



Schools Forum

Tuesday 20 February 2024 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 with the link to attend and view the meeting available [HERE](#)

Membership

Representing

SCHOOL MEMBERS

Nursery

Nisha Lingam
Angela Turner

Head
Governor

Primary

Vacancy
Michelle Ginty
Melissa Loosemoore
Raphael Moss
Vacancy
Vacancy
Michael Odumosu
Ernest Toquie
Cassie Lloyd Perrin

Head
Head
Head
Head
Governor
Governor
Governor
Governor
Governor

Secondary

Vacancy

Head (Maintained)

Special Education Needs

Nick Cooper

Head

Pupil Referral Unit

Ranjna Shiyani

ACADEMY MEMBERS

Primary

Vacancy
Jo Jhally

Head
Governor

Secondary

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

For further information contact: Abby Shinhmar, Governance Officer
Email: abby.shinhmar@brent.gov.uk; Tel: 020 8937 2078

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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 a 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.

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To approve the minutes of the previous meeting held on Thursday 25 January 2024 as a correct record.	
(Agenda republished on 15 February 24 to include the attached minutes)	
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7 Update - Dedicated School Grant Management Plan and DBV Programme	13 - 38
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9 Scheme for Financing Schools and Financial Regulations 2024-25	47 - 150
To update the Schools Forum on the scheme for financing schools and financial regulations for 2024/25.	
10 Any Other Urgent Business	
11 Dates of Future Meetings	
To note the provisional schedule of dates for future meetings during	

2024/25 as follows:

- Wednesday 19 June 2024
- Thursday 10 October 2024
- Monday 2 December 2024 (additional date if needed)
- Monday 27 January 2025
- Thursday 13 February 2025



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- The meeting room is accessible by lift and seats will be provided for members of the public. Alternatively, it will be possible to follow proceedings via the live webcast [HERE](#)

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MINUTES OF THE SCHOOLS FORUM

Held as an online virtual meeting on Thursday 25 January 2024 at 6.00pm

Membership

Representing

PRESENT (all in remote attendance):

Governors

Mike Heiser (Chair)
Martin Beard
Jo Jhally
Michael Odumosu
Ernest Toquie

Headteachers

Nick Cooper
Michelle Ginty
Nisha Lingam
Melissa Loosemore
Raphael Moss

Pupil Referral Unit

Ranjna Shiyani

Early Years PVI

Wioletta Bura

Trade Unions

John Roche

Councillors

Councillor Grahl, Cabinet Member for
Children, Young People & Schools

Officers

Shirley Parks, Director, Education,
Partnerships and Strategy
Olufunke Adediran, Head of Finance
Folake Olufeko, Senior Finance Analyst
Sasi Srinivasan (Early Years Manager)
Abby Shinhmar & James Kinsella
(Governance Team)

1. **Apologies for Absence and Election of Vice-Chair**

Apologies for absence were received from Cassie Lloyd Perrin, Gerard McKenna, Andy Prindiville and Paul Russell.

The Chair also advised with sadness he had to report that following the expiry of her role as a School Governor the membership of Geraldine Chadwick as a Governor representative and Vice-Chair on the Forum had now also now ended. On behalf of the Forum, the Chair took the opportunity to formally thank Geraldine for her

contribution and support during the 10 years as a member and also as Vice Chair of the Forum.

Give the vacancy created as a result the Chair advised that the Forum would need to appoint a new Vice-Chair, with nominations sought at the meeting. As no nomination was received the Forum **RESOLVED** that the appointment of a Vice-Chair be included for further consideration and nomination at the next meeting in February 2024.

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 Thursday 16 November 2023 as a correct record.

5. **Actions arising**

The Forum was advised that –

- **Action Point 89 (Early Years Panel Funding Criteria)** was due to be addressed under Item 7 of the agenda.
- **Action Point 90 (Update on delivery of DVB Programme)** – was due to be addressed at the next meeting of the Schools Forum in February 2024.
- **Action Point 91 & 92 (Mayors Free School Meals scheme)** was due to be addressed advised under Item 6.
- **Action Point 93 (AWPU Funding for each key stage)** – addressed as Appendix A under item 6 of the agenda.
- **Action Point 94 (High Needs Block Deficit Management Plan)** - was due to be addressed at the next meeting of the Schools Forum in February 2024.

6. **Dedicated Schools Grant (DSG) Budget Monitoring report 2022-223**

Olufunke Adediran (Head of Finance, Brent Council) introduced a report setting out the proposed DSG Schools Budget for 2024/25 for consultation and agreement by the Forum ahead of the Council budget to be considered and approved by Full Council in February 2024. The Forum noted the following key points as part of the update provided:

- The Forum was advised that the report focused primarily on the Schools Block, as a separate report had been provided for the Early Years Block, with the High Needs Block due to be a focal point at the February 2024 Schools Forum.
- The DSG funding announcements for 2024-25, as detailed within section 4 of the report, which had included additional funding for the teachers pay award (Teachers Pay Additional Grant TPAG), the provision of additional support for childcare and additional funding for mainstream schools through the Mainstream

Schools Additional Grant (MSAG) that had now been rolled into the National Funding Formula and included in the baseline 2024-25 Schools Block Allocation and an increase in the pupil premium for children looked after by the local authority, adopted or left care.

- The detailed DSG Funding Block allocations for 2024-25 as set out within Table 1 of the report, with Brent to receive a total DSG funding allocation of £397m in 2024-25 compared to £379m in 2023-24 representing an overall increase of £18m.
- The growth funding allocation for 2024-25 had remained the same (£1.2m) as in 2023-24 with the allocation based on the difference between the number of pupils on roll in each school between the October 2022 and October 2023 school censuses and the growth funding allocation included in the overall Schools Block funding for 2024-25.
- The final High Needs Block (HNB) allocation had been announced as £85.0m, which had been £2.8m more than the allocation for 2023-24 and represented a funding increase of 3.5%. This increase had been less than that received in previous years and whilst not contributing towards the projected cumulative DSG deficit of £14.6m it would, however, be expected to contribute towards funding any further additional pressures due to continued increases in the number of ECHPs. It was noted that a more detailed breakdown of the HNB budget was due to be presented to Schools Forum in February 2024.
- Given the current HNB expenditure budget forecast and increase in number of children with Education, Health and Care plans (EHCPs) it had been proposed, in addition to measures outlined in the DSG deficit recovery plan, to transfer 0.5% from the Schools Block to the HNB to mitigate the growing demand, which would equate to a transfer of £1.4m. Members were advised this would bring the total 2024-25 HNB budget to £86.4m and a net budget of £77.4m after deductions for allocations to other local authorities.
- The changes made to the Early Years (EY) funding formula in order to reflect the changes to childcare entitlement which had been included within the Block Allocation and on which a separate report had been provided on the agenda.
- The Central Schools Services Block funding split between two elements: funding for ongoing responsibilities (£55k increase) and funding for historic pension costs for centrally employed teachers (£66k reduction). The Central School Services Block income had been confirmed at £2.1m, representing a small decrease across both elements of £11k compared to 2023/24.
- The Schools Block mainstream funding formula for 2024-25 as detailed within Table 2, which included £2.3m clawed back by the DfE to pay for Non-Domestic Business Rates directly to billing authorities on behalf of schools. The Allocation included £0.7m excluded for the growth fund with £1.4m proposed to be transferred to the HNB. Members were advised the allocation had been reduced by £0.790m for de-delegated funds with £0.519m retained by the council as a contribution towards fulfilling education services including school improvement services leaving a total of £268.77m to be transferred to schools.
- Following previous approval by the Schools Forum, the DSG contribution to central services to fund education functions had been set at £0.6m (made up of a £0.250m contribution from all schools (included in the growth fund allocation) and £0.360m (from maintained schools only). DfE guidance had, however, clarified that the £0.250m contribution could only be charged to the Central Schools Services Block of the DSG and not be funded from the growth fund with this element having subsequently removed from the growth fund, thereby

releasing funds back to school allocations. It was, however, pointed out that this additional cost could not be absorbed by the Central Schools Services Block and would therefore lead to a pressure to be managed against the Council's General Fund budget for 2024/25.

- In terms of the School Improvement Monitoring and Brokering Grant, members were reminded that the government had reduced the grant by 50% in 2022-23 before ending it in 2023-24 with local authorities permitted to de-delegate all improvement expenditure, including all core improvement activities. The Forum had been advised in 2022 that the Council would cover the cost of the 50% (£0.109m) reduction in grant funding which had continued into 2023-24. The Council had, however, now identified the need to make a £50k saving against that budget with members advised that, as a result, it was therefore proposed to increase the de-delegated amount from schools to £0.159m on the basis the local authority would continue to fund the balance of £59k for school improvement services to schools., This was in order to continue supporting the functions of the Setting and School Effectiveness Service, with proposals for 2025-26 to be presented to the January 2025 meeting of the Forum and the resulting budget having been detailed in the budget for education service within Table 2 of the report.
- The proposed funding allocations relating to the de-delegated services and contingencies budget, as set out in Table 3 of the report, with the main changes relating to the funding allocated to support schools in financial difficulty given the increase in schools projecting an in-year deficit (£0.175m), the increase in allocation within the Schools Facing Financial Difficulties Fund (SFFDF) to £0.3m to support the cost of redundancies with further small increases in the funding allocation for licences and subscriptions and maternity and paternity supply cover and Trade Union services.
- The update provided on Brent's current growth fund criteria, with it noted that local authorities would be required, from 2024-25, to provide growth funding where a school or academy had agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment). As a minimum members noted this would require the local authority to provide funding to a level which was compliant with the formula set out within section 8.5 of the report, which the Forum would be required to approve in order to match DfE requirements, given the change in the current basis of allocating growth funding to schools from allocating funds for popular growth to allocating funds for pupil growth to meet basic need, on the basis the former was no longer supported by the DfE.
- Members were also advised there were currently no formal agreements between the local authority and any of the schools to support growth in pre-16 pupil numbers to meet basic need, however there were c65 pupils who were expected to be placed in secondary schools during the year. A budget of £0.116m had therefore been earmarked for arrangements with schools to place these children.
- It was proposed to set aside a growth budget of £0.656m made up of £0.116m to provide extra classes to meet basic need for the pupils on the waiting list and £0.540m for the current Choice Advice and Fair Access Interview (CAFAI) arrangements with 3 schools to continue to meet the local authority's requirement to meet basic need for children who had newly arrived in the UK and required additional educational support.
- Members were advised that for the first time in 2024-25 the DfE had also allocated funding based on both growth and falling rolls. These funds would be

distributed based on the reduction in pupil numbers that local authorities experience each year with the calculation for 2024-25 based on the observed differences between the primary and secondary number on roll between the October 2022 and October 2023 school censuses and the requirement on schools to be Ofsted rated “good” or “outstanding” to be eligible for funding also removed from 2024-25 onwards. It was, however, noted that where local authorities operated a fund, they would only be able to provide funding where school capacity data 2022 (SCAP) showed that school places would be required in the subsequent three to five years. Based on a review of Brent’s SCAP falling rolls had been projected for the next 3 to 5 years for those schools eligible meaning the funding would not apply for the next financial year.

- The update provided in relation to National Funding Formula (NFF) rates, with it noted that the government continued to take a gradual approach to transitioning the local formula progressively closer to the NFF with 2023-24 being the first year of that process. Whilst a fixed target date by which the direct NFF would be in place had not been set members noted the expectation that a move to the direct NFF would be completed by 2027-28.
- The DfE had provided the 2023-24 factor values including an Area Cost Adjustment (ACA) for Brent with minimum and maximum allowable rates also included with local authorities either moving towards the NFF within the allowable rates or using the actual NFF rates. In line with this requirement, members noted the information on the proposed funding factor rates used in setting the 2024/25 Schools budgets, as detailed within Appendix A of the report.
- The local funding formula factors used to set the budgets for 2024-25, which had been designed to maximise the allocation of the Schools Block funding to schools and make use of the increased funding available in 2024-25 to cushion the impact of the transition, as detailed within section 10.3 of the report.
- In considering the update on the Funding Formula, the Forum was advised that the Minimum Funding Guarantee (MFG) threshold range for 2024-25 was between 0% and +0.5% and had been set at the maximum allowable rate of +0.5% enabling the per pupil funding rates to increase by the same proportion. 20 out of 76 schools required an MFG allocation which, under the proposals, had totalled £2.1m. Members noted the adjustment had been included in the overall post de-delegations and education functions budget detailed within Appendix B of the report. This contained an analysis of the funding formula by individual school, giving both the total formula funding and per pupil funding against the previous year, and also reflected changes to the pupil cohort data for individual schools. As a result, it was noted 10 schools would see a reduction in overall budget share allocations for 2024–25 mainly due to falling rolls ranging from a 4% to 22% drop in pupil numbers.
- In terms of an update on split site funding, the Forum was advised that following the government consultation on implementation of the direct national funding formula, the DfE had announced that from 2024-25 a standardised formula would be introduced to calculate the funding for schools with split sites with the aim of ensuring consistency across all local authorities. This had been based on a specific split sites factor involving a basic eligibility and distance criteria with Brent’s allocation for split site funding made up of a lump sum of £151,847, plus £113.70 per pupil along with an allocation for partial funding at a reduced lump sum of £50,000 where schools partially met some but not all of the relevant criteria. Table 4 in the report detailed the 2024–25 split sites funding allocations for schools that met the new criteria with the 2023-24 rates having been included

in the baseline amounts used to calculate each school's 2024-25 minimum funding guarantee and therefore protect schools from losing out as a result of the change. Discussions had also been undertaken with the headteachers at each school to address concerns and respond to queries raised.

The Forum also received an update (in relation to Action Point 91 and 92 from previous meetings) from Shirley Parks, Director, Education, Partnerships and Strategy (Brent Council) on the Mayor's Free School Meals (FSM) pledge for 2024 - 25. The following key points were highlighted:

- Following on from introduction of the FSM scheme during the 2023-24 academic year the Mayor of London had informed local authorities at the start of January 2024 that funding would be continued for the 2024-25 academic year (up until July 2025).
- In announcing the schemes continuation, it had also been confirmed that the proposed price per meal would be increased from £2.65 to £3.00 per meal, which was higher than the government's 2024-25 increased rate of £2.53. Provision would also continue for Kosher meals, although this rate was still to be confirmed. It was confirmed that the enhanced rates provided under the scheme had been designed to enable schools to fund the associated costs such as administrative and staffing costs of delivering additional FSMs although it was recognised that concerns had been highlighted that the rates (especially in relation to Kosher meals) fell short of the actual costs associated with FSM provision which continued to be raised with the Mayor's office.
- Under the scheme FSM would continue to be funded on the basis of a 90% uptake rate with returns needing to be provided by each school to the Mayor's Office in January and March 2024 in order for final claims to be processed. The local authority continued to work with schools in order to provide support, advice and guidance on the submission of these returns.
- It was confirmed that the clawback of funding was not anticipated for any schools reporting take up of less than 90% and at this stage no further details were available on plans for the scheme beyond the 2024-25 academic year.

The Chair thanked officers for the report and asked the Forum if they had any questions in relation to the information provided. As no further questions or comments were raised the Forum **RESOLVED**

- (1) To approve the transfer of (0.5%) £1.4m from the Schools Block to support the High Needs Block. Department for Education (DfE) regulations permit up to 0.5% of the Schools Block funding can be transferred with Forum approval.
- (2) To note the additional funding allocations to Brent, as mentioned in the Government's Autumn Statement 2023.
- (3) To endorse the 2024/25 budget for the DSG Blocks, including the mainstream funding formula, to Full Council for approval.
- (4) To approve 2024/25 growth fund and the change in the current process of allocating growth fund to schools, in line with DfE's mandatory requirements for the treatment of the growth fund allocation

The Chair the invited the Maintained School members represented on the Forum to consider the proposed de-delegation arrangements and as a result they **RESOLVED** (with one abstention) to approve the proposed de-delegation arrangements, as set out within the report, including the proposal to increase the allocation to fund redundancy costs for school-based staff from the de-delegated contingencies budget and the proposal to increase the de-delegated funds from schools to make provisions for the local authority to continue to support school improvement activities.

7. Early Years National Funding Formula 2024-25

Folake Olufeko, Senior Finance Analyst introduced the report, which following the confirmation of the provisional DSG Early Years' (EY) Block funding for Brent, sought Schools Forum endorsement of the local EY Funding Formula for 2024 - 25.

The Forum noted the following key points as part of the update provided:

- The changes introduced by the government in relation to the increase in hourly funding rate for existing childcare entitlements, further investment to enable schools and local providers to set up wraparound childcare provision so that parents of school age children can access childcare in their local area and changes to the Early Years Foundation stage (EYFS) requirements to improve flexibility for providers and workforce support. Having consulted on the EY Funding Formula the key changes identified (as detailed in section 4 of the report) for 2024-25 had been to introduce a new national funding formula for both the existing 2-year-old entitlement for disadvantaged children and the new working parent entitlements for 2-year-olds and under; to introduce three separate hourly funding rates: 2-year-olds, which would be the same for both the disadvantaged and the working parent entitlements; 9-month-old up to 2-year-olds for the new working parent entitlement; and 3 and 4-year-olds for the universal and additional hours entitlements; and to extend the Early year Pupil Premium (EYPP) and the Disability Access Fund (DAF) to eligible children aged 2 and under in receipt of a free entitlement place from 2024/25.
- In terms of the implications for Brent arising from these changes, the 2024-25 Brent EY Block funding had increased by £10.6m to £35.2m compared to 2023-24. Of the £10.6m increase, £6.8m had been allocated for free childcare entitlements for working parents with children under the age of 3. There had also been increases to the funding rates allocated to Brent for the existing 2-year-old, and 3 and 4-year-old provisions.
- The details of the changes in the EY National Funding Formula (EYNFF) funding rates, as detailed within Table 1 of the report.
- The following elements it was proposed to apply to the Early Years National Funding Formula (EYNFF) and allocations for 2024–25 within Brent in recognition of the wider changes being made to childcare entitlements:
 - Funding for 3 – 4 year olds being distributed to providers as a universal base rate plus additional allocations for deprivation and quality supplement, after the 5% reduction for central spend, with the base rate being increased from £4.84 in 2023-24 to £5.39 in 2024-25 on the basis set out in section 6.1 of the report.
 - Following the government's decision to mainstream the teachers' pay and pensions grant into the 2023-24 EYNFF and additional flexibility in terms of planned funding supplements it was proposed to continue using the quality

- supplement to apply the additional flexibility to replace the previous teachers' pay and pensions grant that was paid by the DfE. The quality supplement of 2% would apply to Brent school-based nurseries and PVIs that met the criteria but not maintained nurseries.
- Continuation of the maximum 10% allowable rate for supplements applied to deprivation for 2024-25.
 - The provisional allocation for disadvantaged 2-year-olds in 2024–25 being £4.9m, representing an increase of 44% from the previous financial year based on the base rates detailed within section 7.5 of the report and EYNFF rate for 2-year-old funding being increased from £6.84 per hour in 2023-24 to £9.59 per hour.
 - As a result of a review of the existing arrangements for access to 2 year old free entitlement provision, which had been operating in Brent since 2013 and wider changes proposed by the government in terms of working families from April 2024 it was proposed to change the current approach whereby all 2-year-olds, whether applying for the disadvantaged 2-year entitlement or the 2-year entitlement for working families, were able to access their entitlement the term after their 2nd birthday. Following consideration of feedback from the EY sub-group the Forum noted it was proposed that this change should take effect from 1 September 2024.
 - A base rate of £9.41 for providers of the 2-year-old working parent entitlement. This included a deduction of 0.5% retained for central services as well as £0.13 that was proposed to go towards the Specialist Nursery Panel budget.
 - Given the change (from September 2024) in entitlement for working parents of children aged 9 months up to 2-year-olds in terms of childcare entitlement it was proposed to set the base rate for providers as £13.07 per hour with a 0.5% deduction retained for central services as well as £0.13 for the Specialist Nursery Panel budget.
- In terms of the retention of funding for central spend the DfE had mandated that local authorities pass through 95% of the EY funding to 3-4 year old entitlements as well as extending this pass-through requirement to the disadvantaged 2-year-old entitlement and the new working parent entitlements with the central spend supporting the services detailed within section 10 of the report. Members attention was drawn to Table 2 of the report, which detailed the breakdown of the local funding allocation for central expenditure in comparison to the last financial year, with the percentages set in acknowledgment of both the increase in administration of the expanded entitlements as well as the DfE's plans to increase the pass-through rate to 97% once the new entitlements had been successfully implemented. The proposed central retention for 2024-25 equated to £1.168m, which was an increase of £0.167m from 2023-24. The budget requirement for delivery of the current level of central services and the training offer (as detailed within section 10.2 of the report) was £1.058m which the Forum noted had been acknowledged by the Early Years Funding Subgroup as a valued and required service. The Forum noted the proposed use of the surplus of £0.109m to fund additional resources to facilitate implementation of the expanded entitlements both in terms of administration and working with providers and parents to ensure smooth implementation of services.
 - The continuation of the funding allocation arrangements for the Special Nursery Panel which would include a contribution from the new free entitlements for children of working parents aged 9 months to 3-years-old, at the same rate of £0.13p which equated to £83k.

The Forum was then updated on the following Action points from previous meetings:

Action Point 89: In relation to the previous request to receive details of Early Years Panel Funding decision making criteria, the Forum noted that this had been set out within Appendix 1 of the report.

Continuing with presentation of the report, the Forum also noted:

- The total value of the Early Years Inclusion fund from the EY Block for 2024 – 25 as £0.521m along with the details provided within Table 3 of the report relating to the planned spend for the Specialist Nursery Panel budget, which included a £1.09m contribution from the High Needs Block of the DSG. There was currently an ongoing review of the SENIF panel funding in relation to the contribution from the High Needs Block addressing the need for early intervention to ensure that funding was targeted appropriately and to assess the needs of children at an early stage, on which it was noted a further update would be provided for the Forum at their February 2024 meeting.
- The Early Years' budget based on draft allocations from the DfE and the proposals identified for consideration by the Forum, as detailed within Table 4 of the report.
- In terms of additional funding for Brent maintained nursery schools (MNS) it was confirmed that supplementary funding would continue to be received for 2024-25 with the provisional allocation for Brent being £0.915m which represented an increase of 17.6% from the previous last financial year. Following changes introduced by the government in 2023–24 the proposal relating to the four MNS in Brent was to distribute this funding based on an hourly rate for 2024-25, in line with the DfE's requirements, rather than the previous agreed local formula. As a result, the MNS supplementary hourly rate, inclusive of Teachers' Pay Additional Grant had increased from £5.47 to £6.27 per hour equating to an increase of 15%.
- The consultation undertaken with the Early Years Funding Subgroup (as detailed within section 14 of the report) which had included the hourly rates and the central retention from the EY funding allocation, with the Subgroup having agreed with the proposals to retain 5% from the 3 - 4 year allocation and 0.5% from the under-two and two-year allocations for central support services. The Subgroup had also considered initial findings and draft proposals following the review of Early Years SEND Inclusion funding and had acknowledged the value and quality of specialist nurseries and the important part they played in providing high quality inclusive provision in the borough, with it noted that a further update was due to be provided for the Forum at the February 2024 meeting. Whilst recognising the rationale of the proposed change in access for two-year-olds eligible for the disadvantaged two-year entitlement from the day after their second birthday (a Brent local decision) to the term after their second birthday, as per the requirements of statutory guidance, the Subgroup had not been supportive of the proposal. In considering the feedback from the Subgroup and additional modelling undertaken on the potential impact for providers the Forum noted that it had been proposed the change for the next financial year should not commence until 1 September 2024, in order to allow settings a transitional term to prepare.

The Chair thanked officers for the presentation of the proposals and asked the Forum if they had any questions in relation to the information provided, with the following points discussed:

- Given the pressures being experienced by EY providers, details were sought on whether consideration had been given to the retention of a 3% rather than 5% amount for central services. Whilst recognising the issues raised, Sasi Srinivasan (Early Years Manager, Brent Council) felt it important to also recognise the extent of the support and training provided through the funding which had also been acknowledged and valued by the EY Subgroup. Shirley Parks (Director, Education, Partnerships and Strategy, Brent Council) also assured the Forum of the ongoing review of support being provided which would continue as the change in entitlement arrangements were introduced and with the level of funding retained also having been assessed as minimal when compared to those levels within other local authorities. In recognising the value of the support being provided through the central service support was also expressed, given the extent of the changes proposed, for the use of the surplus identified to assist during the transitional period in terms of implementation of the new entitlement arrangements.

As there were no further issues or comments raised for consideration the Forum **RESOLVED** to:

- (1) Endorse Brent's EY Funding Formula for 2024/25, as supported by the EY Funding Subgroup with the following updates applied to the Early Years National Funding Formula (EYNFF):
 - (a) a universal base rate for Brent providers for 3 and 4-year-old funding of £5.39 per hour. This represents an 11.4% increase of £0.55p from £4.84 in 2023/24.
 - (b) an allocation for deprivation supplement of 10% and quality supplement of 2% for 3 and 4-year-old funding.
 - (c) a base rate of £9.54 to pay Brent providers for the disadvantaged 2-year old entitlement. This represents a 40% increase of £2.70 from £6.84 in 2023/24.
 - (d) a base rate of £9.41 to pay Brent providers for the 2-year-old working parent entitlement.
 - (e) a base rate of £12.87 to pay Brent providers for children aged 9 months up to 2 years.
 - (f) a 5% centrally retained funding by the local authority from the 3 and 4 year-old funding.
 - (g) Following the DfE's extension of the 95% pass-through requirement to the disadvantaged 2-year-old entitlement and the new working parent entitlement from 2024/25, a 0.5% centrally retained funding by the local authority from this cohort.

- (h) Additional funding for some 3 and 4-year-olds, extended to 9 months to 3-year-olds and based on local eligibility, to be allocated to the Under 5s Nursery Panel, and both PVI and maintained providers can apply for this to ensure the funding continues to be targeted at vulnerable children. This follows the DfE's expectation that local authorities have special educational needs inclusion funds (SENIFs) for all children with special educational needs (SEN) eligible for or taking up the new and existing entitlements, regardless of the number of hours taken.
 - (i) In line with the DfE's proposal to roll the teachers' pay and pension grant into the EYNFF from 2023/24 and with the increase in the planned value of supplements to no more than 12% (from 10% previously), it is proposed that the additional 2% continues to be used as a quality supplement to the 3 and 4-year-old funding allocated to providers.
- (2) Note the requirement for local authorities to have a disadvantaged 2-year-old rate that is at least equal to the rate for 2-year-old children of working parents.
 - (3) To agree a change to the current approach whereby all 2-year-olds, whether applying for the disadvantaged two-year entitlement or the two-year entitlement for working families, access their entitlement the term after their 2nd birthday, in line with the timing of the government's funding.

8. **Any Other Urgent Business**

No items of urgent business were raised at the meeting.

9. **Dates of Future Meetings**


To note the schedule of dates for the remaining meetings during 2023 - 24 as follows:

- Tuesday 20 February 2024 at 6pm via Zoom.

The meeting closed at 6:51pm

M Heiser
Chair

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 <p>Brent</p>	<p align="center">Schools Forum 20th February 2024</p>
	<p align="center">Report from the Corporate Director of Children and Young People</p>
<p>Update on the DSG High Needs Block Deficit Management Plan and the Delivering Better Value (DBV) in SEND Programme</p>	
Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
List of Appendices:	Appendix 1 – DfE Annex 1 - Mitigating Items Appendix 2 – DfE DSG Management Plan
Background Papers:	Previous School Forum papers
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	<p>Shirley Parks Director Education Partnerships & Strategy Email: shirley.parks@brent.gov.uk</p> <p>Olufunke Adediran Head of Finance – CYP Email: Olufunke.adediran@brent.gov.uk</p>

1.0 Executive Summary

- 1.1. This report provides an update on progress to date against the DSG Management Plan and an update on Brent's participation in the Department for Education's (DfE) Delivering Better Value (DBV) in Special Educational Needs and Disabilities (SEND) programme, aimed at supporting a reduction in expenditure against the High Needs Block of the Dedicated Schools' Grant (DSG).
- 1.2. The DfE has asked each authority in the DBV in SEND programme to prepare a revised draft DSG deficit management plan that provides a clear picture on how initiatives might impact on the High Needs Block. This is in line with the requirement set out in paragraph 6.2 of the DfE's High Needs Funding Guidance 2023-24, that any local authority with an overall deficit on its DSG account at the end of the financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the department.

2.0 Recommendation(s)

- 2.1 Schools Forum to note the updated Management Plan and update on the DBV in SEND programme.

3.0 Contribution to Borough Plan Priorities and Strategic Context

3.1 This report is linked to the Council’s Borough Plan which aims to support children and young people to get the best start in life, by working in partnership with schools and other partners to ensure access to education is fair and equal.

4.0 Background

4.1 In Brent, the DSG has carried a deficit balance since 2019/20 and the cumulative balance carried forward from 2022/23 was £13.8m. With the current in year forecast deficit of £0.8m, this will increase the overall deficit to £14.6m.

4.2 This pressure has arisen within the High Needs Block (HNB) and the main cost driver of this deficit is the rising number of children with Education, Health, and Care Plans (EHCPs).

4.3 Table 1 below shows the year-on-year increase of EHCPs over the past 6 years. The recent trend shows that the rate of growth has slowed, however there remains a number of children still awaiting assessment before the end of the current reporting year, which is likely to see the percentage increase rising to a projected annual rate for 23/24 of 7%.

Table 1

Financial Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 (Dec)
Number of EHCPs	2,173	2,426	2,784	2,938	3,235	3,430
Brent % Increase	5%	12%	15%	6%	11%	5%
National % Increase	11%	10%	10%	10%	10%	tbc

4.4 The pressure against the HNB of the DSG is a national challenge affecting approximately half of England’s local authorities. In response, the DfE set up three programmes offering support to local authorities to tackle the pressures in the high needs system and for it to be placed on a sustainable footing. The local authorities with the highest DSG deficits have been invited to the Safety Valve programme and there are 20 local authorities on this programme. 55 local authorities with less severe but substantial deficits are part of the Delivering Better Value programme (DBV), which includes Brent. The DBV programme included grant funding of £1m to deliver on the Management Plan. The third programme will be for local authorities at risk of going into deficit and the Education and Skills Funding Agency (ESFA) will be in touch with those authorities in due course.

4.5 The delivery partners for the DBV programme are Newton Europe and the Chartered Institute of Public Finance and Accountancy (CIPFA) and Brent is currently working on delivering actions as part of the previously existing

Management Plan and the opportunities identified as part of the DBV programme which commenced in August 2022.

High Needs Block Current Position

- 4.6 The HN budget, excluding the proportion allocated to academies, is £74.8m. This allocation includes a £1.3m transfer from the Schools Block. The forecast previously reported to Forum in November 2023, showed a pressure of £0.8m. However, the HNB pressure has increased to £1.5m mainly due to an increase in the spend against the Independent and residential settings as a result of the cost of 30 additional children. Table 2 below summarises the block spend.

Table 2 - DSG High Needs Block	2022/23 Outturn	2023/24 Budget	2023/24 Forecast	2023/24 Variance
	(£m)	(£m)	(£m)	(£m)
Place funding in Brent Special Schools and ARPS	2.3	2.3	2.4	0.1
Top ups to mainstream settings in Brent	9.7	9.5	9.4	(0.1)
Top up funding in Brent Special Schools and ARPs	27.5	30.9	31.9	1.0
Recoupment Income	(3.6)	(2.4)	(3.2)	(0.8)
Independent and Residential settings	9.7	10.4	11.5	1.1
Out of Borough Top ups	7.5	9.1	9.0	(0.1)
Post 16 Top ups	3.8	4.2	5.0	0.8
Targeted Funding	0.1	0.0	0.0	0.0
Early Years Inclusion Fund	1.0	1.1	1.1	0.0
SEN Support Services including Education Otherwise / Awaiting Placement	9.3	9.2	8.9	(0.3)
SEN Support	0.1	0.5	0.3	(0.2)
Total Expenditure: High Needs Block	67.5	74.8	76.3	1.5

- 4.6.1 The main pressures in the forecast relate to a £1m pressure against in-borough special schools' (including Academies) top up funding due to an increased number of pupils with special educational needs being placed within the borough. This pressure is offset by (£0.8m) additional income to be recouped from other local authorities that have children placed in Brent schools. Also, a £1.1m pressure against the Independent and residential settings is included in the forecast as a result of increase in the number of

children. The pressure against the post-16 provision has reduced from the £1.1m previously reported to £0.8m following a number of settings confirming their charges to the local authority.

DSG Deficit Management Plan Update

4.7 The existing Management Plan includes longer-term actions to mitigate the deficit grouped into three themes: a) managing demand, b) increasing the sufficiency of local places and c) financial management adjustments. As at Quarter 3 of 2023/24, the forecast cost avoidance against the three themes, equates to c£2m. In addition, to mitigating the pressures against the HNB, a 0.5% transfer from the Schools Block i.e., £1.3m was agreed by Schools' Forum and transferred to the HNB. An update on the three themes are as follows:

- a) **Managing demand** (Cost avoided £0.56m) - involves ceasing EHC Plans following appropriate assessment, with 33 plans having been ceased through this route to date during 2023/24. Separately, cost avoidance has been realised as a result of the introduction of the Graduated Approach to SEND across schools and settings, aimed at the early identification of children's needs and delivery of appropriate support with training provided to improve the capacity of schools to meet pupils needs at an earlier stage.
- b) **Improving sufficiency of local places.** This theme is focused on cost avoidance by reducing the number of children and young people who are placed out of borough or in independent special schools at a higher cost than local provision. This year there have been 34FTE in-borough places created that would otherwise have resulted in an out of borough placement, enabling the avoidance of c£1m. The total number of places to be delivered by the end of 2025 via the existing SEND capital programme is an additional 427 places, including a new secondary special school for children with autism. Any risks to delivery of the capital programme are managed through the Schools Capital Programme Board. The updated management plan has been profiled to reflect the impact of some slippage in timescales.
- c) **Financial management workstream.** This has involved a deep dive into each area of spend to identify efficiencies, including administrative charges to other local authorities for out of borough pupils in Brent and a review of commissioning arrangements that has avoided projected costs of £0.482m in 2023/24.

DBV in SEND Programme update

4.8 Brent is part of this DfE's DBV programme of which the main objective is to identify local and national opportunities to improve the outcomes for children and young people with SEND and achieve this within the available budget. Brent was awarded a grant of £1m to support the reform of the high needs system whiles achieving

efficiencies. As part of the programme for Brent, four main workstreams have been developed and quarterly submissions are made to the DfE with regards to progress. The expectation is that by 2026/27 the actions from the workstreams as a result of the investment from the DfE should lead to cost avoidance of c£2.1m as detailed in Appendix 1. The updates for each workstream are as follows:

a) **Intervention First**

The focus of this workstream is to enable improved outcomes by meeting needs and improving outcomes earlier, avoiding the need for some children to have EHCPs. The underlying evidence showed a post pandemic increase in mental health and wellbeing issues, including diagnosis for ASD/ADHD and CAMHs referrals in 2–10-year-olds. The DBV funding has enabled a new early intervention model to be piloted working with the Harlesden cluster of schools. A team is being created to focus on identifying CYP aged 4-7 for a targeted intervention first programme over 12 weeks with the aim of supporting 96 children over the academic year. The programme will include a school and home plan to strengthen working memory and will be underpinned by the Social Communication, Emotional Regulation, and Transactional Support (SCERTS) model. Focus to date has been on recruiting to a specialist team including a Clinical Psychologist, 2 Child and Family Specialists, an Assistant Education Psychologist and Team Manager. The team have been engaging with school leaders in the Harlesden test cluster to finalise the referral, triage and assessment processes. As of December 2023, schools have been using these to make referrals. 8 referrals have been received from schools since December and have been triaged and direct work has now begun with children, families and schools. Intervention First provision has been progressing and plans to be fully open in early March.

b) **SEND Assurance**

This workstream focusses on the audit of EHCPs and accompanying records of plans for children aged under 7 that include support 26 hours and above and post-16 plans that include support of 19.5 hours and above to assess if this level of support is needed. So far, 300 cases have been audited for under 7s across Brent and all post-16 plans for young people in mainstream schools (106 in total). The team have identified pupils for whom allocated support funding could be reduced. The team will be working with schools to develop a model of support for these children that can be cascaded to the other cases. A process for allocating hours beyond those given at initial plan allocation has also been reviewed to ensure effectiveness.

c) **Workforce and inclusive environments**

This workstream focuses on ensuring schools have the relevant training and workforce experience to support the wide range of needs of children and young people at SEN Support. A survey has been undertaken across all schools and settings to develop a wider understanding of the training that staff

feel they need. Training has been commissioning for SCERTS, Makaton and SEMH/Attachment based support. In addition, one of Brent's special schools trust supports universal training for teachers. At the end of the summer term, a review will take place led by the SEND Support team to ascertain if appreciable impact has been made in children remaining at SEN Support and not requiring an EHC Needs Assessment. Training will also be provided via the SENCO forum to support workforce development for Brent schools.

To enable schools to support a wide range of children at SEN support, £1million capital funding has been set aside to support environmental adaptations that would make more school environments inclusive. Schools have submitted proposals for this investment and so far, 13 proposals have been agreed. Consideration is currently being given to whether this opportunity could also be rolled out to the Private, Voluntary, and Independent (PVI) sector.

d) **Commissioning**

This workstream is reviewing the High Needs Block contribution to the Early Years Inclusion fund (EYIF) to ensure that the funding is used in an effective manner to contribute to cost avoidance against the HNB. Options have been discussed with the Early years Sub-group and a child level allocation system is being considered.

There is a banding review underway to move away from the current hours led system to a needs-led, provision-based approach for the Mainstream schools and Additional Resource Provisions (ARPs).

A speech, language and communication needs (SLCN) review is underway to consider options and recommendation(s) to model new ways of working across system partners to support children and families, from universal support to targeted support identified in EHCPs. This has involved benchmarking the current service commissioned by the council against other LAs, undertaking needs analysis and capacity across Brent as well as identifying current gaps and potential areas of efficiency. Working with key partners such as the SLCN provider and Public Health, parameters of collaboration, scope and priority areas for reshaping the SLCN funding model are being agreed. Reviewing the current specification and operational delivery has commenced in partnership with Public Health in relation to how the commissioned service interfaces with the universal communication needs offer. Discussions have taken place with the service provider, sensitive to concerns of the provider on potential impact to staff. Service changes will be implemented through a procurement process for a reshaped SLCN commissioned service, to commence delivery from March 2025.

4.8 In the autumn of 2023, the DfE communicated to all DBV authorities a requirement to produce revised DSG deficit management plans (see Appendix 2). The required template for submission and accompanying guidance for local authorities was intended to help local authorities develop further evidence-based and strategic plans covering the provision available for children and young people with SEND. The DfE's expectation is that local authorities' management plans will focus on how they will bring in-year spending in line with in-year resources.

4.9 The timescales given to produce the Plan on the DfE's template have been challenging but have been achieved and the required documentation were submitted on 19th January 2024. The DfE required three sections on their template to be populated:

4.9.1 The '**Summary**' section provides an opportunity for the authority to explain the basis of the assumptions around the unmitigated forecasts and the authority's associated strategy for managing such pressures. There is also an '**LA Specific**' tab that provides more details to enable the authority to set out any risks associated with the planned mitigations, such as whether formal approvals have been secured, as well as an outline of how the plan will be delivered.

4.9.2 The '**Financial**' section – focusses on the aspects of income and expenditure that impact on the High Needs Block. Table 2 below shows that if no action is in place, the HNB spend could grow to £104.8m by 2026/27 (i.e., this would lead to the deficit being £43.3m by 2026/27). However, the actions in the management plan will reduce the forecast spend to £95.4m by 2026/27 and the deficit could still grow from £13.8m carried forward from 2022/23 to £19.6m by 2026/27. The actions do not clear the deficit and there is a risk that if EHCP numbers continue to grow and funding does not increase accordingly, it will remain a challenge to clear the deficit.

Table 2

	2022-23 £,000s	2023-24 £,000s	2024-25 £,000s	2025-26 £,000s	2026-27 £,000s
Planned DSG position (surplus)/deficit	£13,828	£14,720	£17,524	£19,167	£19,558
Unmitigated expenditure forecast		£90,852	£95,734	£100,317	£104,773
Savings forecast		£2,917	£3,479	£6,485	£9,400
Mitigated expenditure forecast		£87,935	£92,255	£93,832	£95,373

4.9.3 The assumptions included in the Management Plan are as follows:

- HNB funding for the next few years will see growth of 3% from 2024/25 onwards. It should be noted that growth in previous years ranged from 8% - 13%.

- The rate of growth for demand for EHCPs assumes an increase of 7% in 2024/25, which is the average of historic percentage increases and assumes a 1% reduction in the rate of growth as actions against the Plan take effect in future years.
- The inflationary amount applied is the CPI rate as at November 2023 of 3.9%.
- The savings are mainly cost avoidance as a result of the mitigating items listed in Appendix 1 by 2026/27. The cost avoided would be c£9.4m which consists of £7.3m from the existing plan and £2.1m from the DBV opportunities identified.
- That there will be a year on year 0.5% Schools Block transfer of c£1.3m to the HNB agreed by Schools' Forum.

4.10 The Management Plan was signed off by the Corporate Director of CYP and the Corporate Director of Finance and Resources and submitted to the DfE on the 19th of January.

4.11 A further “**CYP**” section has been completed to reflect the trends in EHCP growth by age-group and primary need.

5.0 **Stakeholder and ward member consultation and engagement**

5.1 Schools Forum is regularly kept abreast of the DSG including the Management Plan. The Lead Member for Children, Young People and Schools is regularly updated on matters related to the DSG including SEND. The DSG Management Plan is also presented at the High Needs Block Sub-group of the Schools' Forum.

6.0 **Financial considerations**

6.1 The current Management Plan including the DBV benefits will not recover the deficit by 2026/27 and Table 2 above shows that the deficit is at risk of growing from £13.8m carried forward from 2022/23 to £19.6m by 2026/27.

6.2 There remains a risk that the number of children and young people with Education Health and Care Plans (EHCPs) will continue to grow but the HNB funding will not increase in line with continued growth. Over the years, this has created financial pressures with many authorities holding deficit balances. In addition, the impact of the cost-of-living crisis could still see providers requesting high inflationary price increases.

6.2 The statutory override in place to carry forward a deficit balance against the DSG is due to end by 2025/26 which would possibly put a significant risk against the Council's General Fund reserves.

7.0 Legal considerations

7.1 There are no legal implications directly arising from this report.

8.0 Equality, Diversity, and Inclusion (EDI) considerations

8.1 The key groups affected by the proposals are children and young people with SEND aged 0-25 in Brent. The Council is committed to inclusive education for all children and young people with SEND in mainstream schools, additionally resourced provision in mainstream schools and within special schools.

9.0 Climate Change and environmental considerations

9.1 There are no climate change and environmental implications directly arising from this report.

10.0 Communication considerations

10.1 Not applicable.

Report sign off:

Nigel Chapman

Corporate Director of Children and Young People

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Annex 1: Template that shows the breakdown of planned savings to mitigate the cost pressures on the DSG High Needs Block

London Borough of Brent – 19th January 2024 Submission

a. Existing Mitigations

Description of existing mitigations	Brief outline of what it involves	Potential in-year financial impact				Key risks to implementation and potential mitigations
		2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	
Managing Demand	EHC Plans ceased to maintain. Following annual reviews considering if children and young people have met their outcomes and if an EHC Plan is needed going forward. Also recording cost avoidance for other plans that have ceased.	400	400	400	400	Demand for EHCPs continues to increase despite actions due to population needs. Mitigation – all strategies are working towards providing a more robust local offer to meet need.
	Reducing costs through managing demand for EHC plans has involved rolling out the Graduated Approach Framework (GAF) to SEND across 88 schools and 200 settings since the academic year 2021/22, aimed at the early identification of children’s needs and delivery of appropriate support. Training to improve the capacity of schools to meet pupils needs early was commissioned through the SEN Support Fund and the Inclusion Service has provided focused support for Special Educational Needs Co-ordinators (SENCOs) through school cluster groups.	149				School increase exclusions as they are unable to meet the needs of pupils with complex needs, increasing alternative provision placements. Mitigation – development of the Brent Inclusion Plan with schools and strategies for supporting pupils. This cost avoidance associated with the GAF is only reflected in one year as there is a link to the DBV opportunities “Targeted Support” below. The Schools Block settlement 2024/25 still represents real cuts for schools leading to more school budgets being under pressure.

Improving sufficiency of local places	The improving sufficiency of local places theme is focused on cost avoidance through reducing the number of children and young people who are placed out of borough or in independent special schools that cost more than local places and also incur additional transport costs. The Council is investing £44m to deliver 427 additional SEND places in the borough, including a new special school.					Delays in meeting the capital programme plan for the expansion of resourced provisions and special schools. Key mitigations include consideration of the development of satellite provision in primary schools and refurbishing classrooms to hold smaller resource bases.
	Establishing a new secondary special school in Brent that will provide 150 places.	330	795	1,393	2,094	
	Increase ARPs. 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).	115	357	1,224	1,495	
	Increase in Special School Places.	586	1,385	2,183	2,905	
	Alternative provision - Broadening the cohort of CYP with additional needs in borough accessing Ashley College on site as a respite or transition provision.				110	
	New post 16 Skills hub is being established, with two potential sites. This a partnership project with capital investment from Brent Council to develop pathways and training through a new post 16 skills hub to help meet the demand for education places for young people 16-25 with SEND.				100	
Financial Management	Reduce the DSG funded SEN support services – Voluntary Redundancies.	120				
	Administrative charges – other Local Authorities.	72	77	82	87	
	Commissioning Arrangements – Cost avoidance because of negotiations of fee increases mainly work with the Commissioning Alliance.	179	150	150	150	
	Various in-year underspends against the SEN Services, medical budget savings, in-year vacancies etc.	966				
Total Mitigating items		2,917	3,164	5,432	7,341	

b. DBV Diagnostic initiatives

Description of DBV diagnostic initiatives	Brief outline of what it involves	Potential in-year financial impact				Key risks to implementation and potential mitigations
		2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	
Opportunity 1 – Targeted Support (Stretched)	Supporting the goals and aspirations of the child can be achieved without the need for an EHCP.		47	332	877	Financial impact on schools in particular primary schools, - due to the withdrawal/reduction of EHCPs, changes to the resourcing of EHCPs, or reviews of how funding is being used in schools. Implementation of this DBV initiative will need to be carefully managed so as not to destabilise school finances. Mitigation options include the phased introduction of changes based on a risk benefit analysis.
Opportunity 2 – Shorter Duration New EHCPs (Stretched)	Achieving the goals and aspirations of the child through the right duration in mainstream support (time limited EHCPs)		3	24	66	
Opportunity 3 – Fewer Hours New EHCPs (Stretched)	Ensuring the right level of support for the child's goals and aspirations at the start of provision in Mainstream		5	37	96	
Subtotal			55	393	1,039	
Opportunity 2 – Shorter Duration existing EHCPs	Achieving the goals and aspirations of the child through the right duration in mainstream support (time limited EHCPs)		110	361	572	
Opportunity 3 – Fewer Hours existing EHCPs	Ensuring the right level of support for the child's goals and aspirations at the start of provision in Mainstream		149	299	448	
Subtotal			259	660	1,020	
Total cost avoidance linked to DBV benefits			314	1,053	2,059	

c. Opportunity areas discussed with your SEND Advisor AND anything else developed since Stage 1

Description of opportunity areas	Brief outline of what it involves	Potential in-year financial impact				Key risks to implementation and potential mitigations
		2023-24	2024-25	2025-26	2026-27	
Review of commissioning of PRU provision	A review of the Medical PRU is already included in the LA's management plan. A discovery and analysis phase will take place to identify any further actions to drive efficiencies that would be included into a delivery plan from September 2024.	To be clarified following discovery phase				There is a risk that the local PRU providers do not have the facilities to expand/change their offer. Mitigation would be to identify alternative sites.
Review of commissioning post-16 places	The management plan includes a review of commissioning. A discovery and analysis phase will take place over the next 3 months to scope any further actions in relation to post-16. This is likely to include development of a banding approach to post-16 Element 3.	To be quantified following discovery phase				A new commissioning /procurement plan might not be accepted by post-16 providers. Mitigation will involve developing the new system with providers.
	Subtotal	TBC				

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SUMMARY	2023-24	2024-25	2025-26	2026-27	
Existing Plan	2,917	3,164	5,432	7,341	
DBV Submission Opportunities – Stretched Target		55	393	1,039	
DBV Opportunities – Existing Cohort		259	660	1,020	
SEND Advisor opportunity areas					Yet to be quantified within three to nine months.
Total Deficit Management Plan Forecast Mitigating items	2,917	3,478	6,485	9,400	

Guidance on what financials to put into the tables:

1. If a saving is a one-off it should only be included in the financial year it has an impact
2. If a saving is recurring, then it should appear in each financial year.

Summary: Financial / Children and Young People (CYP) narrative

Financial plan narrative

Brief description of how we are managing the pressures on the DSG:

The local authority has identified the HNB as a significant risk to the Council's overall financial position. As such the pressures on the DSG are monitored regularly as part of the budget monitoring process and presented on a quarterly basis to the Corporate Management Team (CMT) chaired by the Chief Executive, presented to Cabinet members and to Schools Forum.

A deficit management plan has been developed that incorporates the mitigations that have been established to address the deficit position. Prior to the DBV programme in place, the Council's plan was developed with three themes to reduce the deficit, and these include managing demand for EHCPs, improving sufficiency of places and financial management. These continue to be the anchor themes in the existing Management Plan.

There is a bi-monthly meeting chaired by the Corporate Director, Children and Young People to provide oversight and review actions against the Management Plan.

High needs trends

Our strategy for managing the number of CYP receiving individual funding from the high needs block:

The core reason for the increase in the DSG deficit has been the significant growth in identified SEND needs delivered through Education, Health and Care Plans (EHCPs) and those identified as requiring support in early years provision.

The historic deficit was primarily because of a shortage in sufficiency of local places with too many pupils being educated out of borough and in independent non maintained special schools as opposed to locally maintained special and mainstream schools. The first deficit management plan was established to address these needs by the implementation of a Brent graduated approach response to ensure the right support at the right time to manage demand, improving the sufficiency of places in the borough and improved financial management which included reviewing commissioning arrangements and reviewing services funded from the HNB.

Research underpinning the Delivering Better Value (DBV) Programme confirmed a need to increase funding for schools and settings to meet the needs of children, particularly under the age of 7 given greater awareness of high rates of child development issues (exacerbated by deprivation and the pandemic) a post-pandemic skills gaps and high rates of children aged 3-4 diagnosed with autism. Additionally, the DBV research identified that support to pupils through an EHC Plan tended to last for longer and with greater financial input than in neighbouring authorities. The DBV plan has been developed to focus on remodelling how needs are met across the SEND system earlier, through targeted intervention (pre EHCP) and where EHCPs are in place with a focus on outcomes and reviews of progress that lead to more time limited EHCPs or reducing levels of support over time for most pupils.

Outcomes

How our management plan will ensure the best possible outcomes for children and young people with special educational needs and disabilities (SEND) in the local area:

Managing Demand

1. Promotion of the Graduated Approach and being clear of the expectations of schools and settings on meeting pupils needs at the SEND Support stage wherever possible. Brent's Graduated Approach involved extensive costing and evaluation of the most common interventions schools were using, referring to the Educational Endowment Foundation (EEF) for impact as well as other evidence sources.

Improving sufficiency of places.

2. A capital programme to increase SEND places in borough through the provision of 427 new places. This is to provide a new special school, more Additionally Resourced Provisions (ARPs) and expansions to existing special schools. This will ensure needs are being met in the local area rather than the needs for out of borough placements.

The DBV Programme is split across 3 main areas.

1. A test and learn programme called Intervention First (IF) delivered in one school cluster, whereby outcomes are monitored against control groups in four other school clusters in Brent. The intended outcome is earlier identification and support for young people at the SEN support stage, mitigating the need to request a statutory assessment.

2. A test and learn review of 0–7-year olds' EHCPs with a view to amending school and pupil provision maps and refocussing how resources are being used to greatest impact. This will identify areas where costs can be reduced and facilitate system change in the way that funding is allocated to EHCPs.

3. The remodelling of how early years funding, mainstream banding, and funding to meet the communication and speech and language needs of children is being used to maximise early impact. Outcomes will be monitored and tracked at a pupil level and whole school level, through an evaluation framework.

Local Authority (LA) Specific Narrative

Data

Where we are up to with data and forecasting.
 Use of benchmarking data and what it tells us.
 Support needed around data.

Significant work was undertaken as part of the DBV programme to understand demand and spend trends and to support better forecasting of spend against the HNB. There is a clear understanding of the long-term opportunities of delivering the management plan alongside the risks, limitations and interdependencies.

Relevant data is shared efficiently across the local authority, particularly between finance/budgets and SEND data to allow for a joined-up approach. This builds on the analysis undertaken by the DBV programme.

Over the last twelve months, a comprehensive data dashboard and tracking system has been developed across SEND Services which incorporates a wide range of meaningful data sources and benchmarking data, for example, CENSUS, SEN2 analyses and published national and London benchmarking data. The dashboard covers requests for assessment and related decisions. This has enabled the local authority to identify needs and demand patterns in individual schools. Where appropriate there is area specific data sharing with other local authorities. Using training data and professional assessment on the onboarding of the graduated approach, the local authority has identified schools who require more targeted support on their inclusion journey.

Assumptions

How we have arrived at the projected numbers in our plan - Methods/calculations used to arrive at the figures.
 Assumptions made and why.
 What further work needs to be done

Assumptions include a review of past throughput and mitigations put into place. A placement stability analysis of the last 3 years identified that decision making at panel was in the main accurate.

Type of expenditure	RAG	21/22 (Actual Expenditure £'000)	25-26 (Projected Expenditure £'000)	Description for RAG rating
Top up Funding	Red	53,574	66,654	• Top up funding is calculated based on a flat 7% increase. The same number is used as a percentage increase for EHCP projections. It is highly unlikely that the top up funding will only reflect the increase in EHCP numbers. This implies that there will be no inflation over this period.
Place Funding	Green	9,641	12,914	• Place funding has a 7% associated increase. This is likely to be accurate as place funding increases in line with EHCP numbers.
Employees & Services	Yellow	8,399	9,902	• Expenditure associated with employees and services is forecasted at a flat 4% increase adjusted for pay rises and inflation. Current estimations for inflation range between 8-11%, but this is unlikely to be immediately reflected on salaries.
Adjustment for Management Plan mitigating items	Green	N/A	2,082	• Assumptions in this category are around recurring mitigations, mainly the 0.5% schools block to HNB transfer. This is likely to continue.
DSG Allocation	Green	66,396	83,505	• Based on DfE guidance of % increase of 5% for 2023-24, 3% for 2024-25, and 3% for 2025-26 there is no evidence to suggest this will not be accurate.

- For 2023/24, the unmitigated forecast has been revised by inflating the 2022-23 outturn by 11% based on the growth in the number of EHCPs.
- For 2024/25 the top up funding and place funding have been inflated by 7% and INMSS demand is inflated by 4% in line with the DBV submission to reflect the unmitigated forecast. However inflationary assumption for non-placement costs and the INMSS inflationary cost increases are assumed at 3.9% as at November 2023 CPI.
- 2025/26 Top up funding and place funding have been increased by 6% and inflation remains at 3.9%, INMSS assumptions are the same for 2024/25.
- 2026/27 Top up funding and place funding have been increased by 5% and inflation remains at 3.9%, INMSS assumptions are the same for 2024/25.

The DBV diagnostic process showed that the pressure was mainly driven by numbers rather than increases in costs. The top up funding is allocated using a banding system which has not been increased in the past few years.

- The DBV submission of £103m to the DfE included the recoupment income from other local authorities which is excluded from the DfE template and shown on a separate other income line. Excluding the income from the DBV Submission figure would mean that the 2026-27 figure would have led to a total of £106.154m. Based on the revised assumptions in demand and inflation growth, this reduces the unmitigated forecast 2026/27 to £104.773m excluding other local authorities recoupment.

EHC plans

Main drivers statistically regarding EHC plan rates.

Projected trends.

Key pressure points.

Explanation of figures input within the Placement tabs and CYP tab

2024 Forecast - 5.4% (3,430 EHCPs)

2025 Forecast - 7% (3,670 EHCPs)

2026 Forecast - 6% (3,890 EHCPs)

2027 Forecast - 5% (4,085 EHCPs)

1. ASD diagnosis under the age of 5.
2. Issues relating to additional speech, language and communication needs moving in from pre-school to primary phase.
3. The current pressure on secondary provision has already been acknowledged which is why the LA is building a new special secondary school This demand will run into the post 16 phase and a range of programmes are aimed at managing this, including the supported employment work that is underway and post-16 skills resource development to support routes into employment.
4. Capital builds to deliver additional local places are not all yet in place, with delays as a consequence of the wider financial crisis that has impacted on the construction industry. This means that provision for more complex young people (special school and Additionally Resourced Provisions), that will also serve as peer support networks for our mainstream schools, has not opened in the timescales anticipated.
5. The forecast for EHCP assumes an increase of 7% for 2024/25 which is based on a 2022- 2024 historic trend and assumes that the workstream to manage demand will reduce by 1% year on year i.e 2025/26 6%, 2026/27 5%.

Our strategies to manage demand pressures and the overall increase in numbers requiring support from the high needs block, eg appropriate processes and challenge.

How we are ensuring EHC plans are given out at the appropriate level.

DBV programme is focused on exploring provision mapping at school level, child level; resource allocation at child and school level; and designing a new pre EHCP intervention programme.

The management is supported by system forums and working groups to share expertise and good practice. There is a multiagency panel for decision making on whether to agree to assess and on suitability of placements.

Cross borough working is being explored to meet NWL health agenda including the principles and allocation of funding across Early Help. Also reviewing funding into therapies and models for therapy delivery.

As the DBV is being undertaken in a test and learn environment a new communication and engagement strategy will be required for parents/carers and professionals (including SENDIASS) both with an EHCP and without.

Specialist SEN support services support children and young people in schools and colleges. Additional support is provided via SENCO forums, surgeries, and SEN support in schools. Training programme has been designed to support SENDCOs in the area that they have asked support in, and appropriate training has been commissioned for ARPS to ensure that there is scope for wider delivery and in reach/outreach services to our mainstream settings. The graduated approach framework has been redeveloped to ensure that we are able to reach as many settings as possible in their inclusion journey.

Demand pressures are managed through tight oversight of placement requests, key phase transitions, and a review of transitions post 14 across health and social care services. The DBV is reviewing resources allocated per capita and by school - thereby identifying any trends or patterns and if reduced the risks associated at school and pupil level.

Senior leadership team across the Council meet to review the pressures associated with the HNB and monitoring of the deficit management plan.

Other pressures

Key pressures on the high needs block, aside from EHC plans.

Trends

A key pressure is falling rolls in primary and associated pressures on school budgets.

Our strategies to manage pressures on the high needs block.

Our savings proposals.

The strategies to manage the pressure include:

-Reducing costs through managing demand for EHC plans through rolling out the Graduated Approach Framework (GAF) to SEND across 88 schools and 200 settings aimed at the early identification of children's needs and delivery of appropriate support. Training to improve the capacity of schools to meet pupils needs early was commissioned through the SEN Support Fund and the Inclusion Service has provided focused support for SENDCOs through school cluster groups. Ongoing development of the training programme that is available to our schools is targeting the needs areas that they have identified. The local authority has put in place a number of strategies to support growing numbers of children who are experiencing emotionally based school avoidance, including a toolkit, support through the Educational Psychology team and the Wellbeing and Emotional Support Team (delivered by the Anna Freud Centre).

-Improving sufficiency of local places focused on cost avoidance through reducing the number of children and young people who are placed out of borough or in Independent Special Schools that cost more than local places and incur transport costs. Addressing the sufficiency of local places for Brent children with SEND of both primary and secondary age, and for the 16-25 age group is a Council priority as set out in the School Place Planning Strategy 2024-2028, not only to meet demand but to reduce dependency on out-of-borough independent special schools that are not close to families support networks. Brent Council has committed investment of over £44m to develop additional specialist places across mainstream and specialist provision, including a new secondary special school, Additionally Resourced Provisions and a Post-16 Skills Resource Centre for young people with SEND. The building programme is underway and some of these places are already available. Despite the planned capital investment, increasing demand means that further local specialist places are needed. Planning work has commenced to identify potential schools site for special school satellite provision.

-Financial management by taking a deep dive into each area of spend to identify efficiencies and charging an administrative cost to ensure that there is full cost recovery from other local authorities that place pupils in Brent Special Schools.

-The DBV opportunities identified include:

Financial Impact of Opportunities

Setting	Opportunity	Full Benefit Opportunity	5 year cumulative benefit 22-27 (Stretch)	5 Year Cumulative Benefit 22-27 (Brent Confidence Weighted)
Mainstream	Supporting the goals and aspirations of the child can be achieved without the need for an EHCP	£2.6M	£877K	£643K
	Achieving the goals and aspirations of the child through the right duration in mainstream support (time limited EHCPs)	£203K	£66K	£48K
	Ensuring the right level of support for the child's goals and aspirations at the start of provision in Mainstream	£265K	£96K	£71K
Total		£3.0m	£1.0m	£762K

Population

Information around population growth.

Assumptions made and why.

Population growth – projections are provided by the GLA and factored into assumptions for EHP growth and pupil population change over time The latest forecasts are based on the 2021 Census and reflect lower migration patterns in Brent. "<https://data.brent.gov.uk/dataset/29kgo/2021-census-first-release>"

Sufficiency

(Detailed narrative around each placement type should be added in the placements tab)

Work we have done around sufficiency - forecasting pupil numbers/SEND place planning.

How we are ensuring we have provision in place for all CYP with different needs and how we are ensuring the quality of that provision.

How external placements are commissioned and reviewed to ensure value and quality.

The School Place Planning Strategy 2024 – 2028 that was agreed by Brent Cabinet in October 2023 includes the latest projections for pre-school, primary, secondary and post-16 and children and young people with SEND. The new strategy builds on the School Place Planning Strategy 2019-2023 which was updated annually with the latest forecasts and approved by Cabinet. The Strategy identified the need for additional special school places based on the projections and formed the basis of discussions with mainstream and special school providers to develop additional local places, including Additionally Resourced Provision to increase the rate of pupils in mainstream.

The projections form the basis of a SEND capital investment programme of £44m of with a further £10m SCIL and £4m SEND funding allocated for post-16 activity. This investment should lead to a reduction in the numbers in INMSS and a move back to local special schools where possible. The LA wants to offer local placements wherever possible. External places are currently commissioned on a needs basis although, parental preference does play a significant part in some cases.

Independent placements are spot-purchased from a preferred provider list and the LA works with the regional Commissioning Alliance on fee negotiations. For independent placements and alternative provisions the LA has a quality assurance protocol that involves an annual quality assurance visit to each provider to assess the quality of their offer to meet pupils' needs. The protocol includes the LA instigating an immediate quality assurance visit when a provision's updated Ofsted grading is less than good.

Capital

Brief overview of plans for capital investment and how this will support our overall high needs strategy.

(Detailed narrative around each placement type should be added in the placements tab)

A full capital programme plan is underway to provide 427 new places pre-16. This includes a new secondary special school following completion of the school presumption process and up to 12 new additional resourced provisions. Further work is being undertaken on opportunities to provide satellite specials on existing school sites where there is capacity and further secondary resourced provisions. Through the DBV programme, a project to improve the inclusivity of learning environments through for example sensory areas in schools and soft play is underway.

A new post-16 skills centre is set within the Welsh Harp Horticultural Centre and a newly proposed 14+ campus will also expand opportunities for supporting young people to return to Brent maintained provision and to develop skills to move into employment

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Early years (EY)

How we envisage changes in early years policy having an impact.

Strategies to support early years.

The Early Years intervention fund that supports children with SEND in pre-school and funding for speech and language therapies is being reviewed as part of the DBV, to ensure the resources impact on outcomes.

The DBV programme is focusing on children in pre-school to age 7 with the roll out of a new intervention programme and training initiatives such as SCERTS a total communication programme. The Early Years Inclusion Team works with settings (nurseries and PVI's) to improve their responses to young people with SEND. This work is aligned with the Best Start for Life Programme supporting families with the early identification of children with SEND through Family Wellbeing Centres.

Strategy and approach to workforce

Is there enough capacity and skill in the workforce (council level, school level)

What we are doing to support education establishments to meet the needs of CYP with SEND and to promote inclusive practice.

The LA has over the last two years invested in the upskilling the settings and schools workforce through training packages which were identified by schools to meet their unique needs. In addition to this, the LA has developed the ARP training and development programme to enable the system to work towards a peer support model. SCERTS is being developed for roll out across the local authority in a targeted way, alongside MAKATON and additional training around meeting the social, emotional and mental health needs of young people and their communication needs. This should help to address the rate of referrals for an EHCP by enhancing the ordinarily available offer through a more skilled workforce. Additionally, the targeted wellbeing programme, including EBSA specialists, are rolling out a training programme looking at trauma, attachment, neglect, and neurodiversity as reasons for child development delay.

A robust training programme is in place for LA staff in the 0-25 SEND team to ensure they are up-to-date on the legislative framework and relevant skills. The programme includes annual legal training, managing difficult conversations and regular whole service training days on specific relevant topics, for example understanding SMART outcomes for children and young people. In addition, the Education Psychology Team provide training support to schools and LA staff on how to undertake high quality assessments that reflect an understanding of pupils' needs.

Sharing best practice and effective practices

How we are collaborating with other LAs, organisations.

How we are sharing and learning about best practice and effective practices.

Benchmarking is being undertaken with other LAs via the banding review, EY funding review, use of workforce development strategies and development of block contracting through the West London Commissioning Alliance. Fee negotiations with INMSS are undertaken via WLA. WLA also supports the post-16 expansion of the supported internship programmes holding larger contracts with the key anchor institutions that cut across borough boundaries.

North West London (NWL) LAs within the ICB footprint are collaborating regarding therapy and mental health commissioning and NHSE investment, supporting the remodelling programme.

The team at Brent are involved in supporting the development of the DBV playbook and in engaging in DFE department guidance and webinars.

Key risks and mitigations

Key risks which could have an impact on the success of management plan.

Mitigations to manage these.

Key risks include:

1. Delays in meeting the capital programme plan for the expansion of resourced provisions and special schools. Key mitigations include development of satellite provision in primary schools and refurbishing classrooms to hold smaller resource bases.
2. Financial impact on schools in particular primary schools, - due to the withdrawal/reduction of EHCPs, changes to the resourcing of EHCPs, or reviews of how funding is being used in schools. Implementation of this DBV initiative will need to be carefully managed so as not to destabilise school finances. Mitigation options include the phased introduction of changes based on risk benefit analysis.
3. School increase exclusions as they are unable to meet the needs of pupils with complex needs, increasing alternative provision placements. . Mitigation – development of the Brent Inclusion Plan with school and strategies for supporting pupils.
4. Headteachers and SENCOs fully understanding SEND and the use of the HNB. Mitigation - ongoing training, Work with the teaching school to develop the NPQ for SENCOs and the Brent Inclusion Plan.
5. Demand for EHCPs continues to increase despite DBV actions due to population needs. Mitigation – all strategies are working towards providing a more robust local offer to meet need.

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Block movements and disapplications

Plans around block movements and disapplications in future and how these fit into overall strategy.

Schools Forum have agreed to block transfers to the HNB over the past few years and current forecasts assume that the requests will continue to be made and that Schools Forum will approve. The amount is set at £1.299m which is 0.5% of 2023-24 Schools Block.

Special educational needs (SEN) transport costs

Year by year breakdown of SEN transport costs (including breakdown of any costs charged to the DSG)

- 2023/24 (Forecast) - £12.6m
- 2022/23 - £11.8m
- 2021/22 - £10.9m
- 2020/21 - £7.8m
- 2019/20 - £10.5m
- 2018/29 - £9.98m

SEN other costs

Detail of any other costs charged to the high needs block of the DSG.

Early Years Inclusion Fund contributions to specialist nurseries and PVI's - £1m

Alternative provision for support for pupils identified as Emotionally based School Avoidance (EBSA) £100k PA prevents pupils being misdiagnosed or referred for an EHCP.

Support for Inclusion costs in other service areas - £0.486m (Early Years – Brent Family Solutions, Youth Justice, Safeguarding and Quality Assurance Training)

Management plan support

What support we need to ensure we deliver our management plan effectively (from the DfE/ESFA, stakeholders, within authority)

Support from DfE and ESFA such as, sharing the initiatives other local authorities are currently using, local authority workshops or the provision of informative webinars, looking at good practice within neighbouring local authorities.

DFE to work with IPSEA to drive forward support to meet needs earlier without an EHCP.

Delivery of national approaches that were in the SEND Green Paper, e.g. electronic EHCPs.

DFE to work with the Ministry of Justice to review the use of tribunals and rebalance the need for public resources to be considered.

support from DfE and ESFA. such as, sharing the initiatives other local authorities are currently using, local authority workshops or the provision of informative webinars looking at good practice within neighbouring local authorities.

DFE to work with IPSEA to drive forward the support to meet needs earlier without an EHCP . DFE ot work with the Ministry of Justice to review the use of tribunals and rebalance the need for public resources ot be considered.

Children and Young People (CYP) summary

Children and young people with EHC plans or receiving top ups

All the cells on this tab are either pre populated or calculated from user input on other tabs. There are overview graphs following the table summaries

MITIGATED FIGURES

Total number of EHC plans by age group (with estimated future projections)

Jan	2019	2020	2021	2022	2023	2024	2025	2026	2027
Under 5	99	137	134	128	129	118	126	134	141
Age 5 to 10	926	1,001	1,124	1,172	1,204	1,270	1,359	1,440	1,512
Age 11 to 15	704	745	839	931	1,048	1,091	1,167	1,237	1,299
Age 16 to 19	377	376	490	489	575	613	656	696	730
Age 20 to 25	67	167	197	218	297	338	362	383	403
Total number of EHC plans by Age Group	2,173	2,426	2,784	2,938	3,253	3,430	3,670	3,891	4,085

*Please note, Published census data can now be found [here](#)

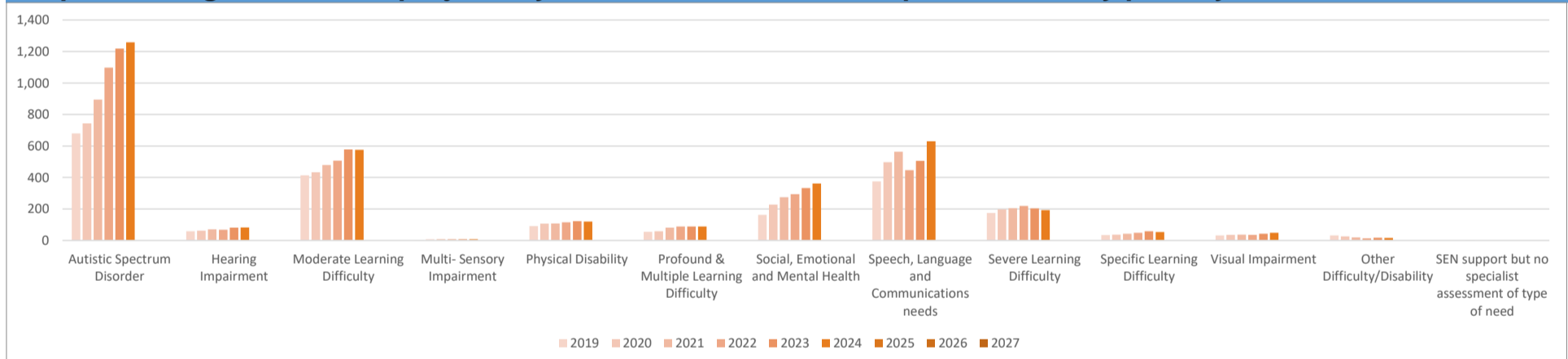
Total number of EHC plans by primary need (with estimated future projections)

Jan	2019	2020	2021	2022	2023	2024	2025	2026	2027
Autistic Spectrum Disorder	680	743	895	1,098	1,218	1,258	0	0	0
Hearing Impairment	58	62	70	68	81	82	0	0	0
Moderate Learning Difficulty	413	433	479	507	578	575	0	0	0
Multi- Sensory Impairment	4	6	8	7	8	7	0	0	0
Physical Disability	91	106	108	115	122	120	0	0	0
Profound & Multiple Learning Difficulty	54	58	81	88	89	88	0	0	0
Social, Emotional and Mental Health	162	227	275	294	332	361	0	0	0
Speech, Language and Communications needs	375	497	564	446	505	630	0	0	0
Severe Learning Difficulty	174	197	204	219	203	192	0	0	0
Specific Learning Difficulty	34	36	42	48	58	53	0	0	0
Visual Impairment	32	35	37	35	42	48	0	0	0
Other Difficulty/Disability	32	26	20	13	17	16	0	0	0
SEN support but no specialist assessment of type of need	0	0	1	0	0	0	0	0	0
Total number of EHC plans by primary need	2,109	2,426	2,784	2,938	3,253	3,430	0	0	0

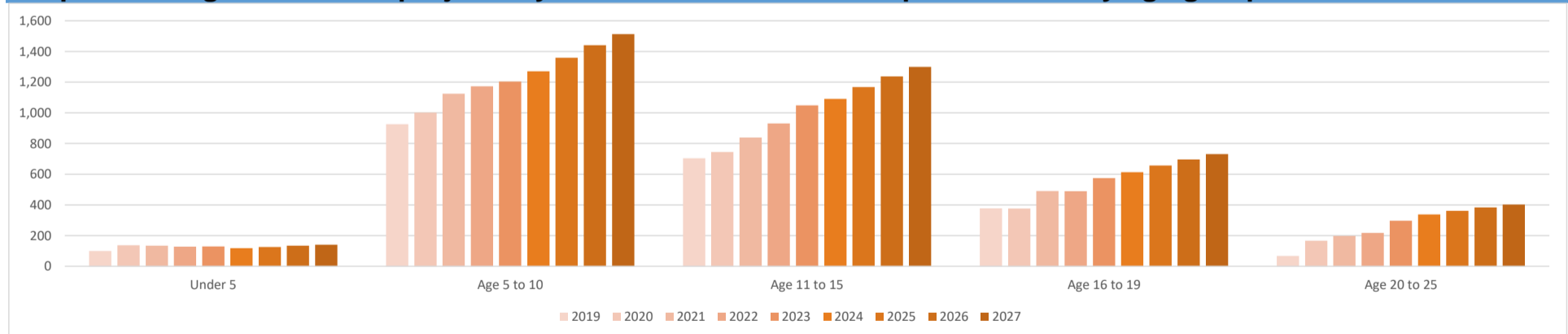
Total number of EHC plans by provision type (with estimated future projections from each placement tab using EHCP age group data)

Jan	2019	2020	2021	2022	2023	2024	2025	2026	2027
Mainstream schools or academies	858	998	1,131	1,185	1,283	1,421	1,520	1,612	1,692
Resourced Provision or SEN Units	114	116	118	136	153	172	184	195	205
Maintained special schools or special academies	783	813	871	908	963	999	1,069	1,133	1,190
NMSS or independent schools	132	147	154	158	163	168	180	191	200
Hospital schools or Alternative Provision	9	8	8	19	17	11	12	13	14
Post 16	199	232	385	377	433	549	587	623	654
Other	14	112	117	155	241	110	118	125	131
Total number of EHC plans by placement type	2,109	2,426	2,784	2,938	3,253	3,430	3,670	3,891	4,085

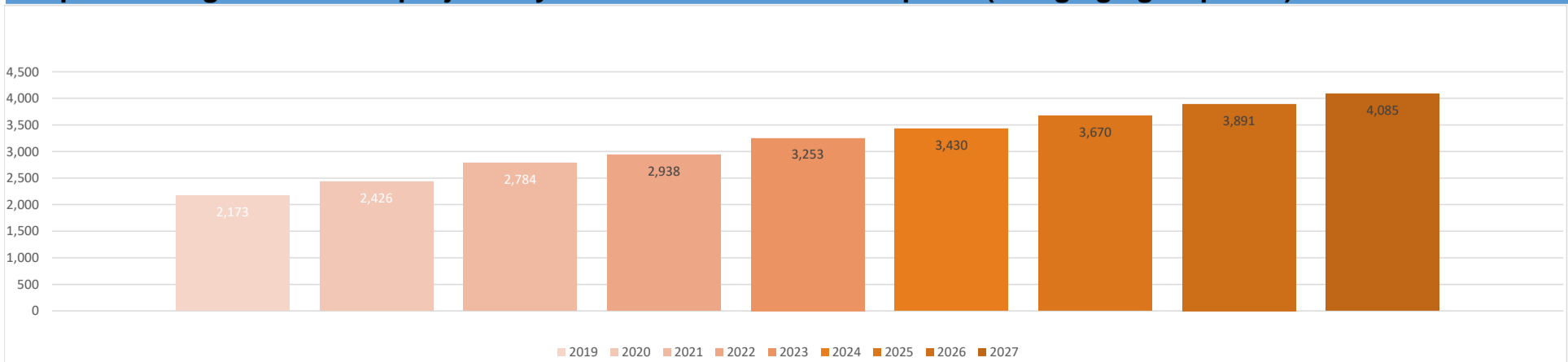
Graph showing historic and projected years total number of EHC plans shown by primary need



Graph showing historic and projected years total number of EHC plans shown by age group



Graph showing historic and projected years total number of EHC plans (using age group data)



Financial summary

Summary of end of year positions

	2021-22 £,000s	2022-23 £,000s	2023-24 £,000s	2024-25 £,000s	2025-26 £,000s	2026-27 £,000s	2027-28 £,000s	2028-29 £,000s	2029-30 £,000s
Planned DSG position (surplus)/deficit	£15,181	£13,828	£14,720	£17,524	£19,167	£19,558	£19,558	£19,558	£19,558
Unmitigated expenditure forecast			£90,852	£95,734	£100,317	£104,773	£0	£0	£0
Savings forecast			£2,917	£3,479	£6,485	£9,400	£0	£0	£0
Mitigated expenditure forecast			£87,935	£92,255	£93,832	£95,373	£0	£0	£0

Financial plan per funding block

Date outturn last updated: 24/11/2023

Overall DSG position (pre recoupment total)	2021-22 outturn	2022-23 outturn	2023-24 Mitigated forecast	2023-24 Unmitigated forecast	2024-25 Mitigated forecast	2024-25 Unmitigated forecast	2025-26 Mitigated forecast	2025-26 Unmitigated forecast	2026-27 Mitigated forecast	2026-27 Unmitigated forecast	2027-28 Mitigated forecast	2027-28 Unmitigated forecast	2028-29 Mitigated forecast	2028-29 Unmitigated forecast
Income/surplus should be shown as negative														
1. Expenditure (Positive figures)														
Schools block	116,983,705	£117,412,502		£0		£0		£0		£0		£0		£0
Central school services block	2,127,308	£1,865,878		£0		£0		£0		£0		£0		£0
Early years block	22,720,723	£22,238,168		£0										
High needs block	68,769,669	£71,275,854	£87,935,024	£90,851,715	£92,255,349	£95,733,900	£93,832,008	£100,316,715	£95,372,991	£104,772,667		£0	£0	£0
Planned spend from DSG reserves														
Total expenditure	210,601,405	£212,792,401	£87,935,024	£90,851,715	£92,255,349	£95,733,900	£93,832,008	£100,316,715	£95,372,991	£104,772,667		£0	£0	£0
2. DSG income (Negative figures)														
Schools block	-118,698,077	-118,442,913		£0		£0		£0		£0		£0		£0
Central schools services block	-2,284,228	-2,128,539		£0		£0		£0		£0		£0		£0
Early years block	-22,679,805	-23,238,349		£0		£0		£0		£0		£0		£0
High needs block	-58,785,137	-66,517,219	-82,353,321	-£82,353,321	-£85,045,251	-£85,045,251	-£87,596,609	-£87,596,609	-£90,224,507	-£90,224,507		£0		£0
Total income	-202,447,247	-£210,327,020	-£82,353,321	-£82,353,321	-£85,045,251	-£85,045,251	-£87,596,609	-£87,596,609	-£90,224,507	-£90,224,507		£0	£0	£0
3. High needs block - other income (negative figures)														
ICS contributions														
Other (Please specify)	-3,499,641	-£3,817,782	-£3,390,160	-£3,849,864	-£3,106,948	-£4,119,354	-£3,293,365	-£4,366,516	-£3,458,034	-£4,584,841				
Total other income	-3,499,641	-£3,817,782	-£3,390,160	-£3,849,864	-£3,106,948	-£4,119,354	-£3,293,365	-£4,366,516	-£3,458,034	-£4,584,841		£0	£0	£0
4. Block transfers (Income/Block moved to as negative, outgoing/block moved from as positive. Should net to 0)														
Schools block	1,185,421	£1,239,753		£0		£0		£0		£0				
Central schools services block														
Early years block														
High needs block	-1,185,421	-£1,239,753	-£1,299,306		-£1,299,306	£0	-£1,299,306	£0	-£1,299,306	£0				
Total Block Transfers (should net to 0)	0	£0	-£1,299,306	£0	-£1,299,306	£0	-£1,299,306	£0	-£1,299,306	£0		£0	£0	£0
5. In year net position deficit / (surplus)														
Schools block	-528,952	£209,342	£0	£0	£0	£0	£0	£0	£0	£0		£0	£0	£0
Central schools services block	-156,920	-£262,661	£0	£0	£0	£0	£0	£0	£0	£0		£0	£0	£0
Early years block	40,918	-£1,000,181	£0	£0	£0	£0	£0	£0	£0	£0		£0	£0	£0
High needs block	5,299,470	-£298,901	£892,238	£4,648,530	£2,803,844	£6,569,295	£1,642,729	£8,353,591	£391,145	£9,963,319		£0	£0	£0
Total net	4,654,517	-£1,352,401	£892,238	£4,648,530	£2,803,844	£6,569,295	£1,642,729	£8,353,591	£391,145	£9,963,319		£0	£0	£0
6. Other														
Council contribution (negative)														
Add brought forward deficit / (surplus) (net)	10,526,077	£15,180,594	£13,828,193	£13,828,193	£14,720,431	£18,476,723	£17,524,275	£25,046,018	£19,167,003	£33,399,609	£19,558,148	£43,362,928	£19,558,148	£43,362,928
Brought forward earmarked amounts in other blocks (optional memorandum item, not used in calculation)														
Planned year end position	15,180,594	£13,828,193	£14,720,431	£18,476,723	£17,524,275	£25,046,018	£19,167,003	£33,399,609	£19,558,148	£43,362,928	£19,558,148	£43,362,928	£19,558,148	£43,362,928

Other spend - historic and planned spend as per s251 lines (Memorandum items – this data does not feed elsewhere in the template)

Outturn Total projected mitigated expenditure (Forecast with savings and invest to save measures)

Total Projected Unmitigated Expenditure (Forecast)

Behaviour Support

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
1.1.2 Behaviour support services	£0	£0							
Total Expenditure	£0	£0							

	2023-24	2024-25	2025-26	2026-27

Other SEND

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
2.1.1 Educational psychology service	£741,993	£570,824	£1,060,800	£1,093,685	£1,127,589	£1,162,544			

	2023-24	2024-25	2025-26	2026-27
	£1,060,800	£1,093,685	£1,127,589	£1,162,544

2.1.2 SEN administration, assessment and coordination and monitoring	£319,141	£663,218	£911,166	£939,412	£968,534	£998,558
2.1.3 Independent Advice and Support Services (Parent Partnership), guidance and information	£119,649	£127,796		£0	£0	£0
3.4.2 Short breaks (respite) for disabled children	£681,286	£655,852	£765,949	£789,693	£814,174	£839,413
Total Expenditure	£1,862,069	£2,017,690	£2,737,915	£2,822,790	£2,910,296	£3,000,516

	£911,166	£939,412	£968,534	£998,558
	£0	£0	£0	£0
	£765,949	£789,693	£814,174	£839,413
Total Expenditure	£2,737,915	£2,822,790	£2,910,296	£3,000,516

SEN Transport

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
1.4.11 SEN transport	£0	£0	£0						
2.1.4 Home to school transport (pre 16): SEN transport expenditure	£9,968,631	£11,202,363	£11,967,317	£13,164,049	£14,480,453	£15,928,499			
2.1.6 Home to post-16 provision: SEN/ LLDD transport expenditure (aged 16-18)	£544,734	£426,598	£454,455	£499,901	£549,891	£604,880			
2.1.7 Home to post-16 provision: SEN/ LLDD transport expenditure (aged 19-25)	£0	£183,087	£201,980	£222,178	£244,396	£268,835			
Total Expenditure	£10,513,365	£11,812,048	£12,623,752	£13,886,127	£15,274,740	£16,802,214			

	2023-24	2024-25	2025-26	2026-27
	£11,967,317	£13,164,049	£14,480,453	£15,928,499
	£454,455	£499,901	£549,891	£604,880
	£201,980	£222,178	£244,396	£268,835
Total Expenditure	£12,623,752	£13,886,127	£15,274,740	£16,802,214

High needs block - historic and planned spend as per s251 lines (populated from data in each tab)

Outturn Total projected mitigated expenditure (Forecast with savings and invest to save measures)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Mainstream Total Expenditure	£23,148,133	£22,344,000	£24,089,190	£27,011,892	£27,763,260	£28,115,644			
Year on year change	£987,208	-£804,133	£1,745,190	£2,922,702	£751,369	£352,383			
Mainstream Total % change year on year	4%	-3%	8%	12%	3%	1%			

Total Projected Unmitigated Expenditure (Forecast based)

	2023-24	2024-25	2025-26	2026-27
	£25,808,526	£27,402,988	£28,897,858	£30,261,491
	£3,464,526	£1,594,462	£1,494,870	£1,363,633
	16%	6%	5%	5%

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Resourced Provision or SEN Units Total Expenditure	£699,629	£874,000	£1,385,073	£1,464,206	£1,552,058	£1,629,661	£0	£0	£0
Year on year change	£253,629	£174,371	£511,073	£79,133	£87,852	£77,603	-£1,629,661	£0	£0
Resourced Provision or SEN Units Total % change year on year	57%	25%	58%	6%	6%	5%	-100%		

	2023-24	2024-25	2025-26	2026-27
	£1,368,417	£1,464,206	£1,552,058	£1,629,661
	£494,417	£95,789	£87,852	£77,603
	57%	7%	6%	5%

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Maintained Special Schools or Special Academies placements Total Expenditure	£24,558,508	£26,625,372	£37,378,221	£41,209,942	£41,726,901	£42,783,903	£0	£0	£0
Year on year change	£4,175,197	£2,066,864	£10,752,849	£3,831,721	£516,959	£1,057,002	-£42,783,903	£0	£0
Maintained Special Schools or Special Academies placements Total % change year on year	20%	8%	40%	10%	1%	3%	-100%		

	2023-24	2024-25	2025-26	2026-27
	£39,922,271	£41,567,526	£42,951,151	£44,278,986
	£13,296,898	£1,645,255	£1,383,626	£1,327,835
	50%	4%	3%	3%

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Non maintained special schools or independent (NMSS or independent) placements Total Expenditure	£10,685,676	£11,297,001	£13,121,773	£11,542,088	£11,230,136	£10,976,924	£0	£0	£0
Year on year change	£531,418	£611,325	£1,824,772	-£1,579,685	-£311,952	-£253,212	-£10,976,924	£0	£0
NMSS or independent Total % change year on year	5%	6%	16%	-12%	-3%	-2%	-100%		

	2023-24	2024-25	2025-26	2026-27
	£12,717,294	£13,721,960	£14,805,995	£15,975,669
	£1,420,293	£1,004,666	£1,084,035	£1,169,674
	13%	8%	8%	8%

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Hospital Schools or Alternative Provision placements Total Expenditure	£3,589,984	£3,628,843	£4,278,405	£4,211,526	£4,456,696	£4,565,437	£0	£0	£0
Year on year change	£9,720	£38,859	£649,561	-£66,879	£245,170	£108,741	-£4,565,437	£0	£0
Hospital Schools or AP placements Total % change year on year	0%	1%	18%	-2%	6%	2%	-100%		

	2023-24	2024-25	2025-26	2026-27
	£3,945,993	£4,211,526	£4,456,696	£4,675,437
	£317,149	£265,533	£245,170	£218,741
	9%	7%	6%	5%

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Post 16 placements Total Expenditure	£3,808,401	£3,843,594	£5,363,586	£3,882,779	£4,055,657	£4,135,278	£0	£0	£0
Year on year change	-£807,179	£35,193	£1,519,992	-£1,480,808	£172,878	£79,621	-£4,135,278	£0	£0
Post 16 placements Total % change year on year	-17%	1%	40%	-28%	4%	2%	-100%		

	2023-24	2024-25	2025-26	2026-27
	£4,266,390	£4,432,779	£4,605,657	£4,785,278
	£422,795	£166,389	£172,878	£179,621
	11%	4%	4%	4%


	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
LA Specific spending Total Expenditure	£739,104	£739,104	£742,569	£814,005	£845,751	£878,736	£0	£0	£0
Year on year change	-£2,581	£0	£3,465	£71,436	£31,746	£32,984	-£878,736	£0	£0
LA Specific spending Total % change year on year	0%	0%	0%	10%	4%	4%	-100%		

	2023-24	2024-25	2025-26	2026-27
	£783,451	£814,005	£845,751	£878,736
	£44,346	£30,555	£31,746	£32,984
	6%	4%	4%	4%

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Health, Social Care, Therapy Services and Care Provision Total Expenditure	£1,540,234	£1,923,939	£1,576,207	£2,118,911	£2,201,548	£2,287,409	£0	£0	£0
Year on year change	£68,456	£383,705	-£347,732	£542,704	£82,638	£85,860	-£2,287,409	£0	£0
Health, Social Care, Therapy Services and Care Provision Total % change year on year	5%	25%	-18%	34%	4%	4%	-100%		

	2023-24	2024-25	2025-26	2026-27
	£2,039,375	£2,118,911	£2,201,548	£2,287,409
	£115,436	£79,536	£82,638	£85,860
	6%	4%	4%	4%

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	<p align="center">Schools Forum 20 February 2024</p>
	<p align="center">Report from the Strategic Director of Children and Young People</p>
<p>High Needs Block Budget 2024/25</p>	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
List of Appendices:	Appendix 1 – HNB Budget Allocations 2024-25 Appendix 2 - Brent Proposed Bandings 2024-25
Background Papers:	Prior Financial reports to Schools Forum.
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	<p>Olufunke Adediran Head of Finance – CYP 0208 937 1196 Email: olufunke.adediran@brent.gov.uk</p> <p>Folake Olufeko Senior Finance Analyst – CYP 0208 937 2491 Email: Folake.Olufeko@brent.gov.uk</p>

1. Executive Summary

- 1.1. This report informs Schools Forum of the detailed High Needs Block (HNB) budget for adoption in 2024/25.

2. Recommendation

- 2.1. That Schools Forum notes the report.

3. Contribution to Borough Plan Priorities and Strategic Context

- 3.1. This report is linked to the Council’s Borough Plan which aims to support children and young people to get the best start in life, by working in partnership with schools and other partners to ensure access to education is fair and equal.

4. Background

- 4.1. The DfE’s HNB funding has been confirmed at £85.0m for 2024/25. This is £2.7m more than that received in 2023/24 and represents a 3% increase.

- 4.2. In addition, Schools Forum has approved a Schools Block transfer of 0.5% totalling £1.4m. This brings the total funding for the HNB in 2024/25 to £86.4m.
- 4.3. £9.0m of the total HNB funding will be recouped by the DfE to be paid directly to Academies for their base funding, leaving a balance of £77.3m.

5. Changes to the 2024/25 High Needs Block budget

- 5.1. Where the number of places within special provisions has increased, the place funding and top up funding budgets have been changed accordingly. This can be seen in Appendix 1.
- 5.2. The budget assumes that the top up banding rates will remain the same for the mainstream schools, Pupil Referral Units (PRUs), Additionally Resourced Provisions (ARPs) and Special schools. These rates can be seen in Appendix 2.
- 5.3. A review of Brent's banding matrix, focussed on top-up costs for pupils with an EHCP in both mainstream and ARP placements is underway and this will be presented at a later Schools' Forum, with proposals to move from the current hours led system to a more needs-led provision-based approach in funding.
- 5.4. As the teachers' pay and pensions grant for Special schools and PRUs has now been rolled into the High Needs funding that the LA receives, a £0.659m budget allocation has been set aside to continue to pass this grant on to these settings, at the same rate provided by the DfE at £660 per place.
- 5.5. In line with the DfE's requirement to pass on 3.4% of the additional High Needs Block funding to Special schools and PRUs, £1.2m has been set aside to account for this cost.
- 5.6. There are increases in top-up funding 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 £2.1m of the increased HNB funding has been allocated in response to the demand against these lines.
- 5.7. The HNB budget includes funding allocation of £0.4m for two new ARPs i.e., Preston Park which commenced in September 2023 and Elsley Primary due to commence in April 2024, however the start date may be delayed subject to completion of the building. The budget also includes an allocation of £0.255m for the Sunshine Provision based at Willow Family Wellbeing Centre.
- 5.8. The recoupment budget is an income budget which offsets expenditure on pupils from other boroughs. This budget line has been increased by £1.1m to a total of £3.5m, in line with the expected increase in demand and the current

forecast for 2023/24. This line also includes administration charges to be recouped to reflect the actual costs of funding and administration.

- 5.9. The budget for funding independent day and residential special schools has increased by £1.1m to £11.5m based on expected demand and current projections.
- 5.10. Due to the nature of the charging process for post-16 provisions, there is a challenge to provide accurate forecasts for this service. The budget has been set in line with the best estimate of the current financial year's forecast of £5m.
- 5.11. A zero-based budget setting approach has been applied to the budgets for SEN Services. This area has seen a budget reduction mainly due to aligning staffing costs to current agreed establishments and accounting for recharges to other areas of the DSG as well as the council's general fund account.

6.0 Stakeholder and ward member consultation and engagement

- 6.1 This Schools' Forum, a representative group of schools and settings, is regularly kept abreast of schools' budgets, including the Management Plan to address the deficit arising from the High Needs Block of the DSG. The Lead Member for Children, Young People and Schools is regularly updated on matters related to the DSG including SEND.
- 6.2 The Schools Forum subgroup for the High Needs block of the DSG met on 06 February 2024 to discuss the HNB budget, and the final detailed budget is provided in Appendix 1.

7.0 Financial considerations

- 7.1 The statutory override in place to carry forward a deficit balance against the DSG is due to end by 2025/26 which would possibly put a significant risk against the Council's General Fund reserves.
- 7.2 The main risk against this budget remains the rising number of children and young people with Education, Health and Care Plans (EHCP) in Brent and as of January 2024, there were 3,430 children and young people with an EHCP compared to January 2023 where the number was 3253 representing a 5% increase.
- 7.3 There remains the risk of rising inflation prices for SEND provision in out of borough and independent settings where provisions are also seeking over inflationary prices to deal with pressures. However, this can be partly mitigated by the commissioning arrangements in place.

7.4 The available resources have been allocated within the constraints of the funding for the provision of SEND. The budget aims to achieve an in-year balance between expenditure and income and does not reduce the forecast deficit that will be brought forward from 2023/24. However, another item on this Schools Forum agenda i.e., the “DSG HNB Deficit Management Plan” identifies the actions in place to recover part of the deficit over a few years.

8.0 Legal considerations

8.1 There are no legal implications directly arising from this report.

9.0 Equality, Diversity, and Inclusion (EDI) considerations

9.1 The key groups affected by the proposals are children and young people with SEND aged 0-25 in Brent. The Council is committed to inclusive education for all children and young people with SEND in mainstream schools, additionally resourced provision in mainstream schools and within special schools.

10.0 Climate Change and environmental considerations

10.1 There are no climate change and environmental implications directly arising from this report.

11.0 Communication considerations

11.1 Not applicable.

Report sign off:

Nigel Chapman

Corporate Director of Children and Young People

Appendix 1 - High Needs Block Budget Allocations 2024-25


Description	2023-24 Budget		2024-25 Budget		Comments
	Place numbers	Budget £	Place numbers	Budget £	
PLACE FUNDING					
ASHLEY COLLEGE (HEALTH NEEDS EDUCATION SERVICE)	25	£250,000	25	£250,000	
BRENT RIVER COLLEGE - KEY STAGE 3 & 4 PRU	56	£560,000	56	£560,000	PRU Place funding Budget
BRENT RIVER COLLEGE - PRIMARY	7	£70,000	7	£70,000	
FAWOOD	10	£100,000	10	£100,000	MNS ARPs place funding @ £10k per place
GRANVILLE PLUS NURSERY	7	£70,000	7	£70,000	
SUNSHINE	12	£120,000	12	£120,000	Sunshine Willow Provision Funding
KINGSBURY GREEN	18	£108,000	30	£180,000	
FRYENT	46	£276,500	49	£294,000	
KILBURN PARK	15	£91,000	16	£96,000	Commenced Sep 2021
CARLTON VALE	10	£60,000	10	£60,000	Commenced Sep 2021
ELSLEY	6	£35,000	10	£60,000	Commencing Apr 2024
NEWFIELD	10	£57,000	12	£72,000	Commenced Apr 2023
PRESTON PARK			11	£66,500	Commencing Apr 2024
PHOENIX ARCH	55	£550,000	55	£550,000	
OAKINGTON MANOR	25		25		
KINGSBURY HIGH	7		7		
PRESTON MANOR	24		30		
WOODFIELD	200		200		***Recoupment allocated directly by the ESFA
MANOR HOUSE	256		239		
THE VILLAGE	315		315		
AVENUE	100		100		
ROUNDWOOD	10				
Place Funding Total	1,214	£2,347,500	1,226	£2,548,500	
ELEMENT 3 TOP-UP FUNDING					
ASHLEY COLLEGE (HEALTH NEEDS EDUCATION SERVICE)	40	£856,290	40	£856,290	
BRENT RIVER COLLEGE - KEY STAGE 3 & 4 PRU	56	£1,208,730	56	£1,208,730	PRU Top-up Budget
BRENT RIVER COLLEGE - PRIMARY	7	£203,531	7	£203,531	
FAWOOD	6	£63,095	10	£105,158	
GRANVILLE PLUS NURSERY	5	£56,360	7	£78,905	
SUNSHINE	9	£101,449	12	£135,265	
KINGSBURY GREEN	18	£186,433	30	£310,722	
FRYENT	46	£572,050	49	£608,256	
KILBURN PARK	15	£188,270	16	£198,614	
CARLTON VALE	10	£124,134	10	£124,134	
ELSLEY	6	£72,411	10	£124,134	ARPS Top-up funding
NEWFIELD	10	£117,927	12	£148,961	
PRESTON PARK	0	£0	11	£137,582	
PHOENIX ARCH	55	£1,182,837	55	£1,192,125	
ROUNDWOOD	10	£200,000			
OAKINGTON MANOR	25	£210,393	25	£205,422	
KINGSBURY HIGH	7	£72,502	3	£31,072	
PRESTON MANOR	24	£235,198	30	£313,845	
WOODFIELD	189	£3,780,153	194	£3,904,133	
MANOR HOUSE	229	£6,109,279	239	£6,374,193	Special Schools Top-up funding
THE VILLAGE	329	£7,992,968	315	£7,754,793	
AVENUE	79	£2,359,110	91	£2,738,725	
IB Mainstream Top- Ups - Maintained		£7,380,111		£7,393,000	Budget increase based on projected outturn for 23/24 plus a 6% projected increase in pupil numbers
IB Mainstream Top- Ups - Academies		£5,255,581		£6,304,000	Budget increase based on projected outturn for 23/24 plus a 6% projected increase in pupil numbers
Teachers' Pay and Pensions Grant (TPPG)		£630,960		£658,790	
Additional 3.4% Special schools, PRUs & APs		£1,100,000		£1,166,000	Compulsory additional HN Funding to Special schools and APs
OB Mainstream		£3,073,013		£3,200,000	Budget based on 2023/24 plus 6% projected increase
OB Special		£5,724,000		£5,000,000	Budget reduced based on projected outturn for 2023/24 of £5.1m and £4.6m outturn in 22/23. Expectation is to place fewer children in OB Special schools and utilise IB settings
OB ARP		£229,000		£200,000	Budget in line with 23/24 forecast £188k and 22/23 outturn £205k
Recoupment income		(£2,400,000)		(£3,470,000)	Based on 2023/24 forecast an to reflect increase in IB Mainstream top-up cost
Independent Day		£9,331,000		£10,200,000	Budget based on 2023/24 forecast - equates to 9% increase plus fee increases
Independent Residential		£1,043,000		£1,300,000	Budget set to reflect 23/24 forecast
Post 16		£4,250,000		£5,000,000	Budget based on 23/24 forecast & represents an 18% increase. Work underway to review commissioning arrangements for Post-16 provision
Top-ups Total	1,174	£61,629,786	1,224	£63,706,381	

Description	2023-24 Budget		2024-25 Budget		Comments
	Place numbers	Budget £	Place numbers	Budget £	
LA SERVICES					
Education Otherwise/ Awaiting Placement		£1,000,000		£1,982,000	Budget in line with 23/24 forecast and previous trend. Includes home tuition, Education costs for pupils in independent schools and personal budgets.
Early Years Inclusion Fund		£1,089,160		£1,089,160	Agreed to keep same level for 2024/25
SEN Services		£7,117,700		£6,325,200	Budget zero based and salaries matched to the latest establishment
Support for Inclusion		£1,000,480		£1,000,480	Budget same as 23/24
SEN Transport		£139,000		£138,987	Budget same as 23/24
SEN SUPPORT		£500,000		£500,000	Budget same as 23/24 - to use along with DBV funding
Special school pre-opening cost				£93,000	Pre & Post opening cost of special school
LA services Total		£10,846,340		£11,128,827	
TOTAL					
		74,823,626		77,383,708	
		Update 16 Nov 23			
HNB Allocation		£82,353,321		£85,045,251	
Block Transfer		£1,299,306		£1,360,457	
Total HNB Allocation		£83,652,627		£86,405,708	
ESFA Recoupment to Academies		(£8,829,001)		(£9,022,000)	
Additional import/export adjustment					
HN Budget		£74,823,626		£77,383,708	
Net position		£0		£0	
DSG Funding including Supplementary grant		£82,353,321		£85,045,251	
ESFA Recoupment to Academies		(£8,829,001)		(£9,022,000)	
Funding less amount recouped for academies		£73,524,320		£76,023,251	
Schools Block contribution		£1,299,306		£1,360,457	
Income budget inclusive of Schools Block Contribution		£74,823,626		£77,383,708	

Appendix 2 - Brent - Proposed Bandings 2024-25

Additionally Resourced Provision (ARP)							
ARPs	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7
Core Funding	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000
Top-Up funding	£2,485	£6,492	£8,931	£10,516	£11,272	£12,413	£13,108
Total	£8,485	£12,492	£14,931	£16,516	£17,272	£18,413	£19,108
* Unfilled spaces are funded at £10,000							
Special Schools							
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	£10,000
Top-Up Funding	£4,327	£7,053	£11,054	£15,066	£19,079	£30,000	
Total	£14,327	£17,053	£21,054	£25,066	£29,079	£40,000	
Mainstream Schools							
Mainstream Schools							
Notional (Element 2) £6,000							
Band	Provision (Hours)	Top-up (Element 3 inclusive of £6k notional)					
Band A		£0					
Band B	19.50	£12,378					
Band C	22.75	£14,441					
Band D	26.00	£16,504					
Band E	29.25	£18,567					
Band F	32.50	£20,630					

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	<p align="center">Schools Forum 20 February 2024</p>
	<p align="center">Report from the Strategic Director of Children and Young People</p>
<p>Updated Scheme for Financing Schools and Schools Financial Regulations 2024/25</p>	
Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
List of Appendices:	<p>Appendix A: Scheme for Financing Schools 2024-25 Appendix B: Scheme for Financing Schools 2024-25 – Summary of Changes Appendix C: Schools Financial Regulation 2024-25 Appendix D: Schools Financial Regulation 2024-25 – Summary of Changes</p>
Background Papers:	
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	<p>Olufunke Adediran Head of Finance – CYP 0208 937 1196 Email: olufunke.adediran@brent.gov.uk</p> <p>Folake Olufeko Senior Finance Analyst – CYP 0208 937 2491 Email: Folake.Olufeko@brent.gov.uk</p>

1. Executive Summary

- 1.1. This report details the changes to be implemented to the Scheme for Financing Schools and the Schools Financial Regulations for the financial year 2024/25.

2. Recommendation

- 2.1. The Schools Forum is requested to approve the amendments to the Scheme for Financing Schools 2024/25.
- 2.2. The Schools Forum is requested to note and comment on the Schools Financial Regulations 2024/25.

3. Contribution to Borough Plan Priorities and Strategic Context

- 3.1. This report is linked to the Council's Borough Plan which aims to support children and young people to get the best start in life, by working in partnership with schools and other partners to ensure access to education is fair and equal.

4. Background

- 4.1. All changes applied in the revision are in line with the April 2023 Department for Education's 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.
- 4.2. The Scheme for Financing Schools for 2024-25 attached in Appendix A has been updated, with the summary of changes itemised in Appendix B. The changes will become immediately effective following Schools Forum approval.
- 4.3. The Schools Financial Regulations for 2024-25, attached as Appendix C, has been updated, with the summary of changes itemised in Appendix D. The changes will become immediately effective after consultation with Schools Forum

5. Stakeholder and ward member consultation and engagement

- 5.1. Voting is open to all maintained school members of Schools Forum for the proposed changes to the 2024-25 Scheme for Financing Schools.
- 5.2. All maintained school members are invited to formally comment on the 2024-25 Schools Financial Regulations.

6. Financial considerations

- 6.1 There are no financial implications for this report.

7. Legal considerations

- 7.1 There are no legal implications directly arising from this report.

8. Equality, Diversity and Inclusion (EDI) considerations

- 8.1 Not applicable.

9. Climate Change and environmental considerations

9.1 There are no climate change and environmental implications directly arising from this report.

10.0 Communication considerations

10.1. Not applicable.

Report sign off:

Nigel Chapman

Corporate Director of Children and Young People

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SCHEME FOR FINANCING SCHOOLS

2024-25

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(Updated February 2024)

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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:

<https://www.brent.gov.uk/the-council-and-democracy/budgets-and-spending/section-251-statements#purpose>

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 2024, 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

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) and supporting documents, 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 Corporate Director Finance and Resources 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 Corporate Director of Children & Young People without delay.

2.1.5. Accounting Policies (including Year End Procedures)

The Corporate Director Finance and Resources 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 Corporate Director Finance and Resources 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 1st 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 31st 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.

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 Corporate Director Finance and Resources with such information as is required for corporate compliance with these rules.

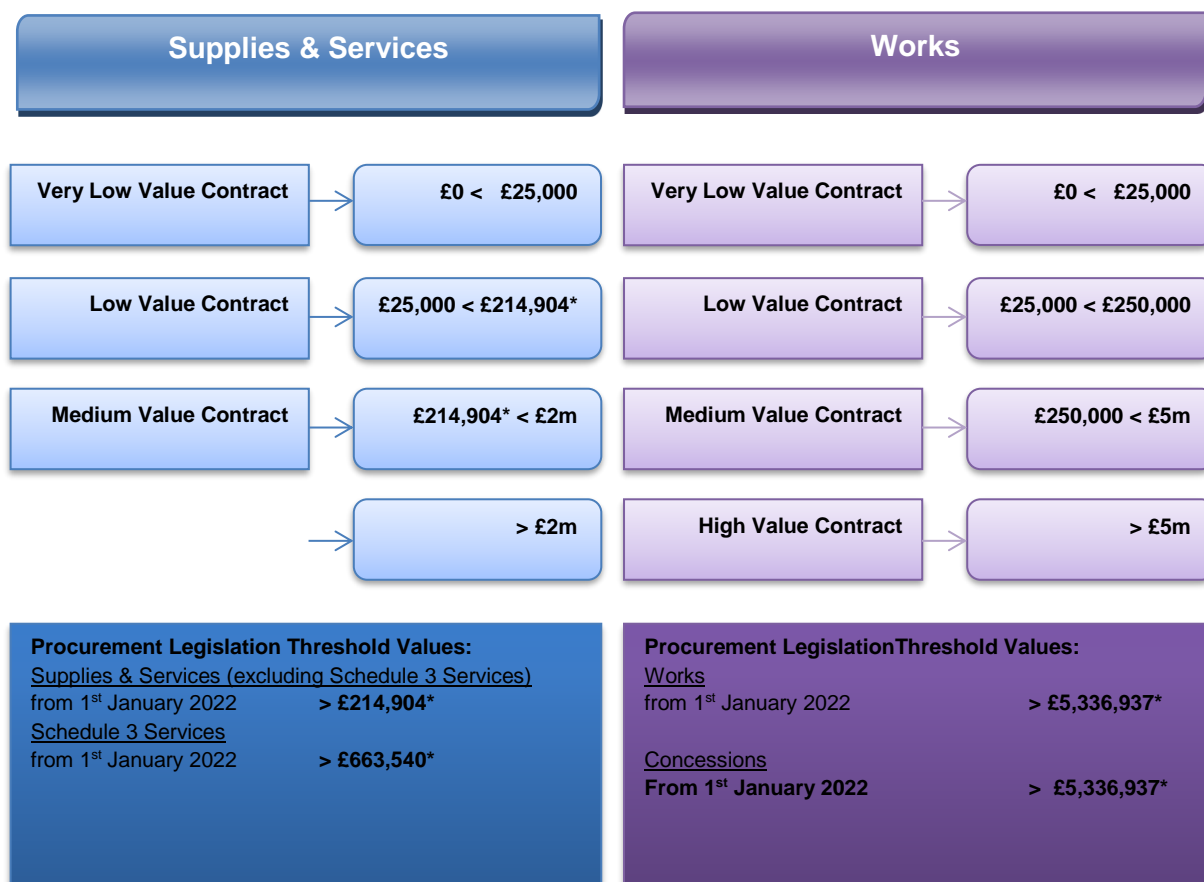
An electronic version of the LA's Constitution encompassing the Financial Regulations and Contract Standing Orders can be obtained here: [Constitution \(brent.gov.uk\)](https://www.brent.gov.uk/constitution)

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 2024/25.

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.



* When calculating the estimated value of the contract to determine whether the requirements of the Procurement Legislation apply, the contract value estimation should be **inclusive of VAT** (where applicable) from 1 January 2022. The figures in the table above which are not marked with an asterisk are exclusive of VAT. When valuing contracts the Governing Board will need to be conscious of VAT levels and whether the services, supplies or works attract standard rate VAT (currently 20%), attract some other rates or are exempt or outside the scope of VAT. Advice on VAT is available from the LA's VAT officer.

**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 2024/25.

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 1st 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 Corporate 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources 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 31st 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 Corporate Director Finance and Resources 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 1st 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 Corporate 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.

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 Corporate Director Finance and Resources. 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 31st May each year the surplus balance, if any, held by each school as at the preceding 31st 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 Corporate Director Finance and Resources 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 licenced 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 Corporate Director of Children & Young People and the Corporate Director Finance and Resources.

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 Schools Finance Team 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. Any retention of funds from the sale of land assets is subject to the consent of the Secretary of State, and any conditions the Secretary of State may attach to that consent relating to use of proceeds.

The retention of proceeds of sale for premises not owned by the local authority will not be a matter for the scheme.

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 1st 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).

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.

Payments of monies due	Monthly contributions – on time and the correct amount, broken down by bands for employee, employer and additional contributions
Monthly contribution reconciliation (MCR)	Supply MCR report in time for submission to Teachers' Pensions and in an agreed secure format. Stop Errors (critical error which prevent submission of return) identified to be cleared within 1 week of notification by LA. All other

	errors to be cleared by 1 month of notification by LA.
End of Year Certificate	This to be supplied to LA by the 30 April in the format notified by the LA
Response to other queries raised 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.	10 workings days from notification by the Brent Pensions Team. If unable to respond in 10 working days then inform the Brent Pensions of the delay

9.2. Local Government Pension Scheme (LGPS)

This section in the Scheme for Financing Schools 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 Administration (LPPA), 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 LPPA 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.

Payments of monies due	Monthly contributions – on time and the correct amount, broken down by employee, employer and additional contributions Monthly contributions remittance must be sent directly to the Pension Fund (not LPPA) on or before the payment date.
End of year error rates Examples of end of year errors <ul style="list-style-type: none"> • A missing joiner Form • A missing leaver Form • A missing change of hours 	Respond to errors within 10 working days of notification.

<ul style="list-style-type: none"> • A missing notification of absence • Return from absence • Missing additional contributions • Significantly low/high pensionable remuneration compared to the previous year with no explanation as to the reason 	<p>If you are unable to respond in ten working days then inform the LPP of the likely time frame that you can respond in and advise Brent Pensions of the delay</p>
<p>Submission of monthly return</p>	<p>Submit monthly return on time (10th of the month) in the agreed format through the employer portal (PensionPoint).</p> <p>Further support and training on this process is available at: https://www.lppapensions.co.uk/upm/monthly-data-return/</p>
<p>Response to other queries raised 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.</p>	<p>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</p>
<p>On-line access Employer LPP portal “PensionPoint”</p>	<p>Use of online forms for all relevant tasks</p>
<p>Submission of joiners/leavers</p>	<ul style="list-style-type: none"> • Notification of joiners within 1 month of joining the scheme • Notification of leavers within 1 month of leaving the scheme • Notification of retirement within 1 month prior to the last day of service
<p>Notification of other changes during employment</p>	<p>Relevant changes e.g. change of hours, absence notification online within 1 month of the event</p>
<p>Notification of proposed outsourcing of contracts</p>	<p>The LA requires advance notice of any potential outsourcing of contracts where a new admission agreement is required.</p> <p>Where the outsourcing involves the transfer of staff under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) the school will be required to protect the pension rights of the transferring employees who were eligible to join the LGPS or a broadly comparable scheme, irrespective of whether they were active members or not. The resources required to ensure this outcome should not be</p>

	<p>underestimated as legal and financial obligations will be placed on the provider.</p> <p>The exercise will require the professional services of the fund actuary and legal services. Their expenses will be recharged to you. It is important that a school discusses the pensions implications of any proposed procurement with the Council as early as possible in the process.</p>
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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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources

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

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.

ANNEX A – LIST OF MAINTAINED SCHOOLS (at February 2024)

NURSERY (4)

College Green Nursery School & Services
Curzon Nursery School & Family Wellbeing Centre
Fawood Nursery School & Family Wellbeing Centre
Granville Plus Nursery School

PRIMARY (47)

Anson Primary School
Avigdor Hirsch Torah Temimah Primary School
Barham Primary School
Brentfield Primary School
Byron Court Primary School
Carlton Vale Infant School
Chalkhill Primary School
Christ Church CofE Primary School
Convent of Jesus and Mary RC Infant School
Donnington Primary School
Elsley Primary School
Fryent Primary School
Harlesden Primary School
Islamia Primary School
John Keble CofE Primary School
Kingsbury Green Primary School
Leopold Primary School
Lyon Park Primary School
Malorees Infant School
Malorees Junior School
Mitchell Brook Primary School
Mora Primary School
Mount Stewart Infant School
Mount Stewart Junior School
Newfield Primary School
Northview Primary School
Oliver Goldsmith Primary School
Our Lady of Lourdes RC Primary School
Park Lane Primary School
Preston Park Primary School
Princess Frederica CofE Primary School
Roe Green Infant School
Roe Green Junior School
Salisbury Primary School
Sinai Jewish Primary School
St Joseph's RC Junior School
St Joseph's RC Infant School
St Joseph's RC Primary School

St Mary Magdalen's Catholic Junior School
St Mary's CofE Primary School
St Mary's RC Primary School
St Robert Southwell RC Primary School
The Kilburn Park School Foundation
The Stonebridge School
Uxendon Manor Primary School
Wembley Primary School
Wykeham Primary School

SECONDARY (2)

JFS
Newman Catholic College

SPECIAL (1)

Phoenix Arch School

PRUS (2)

Ashley College
Brent River College

c	Previous Wording	New Wording	Reason for change																																				
Section 2 – Financial Controls																																							
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APPENDIX B
SUMMARY OF CHANGES:
2024-25 SCHEME FOR FINANCING SCHOOLS

		<p>subject to the consent of the Secretary of State, and any conditions the Secretary of State may attach to that consent relating to use of proceeds.</p> <p>The retention of proceeds of sale for premises not owned by the local authority will not be a matter for the scheme.</p>													
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9.2 Page 102	<table border="1" style="width: 100%;"> <tr> <td data-bbox="165 587 589 676">Payments of monies due</td> <td data-bbox="589 587 1043 676">Monthly contributions – on time and the correct amount, broken down by <u>employee, employer</u> and additional contributions</td> </tr> <tr> <td data-bbox="165 852 589 1161">Submission of year end return</td> <td data-bbox="589 852 1043 1161"> <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> <p>NB: this process will be change to a monthly return from April 2023. A year end return will be required for the 2022/23 year.</p> </td> </tr> <tr> <td data-bbox="165 1193 589 1407">Submission of monthly return</td> <td data-bbox="589 1193 1043 1407"> <p>Submit monthly return on time in the agreed format through the employer portal (<u>PensionPoint</u>).</p> <p>Further support and training on this process is available at: https://www.lppapensions.co.uk/upm/monthly-data-return/</p> </td> </tr> </table>	Payments of monies due	Monthly contributions – on time and the correct amount, broken down by <u>employee, employer</u> and additional contributions	Submission of year end return	<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> <p>NB: this process will be change to a monthly return from April 2023. A year end return will be required for the 2022/23 year.</p>	Submission of monthly return	<p>Submit monthly return on time in the agreed format through the employer portal (<u>PensionPoint</u>).</p> <p>Further support and training on this process is available at: https://www.lppapensions.co.uk/upm/monthly-data-return/</p>	<table border="1" style="width: 100%;"> <tr> <td data-bbox="1070 587 1464 772">Payments of monies due</td> <td data-bbox="1464 587 1892 772"> Monthly contributions – on time and the correct amount, broken down by employee, employer and additional <u>contributions</u> Monthly contributions remittance must be sent directly to the Pension Fund (not LPPA) on or before the payment date. </td> </tr> <tr> <td colspan="2" data-bbox="1070 852 1892 1187" style="text-align: center;">Paragraph removed</td> </tr> <tr> <td data-bbox="1070 1187 1464 1388">Submission of monthly return</td> <td data-bbox="1464 1187 1892 1388"> Submit monthly return on time (<u>10th of the month</u>) in the agreed format through the employer portal (<u>PensionPoint</u>). Further support and training on this process is available at: https://www.lppapensions.co.uk/upm/monthly-data-return/ </td> </tr> </table>	Payments of monies due	Monthly contributions – on time and the correct amount, broken down by employee, employer and additional <u>contributions</u> Monthly contributions remittance must be sent directly to the Pension Fund (not LPPA) on or before the payment date.	Paragraph removed		Submission of monthly return	Submit monthly return on time (<u>10th of the month</u>) in the agreed format through the employer portal (<u>PensionPoint</u>). Further support and training on this process is available at: https://www.lppapensions.co.uk/upm/monthly-data-return/	Updated in line with pension requirements.
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		<p>employees if they have previously had access to the LGPS or a broadly comparable scheme. The resources required to ensure this outcome should not be underestimated as legal and financial obligations will be placed on the provider.</p> <p>The exercise will require the professional services of the fund actuary and legal services. Their expenses will be recharged to you. It is important that a school discusses the pensions implications of any proposed procurement with the Council as early as possible in the process.</p>		<p>underestimated as legal and financial obligations will be placed on the provider.</p> <p>The exercise will require the professional services of the fund actuary and legal services. Their expenses will be recharged to you. It is important that a school discusses the pensions implications of any proposed procurement with the Council as early as possible in the process.</p>	

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SCHEME FOR FINANCING SCHOOLS:

SCHOOLS FINANCIAL REGULATIONS

2024-25

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(Updated February 2024)

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ANNEX A: List of Maintained Schools

(To which this scheme applies as at February 2024)

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 Corporate Director Finance and Resources, Governing Boards, Head Teachers and all relevant staff in schools. The Corporate Director Finance and Resources' 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 Corporate Director Finance and Resources is the officer appointed by the LA in accordance with s.151 of the Local Government Act 1972.

A.2 Application of These Regulations

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

A.2.3 A list of schools maintained by Brent at February 2024, 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 Corporate Director Finance and Resources:

- 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 Corporate Director Finance and Resources' 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 [Constitution \(brent.gov.uk\)](http://brent.gov.uk)

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 Corporate Director Finance and Resources, Corporate 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 Corporate Director Finance and Resources and Corporate 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources and the Corporate 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 Corporate Director Finance and Resources 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, Corporate Director Finance and Resources and Corporate 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 Corporate Director Finance and Resources and the Corporate 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 1st 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 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 31st 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 Corporate Director Finance and Resources or the Corporate 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 Corporate Director of Children & Young People and the Corporate Director Finance and Resources 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 Corporate Director Finance and Resources.
- 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 Corporate Director Finance and Resources. 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.
- 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources and the Corporate 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 Best Brent. 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 Corporate Director Finance and Resources and/or the Corporate 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 Corporate Director Finance and Resources 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 (1st April to 31st March) produced in accordance with codes of practice and agreed timetables and shall provide such information as is required by the Corporate Director Finance and Resources and the Corporate 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources.

Income & Expenditure

E.9 Taxation

- E.9.1 It is the responsibility of the Corporate Director Finance and Resources to make arrangements for the completion of all returns to the HM Revenue & Customs (HMRC). Head Teachers must provide information to the Corporate Director Finance and Resources 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.

- 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 via the link below. This link also sets out a number of practical guidelines, which must be observed:
<https://www.gov.uk/guidance/vat-guide-notice-700>
- 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources is responsible for the preparation and promotion of the LA's risk management policy statement.

F.1.2 The Corporate Director Finance and Resources, 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources and the Corporate 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 31st March each year.

- F.3.3 Where schools fail to complete the self-assessment by 31st 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 Corporate Director Finance and Resources will ensure that a Corporate 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources will ensure that the Corporate 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 Corporate Director Finance and Resources, 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 Corporate Director Finance and Resources 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 Best Brent 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources and the Corporate Director of Children & Young People, considers necessary for the efficient operation of the school's finances under arrangements approved by the Corporate Director Finance and Resources.

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 31st March, or the last banking day prior to the 31st 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 Corporate Director Finance and Resources 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 Corporate Director Finance and Resources and/or the Corporate 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 Corporate Director Finance and Resources 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:

[Constitution \(brent.gov.uk\)](http://brent.gov.uk)

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

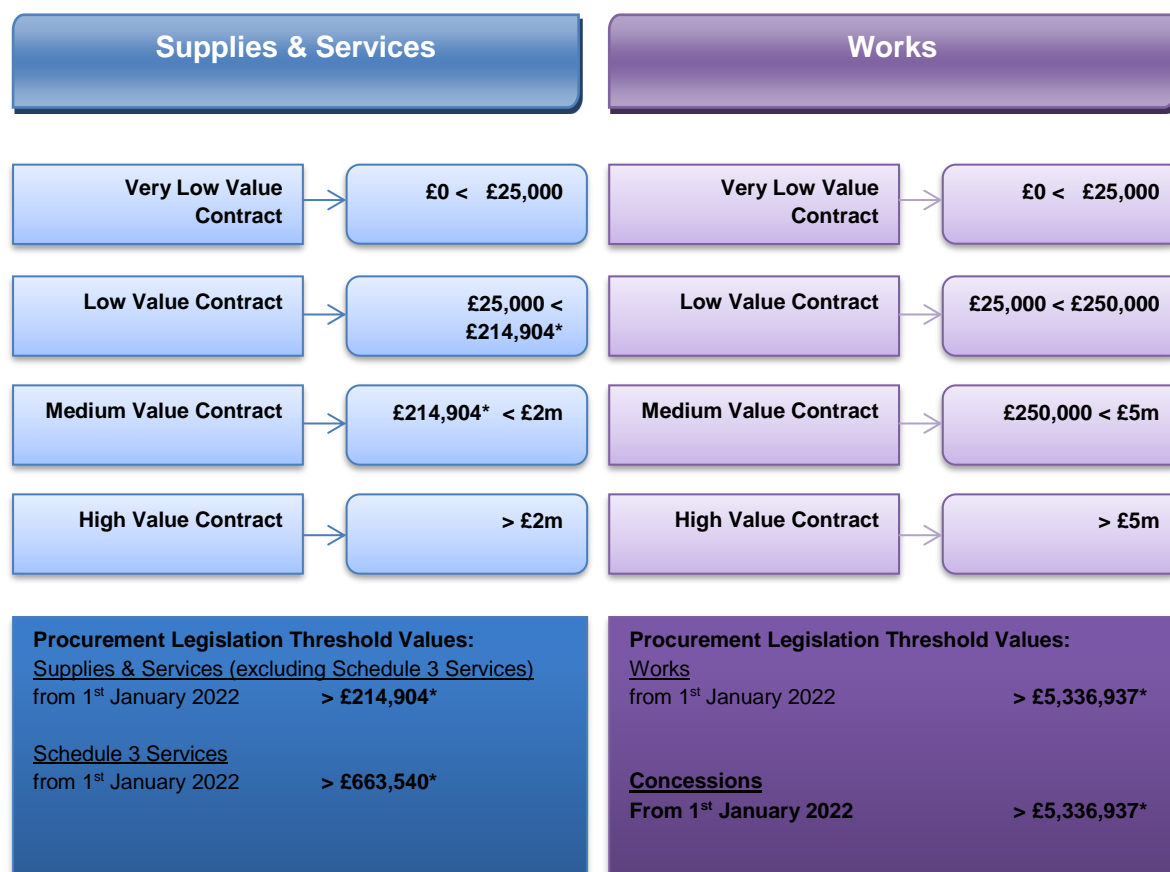
A summary of the LA’s Financial Regulations and Contract Standing Orders is provided below however, the Governing Board must be mindful of referring to and complying the full requirements contained in the LA’s Constitution, which may be amended from time to time.

- 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 Corporate Director Finance and Resources 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.



* When calculating the estimated value of the contract to determine whether the requirements of the Procurement Legislation apply, the contract value estimation should be **inclusive of VAT** (where applicable) from 1 January 2022. The figures in the table above which are not marked with an asterisk are exclusive of VAT. When valuing contracts the Governing Board will need to be conscious of VAT levels and whether the services, supplies or works attract standard rate VAT (currently 20%), attract some other rates or are exempt or outside the scope of VAT. Advice on VAT is available from the LA's VAT officer.

**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 Procurement Legislation, schools may consider using a Framework Agreement or Dynamic Purchasing System ('DPS') established pursuant to the LA's Contract Standing Orders, or by another contracting authority, rather than carrying out a formal tendering procedure. In such cases, the Governing Board must ensure that the Framework Agreement or DPS is suitable for the services, supplies or works being procured and that the use of the Framework Agreement or DPS is legally permissible. Advice may sought from the LA's Director of Legal & HR, Audit & Investigations as to whether the use of a Framework Agreement or DPS would be legally permissible.
- G.10 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.11 The LA's Director of Legal & HR and the Corporate Director Finance and Resources 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.12 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.13 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.14 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.15 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 Corporate 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 Corporate Director of Children & Young People subject to advice from the Corporate Director Finance and Resources 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 February 2024)

NURSERY (4)

College Green Nursery School & Services
Curzon Nursery School & Family Wellbeing Centre
Fawood Nursery School & Family Wellbeing Centre
Granville Plus Nursery School

PRIMARY (47)

Anson Primary School
Avigdor Hirsch Torah Temimah Primary School
Barham Primary School
Brentfield Primary School
Byron Court Primary School
Carlton Vale Infant School
Chalkhill Primary School
Christ Church CofE Primary School
Convent of Jesus and Mary RC Infant School
Donnington Primary School
Elsley Primary School
Fryent Primary School
Harlesden Primary School
Islamia Primary School
John Keble CofE Primary School
Kingsbury Green Primary School
Leopold Primary School
Lyon Park Primary School
Malorees Infant School
Malorees Junior School
Mitchell Brook Primary School
Mora Primary School
Mount Stewart Infant School
Mount Stewart Junior School
Newfield Primary School
Northview Primary School
Oliver Goldsmith Primary School
Our Lady of Lourdes RC Primary School
Park Lane Primary School

Preston Park Primary School
Princess Frederica CofE Primary School
Roe Green Infant School
Roe Green Junior School
Salisbury Primary School
Sinai Jewish Primary School
St Joseph's RC Junior School
St Joseph's RC Infant School
St Joseph's RC Primary School
St Mary Magdalen's Catholic Junior School
St Mary's CofE Primary School
St Mary's RC Primary School
St Robert Southwell RC Primary School
The Kilburn Park School Foundation
The Stonebridge School
Uxendon Manor Primary School
Wembley Primary School
Wykeham Primary School

SECONDARY (2)

JFS
Newman Catholic College

SPECIAL (1)

Phoenix Arch School

PRUS (2)

Ashley College
Brent River College

APPENDIX D
SUMMARY OF CHANGES:
2024-25 SCHOOLS FINANCIAL REGULATIONS

Previous Wording	New Wording	Reason for change																																					
Section G – Procurement and Contracts																																							
<p>G.3</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 149</p>	<p style="text-align: center;">Contract Value</p> <p>It is a mandatory requirement to estimate a contract value at the start of a procurement. 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