that the Governing Board is no longer required to consult the LA when establishing community facilities under s.27 of the Education Act 2002 and nor do they have to have regard to advice given to them by the LA.

### **14.4.**

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.

### **14.5.**

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.

#### **14.6. 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.

#### **14.7.**

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.

#### **14.8. 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.

#### **14.9.**

S.28 provides that the exercise of the community facilities power be 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. However, schools are 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, 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 wellbeing of children or young people.

#### **14.10. 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).

**14.11.**

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

**14.12. 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.

**14.13.**

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.

**14.14. Treatment of Income and Surpluses**

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

**14.15.**

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.

**14.16. Health & Safety**

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

**14.17.**

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.

**14.18. 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.

**14.19.**

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.

#### **14.20. 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.

#### **14.21.**

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.

#### **14.22.**

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

#### **14.23. 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.

#### **14.24.**

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

#### **14.25.**

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 (47)**

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 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 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 (1)**

PHOENIX ARCH

**PRUS (2)**

ASHLEY COLLEGE  
RIVER COLLEGE





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**APPENDIX B**  
**SUMMARY OF CHANGES:**  
**2021-22 SCHEME FOR FINANCING SCHOOLS**

	Previous Wording	New Wording	Reason for change
	<b>Section: 2.10. Purchasing, Tendering and Contracting Requirements</b>		
Page 93	<p>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:</p> <ul style="list-style-type: none"> <li>a) do anything incompatible with any of the provisions of this Scheme for Financing Schools, or any statutory provision, or any EU Procurement Directive;</li> <li>b) seek LA officer countersignature for any contract for goods or services;</li> <li>c) select suppliers only from an approved list;</li> <li>d) seek fewer than three tenders or quotations in respect of any contract with a value exceeding £25,000, subject to specific listed exceptions.</li> </ul> <p>The Governing Board/ Head Teacher must ensure that they consider quality, economy and efficiency when purchasing supplies, goods, equipment, services and works.</p> <p>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 Standing Orders. 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.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>e) do anything incompatible with any of the provisions of this Scheme for Financing Schools, or any statutory provision, or any Procurement Directive;</li> <li>f) seek LA officer countersignature for any contract for goods or services;</li> <li>g) select suppliers only from an approved list;</li> <li>h) seek fewer than three tenders or quotations in respect of any contract with a value exceeding £25,000, subject to specific listed exceptions.</li> </ul> <p>The Governing Board/ Head Teacher must ensure that they consider quality, economy and efficiency when purchasing supplies, goods, equipment, services and works.</p> <p>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 Standing Orders. 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.</p>	<p>Updated in accordance to document name</p> <p>Updated in line with the legislations that apply</p>

**APPENDIX B**  
**SUMMARY OF CHANGES:**  
**2021-22 SCHEME FOR FINANCING SCHOOLS**

	<p>All procurement by schools maintained by the LA must therefore comply with <b>EU</b> Public Procurement Legislation (the Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016), the LA's Financial Regulations and Contract Standing Orders. Each Head Teacher shall maintain and supply the Director of Finance with such information as is required for corporate compliance with these rules.</p> <p>An electronic version of the LA's Constitution encompassing the Financial Regulations and Contract Standing Orders can be obtained here: <a href="http://www.brent.gov.uk/your-council/about-brent-council/council-structure-and-how-we-work/our-constitution/">http://www.brent.gov.uk/your-council/about-brent-council/council-structure-and-how-we-work/our-constitution/</a></p>	<p>All procurement by schools maintained by the LA must therefore comply with Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016, the LA's Financial Regulations and Contract Standing Orders. Each Head Teacher shall maintain and supply the Director of Finance with such information as is required for corporate compliance with these rules.</p> <p>An electronic version of the LA's Constitution encompassing the Financial Regulations and Contract Standing Orders can be obtained here: <a href="http://www.brent.gov.uk/your-council/about-brent-council/council-structure-and-how-we-work/our-constitution/">http://www.brent.gov.uk/your-council/about-brent-council/council-structure-and-how-we-work/our-constitution/</a></p>	
2. Page 94	<p><b>Supplies &amp; Services</b></p> <p><b>EU Threshold Values:</b> <u>Supplies &amp; Services (excluding Schedule 3 Services)</u> from 1<sup>st</sup> January 2020 &gt; <b>£189,330</b> <u>Schedule 3 Services</u> from 1<sup>st</sup> January 2020 &gt; <b>£663,540</b></p> <p><b>Works</b> <b>EU Threshold Values:</b> <u>Works</u> from 1<sup>st</sup> January 2020 &gt; <b>£4,733,252</b></p> <p><u>Concessions</u> From 1<sup>st</sup> January 2020 &gt; <b>£4,733,252</b></p>	<p><b>Supplies &amp; Services</b></p> <p><b>Procurement Legislation Threshold Values:</b> <u>Supplies &amp; Services (excluding Schedule 3 Services)</u> from 1<sup>st</sup> January 2020 &gt; <b>£189,330</b> <u>Schedule 3 Services</u> from 1<sup>st</sup> January 2020 &gt; <b>£663,540</b></p> <p><b>Works</b> <b>Procurement Legislation Threshold Values:</b> <u>Works</u> from 1<sup>st</sup> January 2020 &gt; <b>£4,733,252</b></p> <p><u>Concessions</u> From 1<sup>st</sup> January 2020 &gt; <b>£4,733,252</b></p>	<p>Contract legislation updated in line with the local authorities Contract Standing Orders</p>

**Medium Value Contract** – The Governing Board must undertake a competitive tendering exercise. Before commencing the tender exercise, formal approval to tender shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility). In seeking approval to tender a report shall be submitted to the Governing Board, or Head Teacher as the case may be, which addresses 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 tendering exercise must be advertised on Contracts Finder, the Cabinet Office facility for advertising tenders. Where the Public Contract Regulations 2015 or the Concession Contracts Regulations 2016 apply in full to the procurement, a contract notice (advert) must be placed in OJEU (Official Journal of the EU) as well as on Contracts Finder. 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). Following receipt and evaluation of tenders, approval for the award of contract shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility) by way of a report setting out the outcome of the tender process and evaluation

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**SUMMARY OF CHANGES:**  
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<div>9.1</div> <div>Page 96</div>	<p><b>Payments of monies due</b></p> <p>Monthly contributions – on time and the correct amount, broken down by bands for employee, employer and additional contributions</p> <p><b>Monthly Data Collection</b>  Supply MDC report in time for submission to Teachers' Pensions and in an agreed secure format</p> <p>Errors identified to be cleared within 1 week of notification by LA  This process will change during the year because Teachers pensions will be replacing the existing MDC return with the MCR in 2021/22)</p>	<p><b>Payments of monies due</b></p> <p>Monthly contributions – on time and the correct amount, broken down by bands for employee, employer and additional contributions  <b>Contributions Schedule - broken down by bands for employee, employer and additional contributions to be provided by the last working day of the month.</b></p> <p><b>Monthly Data Collection</b>  Supply MDC report in time for submission to Teachers' Pensions and in an agreed secure format</p> <p>Errors identified to be cleared within 1 week of notification by LA  This process will change during the year because Teachers pensions will be replacing the existing MDC return with the MCR in 2021/22)</p> <p><b>This process will change during the year because Teachers pensions will be replacing the existing MDC return with the MCR in 2021/22)</b></p>	<p>This section provides clarification to schools on the Teachers Pension and LGPC Pension.</p>



**SCHEME FOR FINANCING SCHOOLS:**

# **SCHOOLS FINANCIAL REGULATIONS**

**2021-22**

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(Updated June 2021)

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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 Finance Director, Governing Boards, Head Teachers and all relevant staff in schools. The Finance Director'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 Finance Director 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 April 2021, 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 Finance Director:
- 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 Director of Finance'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/>

### 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 Director of Finance, 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 Director of Finance 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 Director of Finance 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 Director of Finance 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 Director of Finance 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, Director of Finance 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 Director of Finance 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 over spend occurs when the school has spent more than is available to spend.  
An over spend may occur on individual budget heads.*

- B.8.1 Overspends in school budgets are not acceptable. An over spend 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 over spend. 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 Director of Finance 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 under spend 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 Director of Finance 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 Director of Finance.
- 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 Director of Finance. 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 Director of Finance 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 Director of Finance 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 Director of Finance 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 Director of Finance 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 Director of Finance 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.



## **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 Director of Finance 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.
- E.8.4 The Governing Board shall not enter into a contract for the construction of any works or buildings or, for the acquisition of any vehicles, plant, computer or other equipment through a finance lease, hire purchase or any other form of credit arrangement without prior consent, in writing, from the Director of Finance.



## Income & Expenditure

### E.9 Taxation

- E.9.1 It is the responsibility of the Director of Finance to make arrangements for the completion of all returns to the HM Revenue & Customs (HMRC). Head Teachers must provide information to the Director of Finance 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 Director of Finance 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 Director of Finance is responsible for the preparation and promotion of the LA's risk management policy statement.
- F.1.2 The Director of Finance, 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 Director of Finance 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. Governing Bodies 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 Director of Finance 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 Director of Finance 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 Director of Finance 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 Director of Finance 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 Director of Finance 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 Director of Finance, 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 anybody 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 Director of Finance 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 Director of Finance 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 Director of Finance and the Strategic Director of Children & Young People, considers necessary for the efficient operation of the school's finances under arrangements approved by the Director of Finance.
- 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 Director of Finance 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 Director of Finance 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 Director of Finance 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 Standing Orders can be obtained here:*

*<http://democracy.brent.gov.uk/documents/s93360/Part%202%20January%202020%20Procedural%20Rules%20update.pdf>*

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

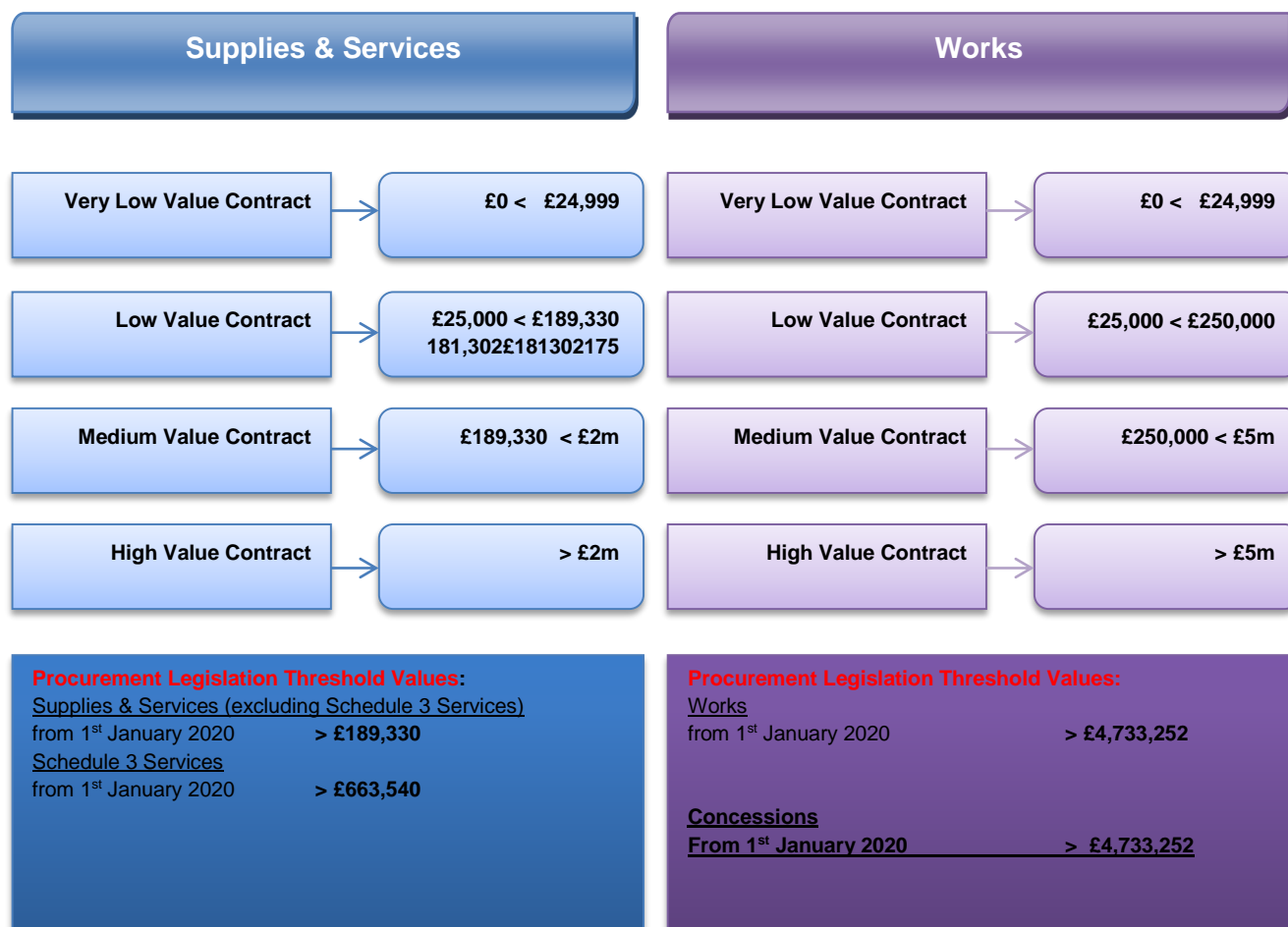
*A summary of the LA’s Financial Regulations and Contract Standing Orders is provided below however, the Governing Board must be mindful of referring to and complying the full requirements contained in the LA’s Constitution, which may be amended from time to time.*

- G.1 All procurement on behalf of the LA must, where applicable, comply with Public Contracts Legislation Regulations 2015 and the Concession Contracts Regulations 2016 (referred to elsewhere herein as “Procurement Legislation”), the LA’s Financial Regulations and Contract Standing Orders.
- G.2 The Governing Board shall maintain and supply the Director of Finance 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.



*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. Before commencing the tender exercise, formal approval to

tender shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility). In seeking approval to tender a report shall be submitted to the Governing Board, or Head Teacher as the case may be, which addresses 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 tendering exercise must be advertised on Contracts Finder, the Cabinet Office facility for advertising tenders. Where the Public Contract Regulations 2015 or the Concession Contracts Regulations 2016 apply in full to the procurement, a contract notice (advert) must be placed in Find a Tender (the new UK E-notification service which has replaced OJEU for the publication of notices in relation to the procurement of contracts over the relevant Thresholds) as well as on Contracts Finder. 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). Following receipt and evaluation of tenders, approval for the award of contract shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility) by way of a report setting out the outcome of the tender process and evaluation.

- **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 requirements for the tender exercise will be the same as for Medium Value Contracts set out above. Following receipt and evaluation of bids, further Cabinet authority must 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 Governing Board shall consider whether a contract should be subdivided into lots and if a decision is decided not to subdivide into lots, shall record the reason for such decision in writing. Contracts must not however be subdivided into lots to avoid competitive tendering. The estimated value of contracts split into lots shall be calculated using the total value of all lots.
- G.6 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.7 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.8 Subject to compliance with the 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, **Audit & Investigations**.
- G.9 Subject to compliance with the 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.10 The LA's Director of Legal & HR and the Director of Finance 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.11 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.12 The Governing Board shall ensure that no contract subject to the full application of the Public Procurement Regulations is awarded without the mandatory 10 days standstill period being complied with.
- G.13 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.14 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 Director of Finance 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 January 2021)

### **NURSERY (4)**

COLLEGE GREEN  
CURZON CRESCENT  
FAWOOD  
GRANVILLE PLUS

### **PRIMARY (47)**

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 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 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 (1)**

PHOENIX ARCH

### **PRUS (2)**

ASHLEY COLLEGE  
RIVER COLLEGE

**APPENDIX D**  
**SUMMARY OF CHANGES:**  
**2021-22 Schools Financial Regulations**

	Previous Wording	New Wording	Reason for change
	<b>Section: G Procurement and Contracts</b>		
<b>G.1</b>	G.1 All procurement on behalf of the LA must, where applicable, comply with EU Public Procurement Legislation (the Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016), the LA's Financial Regulations and Contract Standing Orders.	G.1 All procurement on behalf of the LA must, where applicable, comply with Public Contracts Legislation Regulations 2015 and the Concession Contracts Regulations 2016 (referred to elsewhere herein as "Procurement Legislation"), the LA's Financial Regulations and Contract Standing Orders.	Updated in accordance to document name
<b>G.3</b>	<p>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.</p>	<p>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.</p>	Updated in line with the legislations that apply

<p style="text-align: center;">Page 142</p> <p style="text-align: center;">G.8</p>	<p><b>Medium Value Contract</b> – The Governing Board must undertake a competitive tendering exercise. Before commencing the tender exercise, formal approval to tender shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility). In seeking approval to tender a report shall be submitted to the Governing Board, or Head Teacher as the case may be, which addresses 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 tendering exercise must be advertised on Contracts Finder, the Cabinet Office facility for advertising tenders. Where the Public Contract Regulations 2015 or the Concession Contracts Regulations 2016 apply in full to the procurement, a contract notice (advert) must be placed in OJEU (Official Journal of the EU) as well as on Contracts Finder. 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). Following receipt and evaluation of tenders, approval for the award of contract shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility) by way of a report setting out the outcome of the tender process and evaluation.</p> <p>Subject to compliance with the 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 &amp; HR.</p>	<p><b>Medium Value Contract</b> – The Governing Board must undertake a competitive tendering exercise. Before commencing the tender exercise, formal approval to tender shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility). In seeking approval to tender a report shall be submitted to the Governing Board, or Head Teacher as the case may be, which addresses 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 tendering exercise must be advertised on Contracts Finder, the Cabinet Office facility for advertising tenders. Where the Public Contract Regulations 2015 or the Concession Contracts Regulations 2016 apply in full to the procurement, a contract notice (advert) must be placed in Find a Tender (the new UK E-notification service which has replaced OJEU for the publication of notices in relation to the procurement of contracts over the relevant Thresholds) as well as on Contracts Finder. 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). Following receipt and evaluation of tenders, approval for the award of contract shall be sought from the Governing Board (or Head Teacher where the Governing Board has delegated this responsibility) by way of a report setting out the outcome of the tender process and evaluation.</p> <p>Subject to compliance with the 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 &amp; HR, Audit &amp; Investigations.</p>	
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