

Public Document Pack

To: Forum Members: Patricia Brims, Sarah Brinkley, Nathan Butler- Broad, Fadia Clarke, Jeanette Clifford, Paul Dick, Reverend Mary Harwood, Jon Hewitt, Kate House, Peter Hudson, Brian Jenkins, Catherine Morley, Derek Peale, Chris Prickett, David Ramsden, Clive Rothwell, Eileen Selsey, Graham Spellman, Suzanne Taylor, John Tyzack, Keith Watts, Stacey Williams and Charlotte Wilson

Councillors: Councillor David Allen and Councillor Irene Neill

Officers: Cathy Burnham, Shannon Coleman-Slaughter, Laura King, Carolynn Loosen, Ian Pearson and Claire White

SCHOOLS FORUM AGENDA

Monday, 9th June, 2014

5.00 pm Shaw House Church Road Newbury RG14 2DR

| Item and Presenting Officer | Page No. |
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| 1 | Apologies | |
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| 4 | Declarations of Interest | |
| 5 | Membership | |

Items for Decision

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| 6 | School Balances 2013/14 Claire White | 11 - 20 |
| 7 | Update on DSG Budget for 2014/15 Ian Pearson / Claire White | 21 - 24 |
| 8 | Funding for Primary Schools in Financial Difficulty Ian Pearson / Claire White | 25 - 26 |
| 9 | Scheme for Financing Schools 2014/15 Claire White / Carolynn Loosen | 27 - 68 |

Items for Discussion

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| 10 | School Funding Arrangements for 2015/16 Claire White | 69 - 70 |
| 11 | DSG Outturn 2013/14 Ian Pearson / Shannon Coleman-Slaughter | 71 - 76 |

Items for Information

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| 12 | School Financial Value Standard - Annual Report 2013/14 Laura King | 77 - 82 |
| 13 | Vulnerable Children's Grant - Annual Report 2013/14 Cathy Burnham | 83 - 84 |

Any Other Business

Forward Plan July to September 2014

Next Meeting: Monday 14th July 2014, 5pm at Shaw House

Agenda Item 2

Minutes of a Meeting of the Schools Forum

Monday 3rd March 2014

Shaw House

| | | | | |
|-------------------------|---------------------------|---------------------------------|------------------------------------|---------------------------------|
| Present: | Fiona Bridger-Wilkinson | Nursery Schools | Headteacher | Victoria Park Nursery School |
| | Patricia Brims | Primary Schools | Governor | Brimpton Primary School |
| | Jackie Hegg (substitute) | | FE Representative | Newbury College |
| | Jeanette Clifford | Academies | Governor | St Bartholomew's School |
| | Reverend Mary Harwood | | Church of England Representative | Oxford Diocese |
| | Jon Hewitt | Special Schools | Headteacher | The Castle School |
| | Peter Hudson | Primary Schools | Governor | Mortimer St Johns Infant School |
| | Brian Jenkins | | Early Years PVI Representative | Jubilee Day Nursery |
| | Chris Prickett | Primary Schools | Headteacher | Streatley Primary School |
| | Clive Rothwell | Secondary Schools | Governor | John O'Gaunt School |
| | Eileen Selsey | Academies | Governor | Park House School |
| | Graham Spellman | | Roman Catholic Representative | Portsmouth Diocese |
| | John Tyzack | Primary Schools | Governor | Falkland Primary School |
| | Keith Watts | | Union Representative | |
| | Stacey Williams | Pupil Referral Units | Headteacher | Reintegration Service |
| | Councillor David Allen | | Shadow Portfolio Holder for C&YP | |
| | Councillor Irene Neill | | Executive Portfolio for C&YP | |
| | Shannon Coleman-Slaughter | | CYP & Safeguarding Finance Manager | |
| | Carolynn Loosen | | Schools' Funding Officer | |
| | Ian Pearson | | Head of Education | |
| Jane Seymour – item 7 | | SEN & Disabled Children Manager | | |
| Maria Shepherd – item 6 | | Early Years Childcare Manager | | |
| Suzanne Taylor | | Headteacher | Hungerford Nursery School | |
| Claire White | | Schools' Finance Manager | | |

Action

1. APOLOGIES RECEIVED

| | | | |
|---------------------|-------------------|--------------------------|----------------------------|
| Sarah Brinkley | Secondary Schools | Headteacher | John O'Gaunt School |
| Cathy Burnham | | Social Inclusion Manager | West Berkshire Council |
| Nathan Butler-Broad | Primary Schools | Headteacher | Spurcroft Primary School |
| Fadia Clarke | | FE Representative | Newbury College |
| Paul Dick | Academies | Headmaster | Kennet School |
| Kate House | Primary Schools | Headteacher | The Ilsleys Primary School |
| Catherine Morley | Primary Schools | Headteacher | Theale Primary School |
| Derek Peale | Academies | Headteacher | Park House School |
| David Ramsden | Secondary Schools | Headteacher | Little Heath School |
| Charlotte Wilson | Academies | Headteacher | Trinity School |

2. MINUTES OF PREVIOUS MEETING DATED 20TH JANUARY 2014

The minutes of the meeting on 20th January were approved.

All actions from the previous meeting were completed.

3. ACTIONS ARISING FROM PREVIOUS MEETING

Item 6 Early Years and High Needs Budgets 2014/15

Reports finalising the early years and high needs budgets 2014/15 are Items 6 and 7 on this meeting's agenda.

Item 7 School Formula and School Budget for 2014/15

The school formula was submitted to the EFA and the school budget allocations have been distributed to the schools. We have since received confirmation from the EFA that the formula adheres to the finance regulations.

Ian Pearson has sent a letter to the Richard Stewart the EFA Observer that attended the Schools' Forum on 20th January to follow up on the further information that was requested at the meeting on whether the EFA will be reviewing top up funding for FE placements and universal free school meals for KS1 pupils and its impact on the LA.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. MEMBERSHIP

Micky Allfrey the School Business Manager at Lambourn Primary School has decided not to take up the role of Primary SBM Representative. The Primary Heads Association is in the process of nominating a replacement.

Derek Peale from Park House School has been appointed to the vacant Academies Representative post.

Suzanne Taylor of Hungerford Nursery School is to replace Fiona Bridger-Wilkinson of Victoria Park Nursery as the Nursery School representative. The Schools Forum congratulated Fiona on her secondment to HMI.

6. EARLY YEARS FUNDING AND BUDGET PROPOSALS 2014/15

Maria Shepherd and Claire White presented the report on Early Years funding and the budget proposals 2014/15.

The Early Years Steering Group sought approval to make no changes to the Early

Years formula for 2014/15 and carry forward the under spend for 2013/14 currently forecast at £632k in order to compensate for the loss of the universal provision funding, continue to build participation numbers and maintain the funding rates in 2014/15.

The carry forward cannot indefinitely cover the shortfall in funding in the DSG. There is the possibility of national changes to the formula in 2015/16 but if funding does not increase the hourly funding rate may have to be reduced in the future.

There has been a review of the method used to allocate deprivation funding. The Income Deprivation Affecting Children Index (IDACI) is the only indicator that can be used for early years but a few affluent houses in a post code can adversely affect the deprivation funding. In order to target funding more fairly the Early Years Steering Group decided to reduce the lowest band to 5% likelihood of disadvantage and reduce the funding rates.

The change in the IDACI bandings and rates adversely impacts on Victoria Park Nursery by £13k reducing their deprivation funding from £23k in 2013/14 to £10k in 2014/15. Members of the Schools' Forum asked if the impact could be dampened but protection is per pupil either cash or %. Victoria Park Nursery are still receiving the highest level of deprivation funding but the Early Years Steering Group are of the opinion that the funding as a whole is now better targeted and still fairly allocated.

DECISION: It was agreed that the under spend in the Early Years Block in 2013/14 be carried forward to the Early Years Block in 2014-15.

DECISION: The changes to the Early Years deprivation IDACI bands and rates were approved.

DECISION: The Early Years budget 2014/15 as set out in section 3 of the report was approved without amendment.

7. HIGH NEEDS BUDGET PROPOSAL 2014/15

Jane Seymour presented the report on the High Needs budget proposals for each cost centre in 2014/15.

It was highlighted that the FE College top up budget remains difficult to predict especially with the increase in the age range to 25, so a virement may be required in 2014/15.

Ian Pearson asked the members to note the reduced budget on non maintained special schools and reiterated that the use of contingency to increase internal provision and therefore reduce external provision costs is value for money. However the number and outcome of tribunals is difficult to predict.

Graham Spellman asked about the Early Intervention budget which has been reduced from £45k to £33k Jane explained that this budget is for a teacher to assist with language difficulties training and that this is a reduction in cost not level of service.

ACTION: The Schools' Forum requested a report on investing in West Berkshire high needs provision to further reduce the use of more expensive out of county provision.

DECISION: The High Needs budget 2014/15 as set out in the report was approved without amendment.

8. PUPIL REFERRAL UNIT BUDGET AND FUNDING PROPOSALS 2014/15

Ian Pearson presented the report on the PRU budget and funding proposals 2014/15.

A meeting was recently held between Stacey Williams, Jacquie Davies, Cathy Burnham, Charlotte Wilson (Secondary) and Nathan Butler-Broad (Primary) to discuss PRU funding arrangements for 2014/15.

A proposal was presented for primary schools and secondary schools.

Primary Schools

The LA continues to meet the full cost of the permanent exclusions and the relevant AWPU is repaid to the LA by the excluding school.

For all other placements the schools only pay 50% of the lowest funding band and the balance is paid by the LA from the High Needs Block. This is at a fixed daily rate set by the Reintegration Service but with a cap set at 12 weeks (approximately £2,250, although this is based on 2013/14 rates). Schools will be advised by the PRUs of the 2014/15 rates in due course. If a pupil is not ready to reintegrate after 12 weeks (as decided jointly between the school and LA with advice from other professionals) then all further costs of placement is met in full by the LA from the High Needs Block to prevent need for permanent exclusion.

Secondary Schools

The LA continues to meet the full cost of the permanent exclusions and the relevant AWPU is repaid to the LA by the excluding school. For all other placements:

Alternative Curriculum

The report proposes that schools pay £1000 per term towards the cost of the placement for a maximum of two years, however the Schools' Forum were of the opinion that as the school retains the AWPU for the pupil the payment should be closer to the AWPU value and therefore that the payment should be £1500 per term (£4500 per year). The balance is paid by the LA from the High Needs Blocks.

In the report in 3.3 the sentence "The pupil will then be on dual roll with the PRU" should read "The pupil will until then be on dual role with the PRU".

Reintegration Service

The schools only pay the lowest funding band and the balance is paid by the LA from the High Needs Block. This is at a fixed daily rate but with a cap set at 6 weeks (approximately £2,250, although this is based on 2013/14 rates). The funding of a continued place beyond 6 weeks will be met in full by the LA. Schools

will be advised by the PRUs of the 2014/15 rates in due course.

DECISION: The Schools' Forum approved the 2014/15 High Needs budget as set out in the table in section 2.1.

DECISION: All phases represented by the Schools' Forum agreed that the 2014/15 funding arrangement for the Alternative Curriculum payable by schools will be £1500 per term pro rata except where the school has not received AWPU funding and in this case the payment will be met from the High Needs Block. In addition it was also agreed that this arrangement will be subject to a mid-year review.

ACTION: Mid-year review of the PRU funding arrangements to be added to the work programme.

C Burnham

9. OVERALL DSG BUDGET PROPOSAL 2014/15

Claire White presented a report on the overall DSG budget for 2014/15.

The Schools Block budget was agreed at the Schools' Forum meeting on 20th January. There is an over spend of £27k due to the licence charges being notified by the DfE after the budget was set and submitted to the EFA.

The table in 2.1 should read Early Years Block DSG Funding £7,952k budget estimate £7,952k, which gives total DSG funding of £121,656k and budget estimate of £120,437. The headroom remains unchanged at £1,219k.

The final allocation of the High Needs Block is due at the end of March. However there is concern that the in year funding is not covering the actual costs, which is being topped up by carry forward of under spend from 2013/14.

The under spend is one off funding which it is recommended remain within the High Needs block due to the volatility of demands on this budget, however if it is passed on to schools it cannot be utilised until budget 2015/16 so this will need reviewing at the January 2015 meeting of the Schools' Forum.

DECISION: The Schools' Forum agreed the DSG budget proposals for 2014/15.

10. DSG BUDGET MONITORING MONTH 10

Shannon Coleman-Slaughter presented the report on the DSG budget monitoring as at 31st January 2014.

The DSG forecast outturn as at 31st January 2014 is an under spend of £1,891k, £1,518k of which relates to the High Needs Block.

The HNB top up funding cost centres are forecasting a pressure of £127k and the HNB contingency is forecasting an under spend of £939k.

The Non-LA Special Schools cost centre is forecasting an under spend of £342k, there is a £70k pressure on home tuition and there is income of £400k relating to recoupment income for 2012-13.

The under spend on special schools in other local authorities is the result of the initiative to invest in specialist provision in West Berkshire.

11. WORK PROGRAMME 2014/15

The work programme for 2014/15 was agreed.

ACTION: All members to put the meetings in their diary.

All

12. UPDATE FROM CAPITA SCHOOL FUNDING CONFERENCE (verbal)

The Capita School Funding Conference on 28th January was attended by Patricia Brims, John Tyzack, Ian Pearson and Claire White. One of the highlights was a presentation by Susan Fielden, the Somerset County Council Strategic Manager for C&YP, who presented an informative presentation on Making the Most of Local Funding Formula Flexibility particularly their model for small schools which is based on 1.5 classes and the Headteacher teaching three days a week as well as the impact of the sparsity issue on their LA.

ACTION: The course material will be emailed to all members of the Schools' Forum with the minutes from this meeting.

C Loosen

13. UPDATE ON MEETING WITH DFE ON SMALL SCHOOLS FUNDING (verbal)

Ian Pearson, Irene Neill, Claire White and Richard Benyon MP attended a meeting with DfE regarding the impact of the funding formula on small schools. The issues regarding the sparsity factor were discussed and proposals were put forward for a formula taper.

14. TRADE UNION FACILITY TIME – SCHOOLS FORUM ROLE (verbal)

The DfE has recently issued advice on trade union facilities time, where TU representatives are released from their teaching duties for union work. Facilities time is a LA statutory duty but the guidelines only say that there should be reasonable release time and that use of TU facility time funding should be accountable.

DECISION: As this funding is part of the DSG an annual report on the use of the funding is required by the Schools Forum.

ACTION: Trade Union Facility Time report to be added to the Schools' Forum work programme.

C Loosen

ANY OTHER BUSINESS

EDUCATION CONSULTATIVE MEETING

Among the items discussed at the consultative meeting was the trade union facility for schools and the issue of how the funding available from maintained school de-delegations and the academies that buy back should be split across the trade unions. In addition there are issues regarding the mismatch of funding and the expectation and time available. One of the West Berkshire employees is also a national executive member of the NASUWT so this involves additional responsibility, time and funding approximately £15k (one third of salary plus on costs). The funding for 2014/15 has been finalised so if the quantum needs to be increased the unions would need to make a proposal to the Schools Forum for the 2015/16 budget process.

ACTION: Report back to Schools' Forum in the Summer Term.

**K Watts & J
Milone (HR)**

SCHOOLS FORUM REGULATIONS 2012 (UPDATED)

The Schools' Forum regulations 2012 update has recently been issued by the DfE.

ACTION: The document will be emailed to all members of the Schools' Forum with the minutes from this meeting.

C Loosen

Meeting closed 6.45 p.m.

Date of next meeting: Monday 9th June 2014

Time: 5pm

Venue: Shaw House

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Agenda Item 3

ACTIONS ARISING FROM PREVIOUS SCHOOLS' FORUM MEETINGS 2014/15

| Ref No. | Date – Item No. | Action | Officer | Comment / Update |
|---------|-----------------|---|--------------------|--|
| 1 | 03/03/14 - 7 | Report on investing in West Berkshire high needs provision to further reduce the use of more expensive out of county provision. | J Seymour | To be presented at the HFG on 1st July and SF on 14 th July |
| 2 | 03/03/14 - 8 | Mid-year review of PRU funding arrangements. | C Burnham | |
| 3 | 03/03/14 - 12 | Capita School Funding Conference materials to be emailed to all Schools' Forum members. | C Loosen | Complete – emailed on 7/3/14 |
| 4 | 03/03/14 - 14 | Trade Union facility time annual report to be added to the Schools' Forum work programme. | C Loosen | On SF Agenda for 14 th July |
| 5 | 03/03/14 - AOB | Trade Union facility time proposals for the arrangement and budget in 2015/16 to be brought to Schools' Forum. | K Watts & J Milone | To be presented at the HFG on 1st July and SF on 14 th July |
| 6 | 03/03/14 - AOB | Schools' Forum Regulations 2012 (updated) to be emailed to Schools' Forum members. | C Loosen | Complete – emailed on 7/3/14 |

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| West Berkshire Schools' Forum | |
|--------------------------------------|--|
| Title of Report: | School Balances as at 31 March 2014 |
| Date of Meeting: | 9th June 2014 |
| Contact Officer(s) | Claire White |
| For Decision | |

1. Introduction

- 1.1 The schools accounts for 2013/14 have now been closed and the closing balances for each school determined.
- 1.2 The following table summarises the overall closing balances of West Berkshire Maintained schools compared to the previous year (the opening balances relating to schools converting to Academies during the financial year have been removed for comparison purposes). A detailed breakdown per school is shown in Appendix A.

| | As at 31 March 2013 £'000 | As at 31 March 2014 £'000 | Increase / (decrease) £'000 |
|------------------|---------------------------------|---------------------------------|-----------------------------------|
| Nursery | 65 | 76 | 11 |
| Primary | 2,933 | 2,425 | (508) |
| Secondary | 804 | 262 | (542) |
| Special | 170 | 742 | 572 |
| PRUs | 0 | 315 | 315 |
| Total | 3,972 | 3,820 | (152) |

- 1.3 Although overall balances have slightly decreased, there has been a significant decrease in primary and secondary schools as would be expected during a period of no funding increases, where as the balances at special schools and PRU's operating for the first year with place and top up funding have significantly increased.

2. Schools Closing in Deficit

- 2.1 Three schools budgeted a deficit in 2013/14 - John O Gaunt, Parsons Down Junior and The Willows. Of these schools, only John O' Gaunt closed with a deficit, the other two schools reorganising and managing their budgets well during the year and closing in surplus, and they are both expected to set a balanced budget for 2014/15. These two schools are commended for their hard work in managing their budgets. Four other schools closed with a deficit at the end of 2013/14 – Beenham, Bradfield, Bucklebury, and The Ilsleys.

2.2 The overall position at each of these schools as at 31 March 2014 was as follows (note that the figures are net of all revenue funds including for example pupil premium grant, so they are not just the main school budget):

| | 2013/14 Budget Balance £'000 | 2013/14 Actual Balance £'000 | Increase / (decrease) in Deficit £'000 |
|--------------------------------|---------------------------------------|---------------------------------------|---|
| John O'Gaunt | 140,670 | 113,024 | -27,646 |
| Parsons Down Junior | 13,670 | -10,071 | -23,741 |
| The Willows | 43,240 | -29,735 | -72,975 |
| Beenham | 0 | 13,229 | 13,229 |
| Bradfield | -6,670 | 1,061 | 7,731 |
| Bucklebury | -100 | 14,208 | 14,308 |
| The Ilsleys | -7,590 | 21,475 | 29,065 |

2.3 John O'Gaunt has managed to reduce their in-year planned deficit by £27k. There are still significant concerns that the pupil numbers are not increasing quickly enough to support their on-going expenditure plans, and that the deficit will continue to grow.

2.4 Beenham had an expensive staffing issue during 2013/14 resulting in a deficit at the end of the year. The school expects to set a balanced budget in 2014/15.

2.5 Bradfield went into special measures at the beginning of 2013, and have since faced the challenge of improvement against reduced funding. Staffing costs have increased with an Executive Head in place alongside other additional teaching resources. The school managed to close with a minimal deficit considering the increased staffing costs, but the 2014/15 budget is a significant challenge and is likely to be a deficit in part due to redundancy costs following a 2014/15 staff restructure. The school intend to submit a funding bid to meet these redundancy costs.

2.6 Bucklebury believed it was better to set a balanced budget they could work toward in 2013/14 rather than a deficit budget, but they were unable to achieve this aspirational budget. The current draft budget shows a growing deficit. The school is working with Schools Accountancy on their deficit recovery plan.

2.7 The Ilsleys is a small school of around 60 pupils and has seen a small decrease in its funding due to the national formula changes. The school commenced some staffing restructures in 2013/14 and incurred significant redundancy costs which were not budgeted. The school has submitted a funding bid to meet these redundancy costs, which if met will take them back into a balanced position, and with a viable staffing structure going forward.

3. Schools Closing with an Excess Surplus

3.1 West Berkshire's Balance Control Mechanism sets a maximum limit for balances on schools' delegated budgets of 8% primary and 5% secondary of the annual budget allocation or £20,000 (whichever is greater). Balances in

excess of this limit may be clawed back. Three schools have closed with an apparent excess surplus – Hampstead Norreys, Westwood Farm Infant, and Westwood Farm Junior.

3.2 Each school is required to complete a balance return, and if it has an excess surplus to provide an explanation and detailed information regarding use of the balance. The returns from each school are attached in appendix B.

3.3 Although outside the clawback scheme, it should also be noted that Brookfields Special School and the PRUs also closed with significant surpluses.

3.4 Schools should be commended on their continued ability during 2013/14 to monitor and control their budgets. At the close of the year there were no excessive/unexplained deficits or excess surpluses to cause significant concern, other than the continuing concerns at John O Gaunt school.

For Decision: Schools' Forum to decide whether to accept each of the three school's explanations for and use of their excess balance, or to refer any to the next Heads Funding Group to hear from the school, review and make a recommendation back to the Schools' Forum.

Appendices

Appendix A – School Balances as at 31 March 2014

Appendix B – Balance Control Returns from Schools with Excess Surplus Balance

West Berkshire Council - Balance Control Mechanism

Information on School Balances 2013/14

All yellow boxes (where required) to be completed and the form returned to the Schools Finance Team, Finance Department no later than 31st May 2014
 Note that a positive figure is a surplus balance, a (negative) figure is a deficit balance

Hampstead Norreys Church of England Primary School

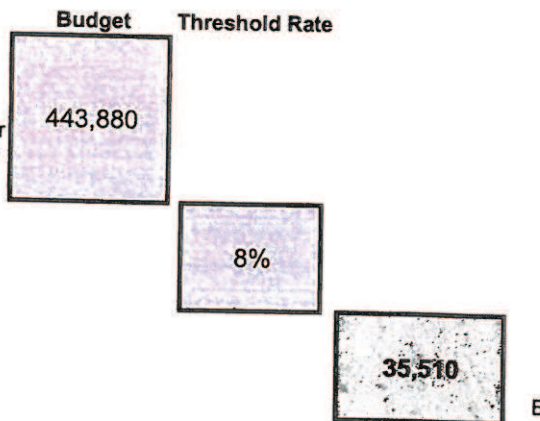
A. Closing Balances (revenue balance ONLY as per CFR: excludes Community Focused)

| | £ | |
|--|--------|---|
| Surplus / (deficit) as at 31 March 2014 | 49,668 | A |
| Surplus / (deficit) as at 31 March 2013 | 25,209 | |
| Increase / (decrease) on previous Year | 24,460 | |
| Of the closing balance as at 31 March 2014, what amount was committed (this information is required for CFR purposes) | | |
| Committed | | |
| Uncommitted | 49,668 | |

B. Upper Threshold for Excess Balance

For mainstream schools "budget" is the 2014/15 total delegated budget allocation including place funding, early years estimate, and 6th form funding, but excludes pupil premium grant, sports grants, SEN top up funding, and other income generated by the school. For other schools "budget" is the 2013/14 expenditure budget

Threshold rate is 8% Primary, 5% Secondary schools, or £20,000 whichever higher. 10% is a guideline for nursery schools, special schools and PRUs due to their funding being volatile



Upper Threshold

B

C. Calculation of Relevant School Balance

| | | |
|--|--------|-----------------------------|
| Surplus / (deficit) as at 31 March 2014 | 49,668 | |
| Less: PE & Sports Grant carried forward (Fund 13) | 4,667 | = A |
| Less: Pupil Premium Grant to be carried forward. Please enter an X in the box to the right if you DO NOT WANT this balance is to be transferred to new Fund code 08 | 2,144 | |
| Less: Any other ring fenced grant funds with permission to carry forward, and funds being held on behalf of a cluster or partnership agreement | 2,248 | Chinese Grant & NSS Bursary |
| Relevant Surplus Balance 31 March 2014 (for purpose of calculating excess balance) | 40,610 | C |

ENTER AS A POSITIVE FIGURE

ENTER AS A POSITIVE FIGURE

D. Amount by which Balance exceeds Threshold - The Excess Balance

If C < B, then nil

| | |
|-------|-----------|
| 5,099 | D = C - B |
|-------|-----------|

Where there is a figure in Box D, explain how/why the school has accumulated such a large surplus balance:

Since the resignation of the 0.4 Executive Headteacher in January 2014, there has been uncertainty surrounding the future headship position of the school. Initially, the decision to appoint a full time head was taken by the governing body. This would have resulted in a budget deficit for 2014/15. After three rounds of advertising the position of headteacher, a subsequent decision was taken by the governing body on the 14th May, to appoint a 0.5 Executive Headteacher from September 2014.

E. Use of Relevant Surplus Balance (C) - ONLY TO BE COMPLETED WHERE THERE IS A FIGURE IN BOX D

| Description of Planned Use of Balances included in your 2014/15 budget plan (see below for permitted use): | | | | | |
|--|------------------------------------|--|--------------------------------|-----------------------------|--------------------------------------|
| | Planned Implementat ion Date | Amount £ (ENTER AS POSITIVE FIGURE) | Which Strategic Document | Purchase Order Number | Account Code in budget Plan |
| 1 West Berks PO - 5 yearly fixed wire electrical inspection | 21.03.14 | 1,400 | | 1224669 | C0018 |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| Sub Total Planned Items | | 1,400 | | | |
| Unplanned Balances included in your 2014/15 budget plan: | | | | | |
| 1 General Contingency (as per code A0003 in your 2014/15 budget plan) | | 23,200 | 5.23% | | |
| 2 Balance not Identified | | 16,010 | | | |

F. Signatures

Headteacher:

Date:

23/5/14

Chair of Governors

Date:

23/5/14

Notes to the above

Thresholds

Note that the 8% and 5% thresholds are not targets, but the maximum percentage which should reasonably be retained for a planned use or a contingency to deal with unforeseen circumstances. In practice, most schools should be able to manage with balances of 2-3%

Permitted Uses of Balances:

- 1 A planned investment project within the School Development Plan or similar documents that will improve the quality of education/raise achievement with specific and explicit links to the objectives of the school.
e.g. additional staffing to support a specific purpose or activity
replacement of life expired equipment
capital improvement
investment in new technology
responding to health and safety requirements
improving access to school sites and buildings
responding to needs identified by Ofsted inspections

- 2 Sustaining appropriate levels of staffing through a planned period of turbulence up to a maximum of 3 years, supported by your 3 year pupil forecasts and budget plan i.e. temporary reduction in pupil numbers/funding

- 3 Where unavoidable delay has moved legally committed expenditure into the following financial year i.e. order placed, goods/service not received by 31st March

**** Note that balances cannot be used to fund on-going costs - these need to be funded on a sustainable basis****

West Berkshire Council - Balance Control Mechanism

Information on School Balances 2013/14

All yellow boxes (where required) to be completed and the form returned to the Schools Finance Team, Finance Department no later than 31st May 2014
 Note that a positive figure is a surplus balance, a (negative) figure is a deficit balance

Westwood Farm Infant School

A. Closing Balances (revenue balance ONLY as per CFR: excludes Community Focused)

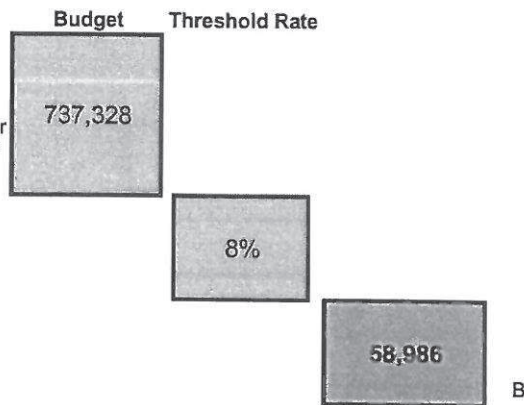
£

| | | |
|--|--------|---|
| Surplus / (deficit) as at 31 March 2014 | 71,693 | A |
| Surplus / (deficit) as at 31 March 2013 | 48,329 | |
| Increase / (decrease) on previous Year | 23,364 | |
| Of the closing balance as at 31 March 2014, what amount was committed (this information is required for CFR purposes) | | |
| Committed | | |
| Uncommitted | 71,693 | |

B. Upper Threshold for Excess Balance

For mainstream schools "budget" is the 2014/15 total delegated budget allocation including place funding, early years estimate, and 6th form funding, but excludes pupil premium grant, sports grants, SEN top up funding, and other income generated by the school. For other schools "budget" is the 2013/14 expenditure budget

Threshold rate is 8% Primary, 5% Secondary schools, or £20,000 whichever higher. 10% is a guideline for nursery schools, special schools and PRUs due to their funding being volatile



Upper Threshold

B

C. Calculation of Relevant School Balance

| | | | |
|--|--------|-----|-------------------------------------|
| Surplus / (deficit) as at 31 March 2014 | 71,693 | = A | |
| Less: PE & Sports Grant carried forward (Fund 13) | 3,577 | | |
| Less: Pupil Premium Grant to be carried forward. Please enter an X in the box to the right if you DO NOT WANT this balance is to be transferred to new Fund code 08 | 0 | | |
| Less: Any other ring fenced grant funds with permission to carry forward, and funds being held on behalf of a cluster or partnership agreement | | | please provide breakdown & details: |
| Relevant Surplus Balance 31 March 2014 (for purpose of calculating excess balance) | 68,116 | C | |

D. Amount by which Balance exceeds Threshold - The Excess Balance

If C < B, then nil

| | |
|-------|-----------|
| 9,130 | D = C - B |
|-------|-----------|

Where there is a figure in Box D, explain how/why the school has accumulated such a large surplus balance:

Funding changes to the Hearing Resource base caused the school to have an excess balance. The unit is a five place unit, but due to a very brief period the year before, we had six children. This resulted in an additional £10k funding being given to the school. Government funding changes also meant the AWPU funding for the children was within the £10k place allocation and not within the Main School as previously funded. This resulted in a considerable increase to the budget historically allocated to the unit. The funds were received in P1 and confirmation of no possible clawback was received in Oct. The F/C was informed Nov 13. This resulted in projects being planned and fulfilled ensuring VFM. The Main School budget has its smallest c/f historically for some years next F/Y, therefore, the Unit is going to contribute considerably to the expenditure of the school in the next and ongoing F/Ys.

E. Use of Relevant Surplus Balance (C) - ONLY TO BE COMPLETED WHERE THERE IS A FIGURE IN BOX D

| | Planned Implementat ion Date | Amount £ (ENTER AS POSITIVE FIGURE) | Which Strategic Document | Purchase Order Number | Account Code in budget Plan |
|---|---|--|--------------------------------|-----------------------------|--------------------------------------|
| Description of Planned Use of Balances included in your 2014/15 budget plan (see below for permitted use): | | | | | |
| 1 | The Carry Forward figure is required to be used to balance the budget for 14/15 and going forward. Staff to be analysed in the future re sharing of employees across the federated schools. | To April 15 | 33,170 | Schools 5 Yr Budget Plan | Various |
| 2 | Curriculum budgets for new curriculum requirements to achieve and raise pupil standards | To April 15 | 7,000 | RAP | E0616 |
| 3 | Increase in SLT, additional half share of post of AHT for federated schools, to monitor and increase standards and performance | Sep-14 | 14,078 | RAP | A1140/A1160 /A2100 |
| 4 | | | | | |
| 5 | | | | | |
| Sub Total Planned Items | | | 54,246 | | |
| Unplanned Balances included in your 2014/15 budget plan: | | | | | |
| 1 | General Contingency (as per code A0003 in your 2014/15 budget plan) | | 13,870 | % 1.88% | |
| 2 | Balance not Identified | | 0 | | |

F. Signatures

Headteacher:



Date:

22/05/2014

Chair of Governors:



Date:

22/05/2014

Notes to the above

Thresholds

Note that the 8% and 5% thresholds are not targets, but the maximum percentage which should reasonably be retained for a planned use or a contingency to deal with unforeseen circumstances. In practice, most schools should be able to manage with balances of 2-3%

Permitted Uses of Balances:

- 1 A planned investment project within the School Development Plan or similar documents that will improve the quality of education/raise achievement with specific and explicit links to the objectives of the school.
 - e.g. additional staffing to support a specific purpose or activity
 - replacement of life expired equipment
 - capital improvement
 - investment in new technology
 - responding to health and safety requirements
 - improving access to school sites and buildings
 - responding to needs identified by Ofsted inspections

- 2 Sustaining appropriate levels of staffing through a planned period of turbulence up to a maximum of 3 years, supported by your 3 year pupil forecasts and budget plan i.e. temporary reduction in pupil numbers/funding

- 3 Where unavoidable delay has moved legally committed expenditure into the following financial year i.e. order placed, goods/service not received by 31st March

**** Note that balances cannot be used to fund on-going costs - these need to be funded on a sustainable basis****

West Berkshire Council - Balance Control Mechanism
Information on School Balances 2013/14

All yellow boxes (where required) to be completed and the form returned to the Schools Finance Team, Finance Department no later than 31st May 2014
 Note that a positive figure is a surplus balance, a (negative) figure is a deficit balance

Westwood Farm Junior School

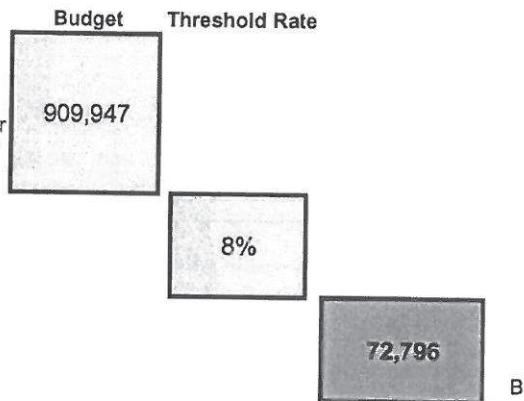
A. Closing Balances (revenue balance ONLY as per CFR: excludes Community Focused)

£

| | | |
|---|----------|---|
| Surplus / (deficit) as at 31 March 2014 | 90,114 | A |
| Surplus / (deficit) as at 31 March 2013 | 103,541 | |
| Increase / (decrease) on previous Year | (13,428) | |
| Of the closing balance as at 31 March 2014, what amount was committed (this information is required for CFR purposes) | | |
| Committed | 4,739 | |
| Uncommitted | 85,375 | |

B. Upper Threshold for Excess Balance

For mainstream schools "budget" is the 2014/15 total delegated budget allocation including place funding, early years estimate, and 6th form funding, but excludes pupil premium grant, sports grants, SEN top up funding, and other income generated by the school. For other schools "budget" is the 2013/14 expenditure budget
 Threshold rate is 8% Primary, 5% Secondary schools, or £20,000 whichever higher. 10% is a guideline for nursery schools, special schools and PRUs due to their funding being volatile



Upper Threshold

C. Calculation of Relevant School Balance

| | | |
|--|--------|--------------------------|
| Surplus / (deficit) as at 31 March 2014 | 90,114 | = A |
| Less: PE & Sports Grant carried forward (Fund 13) | 1 | |
| Less: Pupil Premium Grant to be carried forward. Please enter an X in the box to the right if you DO NOT WANT this balance is to be transferred to new Fund code 08 | 14,295 | <input type="checkbox"/> |
| Less: Any other ring fenced grant funds with permission to carry forward, and funds being held on behalf of a cluster or partnership agreement | | <input type="text"/> |
| Relevant Surplus Balance 31 March 2014 (for purpose of calculating excess balance) | 75,818 | C |

D. Amount by which Balance exceeds Threshold - The Excess Balance

If C < B, then nil

| | |
|-------|-----------|
| 3,022 | D = C - B |
|-------|-----------|

Where there is a figure in Box D, explain how/why the school has accumulated such a large surplus balance:

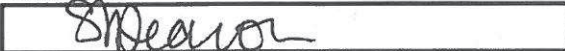
Unable to Schedule planned works for Hall acoustic ceiling project in Easter holidays due to the need to remove asbestos tiles in hall first. This increased the cost of project. The movement of £20,000 into Capital budget was planned but the movement has not yet been completed as the project will now commence in July 14.

E. Use of Relevant Surplus Balance (C) - ONLY TO BE COMPLETED WHERE THERE IS A FIGURE IN BOX D

| | Planned Implementat ion Date | Amount £ (ENTER AS POSITIVE FIGURE) | Which Strategic Document | Purchase Order Number | Account Code in budget Plan |
|---|---|--|--------------------------------|-----------------------------|--------------------------------------|
| Description of Planned Use of Balances included in your 2014/15 budget plan (see below for permitted use): | | | | | |
| 1 | The Carry Forward figure is required to be used to balance the budget for 14-15 and going forward. | 30,458 | | | |
| 2 | Hall ceiling project delayed to summer 14 due to new requirement to take out existing ceiling tiles with asbestos and replace with acoustic tiling. | 24.07.14 | 20,000 | RAP | K0200 |
| 3 | | | | | |
| 4 | Specialist training for member of HI staff to complete Teacher of the Deaf qualification | 01.04.14 | 4,000 | RAP | A2310 |
| 5 | ICT equipment to be purchased for two rooms in the HI Resources | Autumn 14 | 8,000 | RAP | E0505 |
| Sub Total Planned Items | | 62,458 | | | |
| Unplanned Balances included in your 2014/15 budget plan: | | | | | |
| 1 | General Contingency (as per code A0003 in your 2014/15 budget plan) | 13,360 | | 1.47% | |
| 2 | Balance not Identified | 0 | | | |

F. Signatures

Headteacher:



Date:

22/05/14

Chair of Governors:



Date:

22/05/14

Notes to the above

Thresholds

Note that the 8% and 5% thresholds are not targets, but the maximum percentage which should reasonably be retained for a planned use or a contingency to deal with unforeseen circumstances. In practice, most schools should be able to manage with balances of 2-3%

Permitted Uses of Balances:

- 1 A planned investment project within the School Development Plan or similar documents that will improve the quality of education/raise achievement with specific and explicit links to the objectives of the school.
 - e.g. additional staffing to support a specific purpose or activity
 - replacement of life expired equipment
 - capital improvement
 - investment in new technology
 - responding to health and safety requirements
 - improving access to school sites and buildings
 - responding to needs identified by Ofsted inspections

- 2 Sustaining appropriate levels of staffing through a planned period of turbulence up to a maximum of 3 years, supported by your 3 year pupil forecasts and budget plan i.e. temporary reduction in pupil numbers/funding

- 3 Where unavoidable delay has moved legally committed expenditure into the following financial year i.e. order placed, goods/service not received by 31st March

**** Note that balances cannot be used to fund on-going costs - these need to be funded on a sustainable basis****

Agenda Item 7

| West Berkshire Schools' Forum | |
|--------------------------------------|---|
| Title of Report: | Update on DSG Budget for 2014/15 |
| Date of Meeting: | 9th June 2014 |
| Contact Officer(s) | Claire White, Ian Pearson |
| For Decision | |

1. Background

1.1 The School Funding Settlement for 2014/15 announced by the Department for Education (DfE) on 18th December 2013 was provisional, with only the Schools Block being confirmed. Since the last meeting of the Schools' Forum (3rd March), the Early Years Block for 2013/14 has been confirmed, the High Needs block has been confirmed, and we now know the level of under spend to be carried forward from 2013/14 to 2014/15.

1.2 The Schools Forum is required to agree any changes to the 2014/15 DSG budget as a result of any difference between the actual DSG allocations compared to the funding allocation that was assumed in the budget.

2. Current DSG Funding for 2014/15

2.1 The current breakdown in funding for each of the 3 blocks is detailed in Appendix A, together with a high level breakdown of the expenditure budget against each block. The following table summarises the position:

| | DSG Funding Budget Set £'000 | DSG Funding Change in C/F £'000 | DSG Funding Notification Change £'000 | DSG Funding Overall Current £'000 | DSG Expenditure Budget £'000 | Variance £'000 |
|------------------------------|---|--|--|--|---|---------------------------|
| Schools Block | 95,150 | -23 | 0 | 95,127 | -95,177 | (50) |
| Early Years Block | 7,952 | -102 | 6 | 7,856 | -7,952 | (96) |
| High Needs Block | 18,554 | -518 | 433 | 18,469 | -19,192 | (723) |
| Total | 121,656 | -643 | 439 | 121,452 | -122,321 | (869) |

2.2 The Schools' Block carry forward was an overspend of £23k, largely due to higher than anticipated payments from the growth fund offset by no take up on the contingency for primary schools in financial difficulty. It is proposed that

the under spend on the de-delegated contingency budget for primary schools in financial difficulty of £115,680 be added to the 2014/15 budget for this purpose (as this funding belongs only to maintained primary schools and should not offset overspends on other budgets). This will take the total overspend to £166k (the original budget was an over spend of £27k due to late notification of licence fees for 2014/15). The option is to either budget for an over spend on the DSG, or meet this from the High Needs contingency.

2.3 The Early Years Block funding is based on 5/12 of the January 2014 census and 7/12 of the January 2015 census, so remains provisional until May 2015. On 21st May 2014 we received confirmation of our 2013/14 funding, which is £5,590 higher than estimated. This is therefore added to our DSG funding for 2014/15. The under spend for this block is £102k lower than forecast. It is proposed that the overall difference of £96k is deducted from the early year's contingency budget, reducing this from £355k to £259k.

2.4 There were a number of adjustments made to the High Needs Block in March 2014, some of which were unexpected.

- The place funding review resulted in a reduction of £56k due to “ineligible” places, though this is currently being disputed with the EFA. Additional places costing £37k also need to be included in the budget.
- There has been an additional allocation of national headroom funding totalling £291k which is welcome, but the funding we are receiving for post 16 top up funding, in particular for the FE sector, still falls well short of the actual costs.
- A change has been made to the recoupment arrangement on place funding. In 2013/14 this funding did not impact on the DSG. For 2014/15 we have received an allocation in our funding for this, and then it is recouped and paid direct to the providers by the EFA. However the funding received falls short of the amount recouped.

The overall impact of all these adjustments is a reduction of £204k. In addition, the carry forward of under spend from 2013/14 was forecast to be £1,518k and the actual is £1,000k. The overall shortfall in DSG funding in the High Needs block is therefore £722k. It is proposed that this is deducted from the High Needs Contingency budget, reducing this from £1,501k to £779k.

Recommendation: To agree the changes to the DSG Budget for 2014/15 as proposed in the report

Appendices

Appendix A - DSG Funding Allocation 2014/15 as at 21/5/14

| Estimated DSG Funding 2014/15 as at 21 MAY 2014 | | | | |
|---|---|-------------------------|------------------------|--------------------|
| 1 | | | | |
| 2 | | | | |
| 3 | SCHOOLS BLOCK (Final) | Estimate 2014/15 | Current 2014/15 | |
| 4 | Pupil Numbers | Oct 2013 census | Oct 2013 census | |
| 5 | School Census - Mainstream | 21,922.0 | 21,922.0 | |
| 6 | Add: Reception Uplift | 46.0 | 46.0 | |
| 7 | Less: Pupils/Places in Resource Units | -119.0 | -119.0 | |
| 8 | Total Pupil numbers | 21,849.0 | 21,849.0 | |
| 9 | | | | |
| 10 | DSG Guaranteed Unit of Funding | £4,359.00 | £4,359.00 | |
| 11 | DSG based on pupil numbers | £95,239,791 | £95,239,791 | |
| 12 | | | | |
| 13 | Plus: Adjustment for NQT | £33,115 | £33,115 | |
| 14 | Less: Reduction for Carbon Reduction Commitment | -£123,140 | -£123,140 | |
| 15 | | | | |
| 16 | ADD Carry Forward of OVERSPEND from Previous Year | | -£23,050 | |
| 17 | | | | |
| 18 | Total Schools Block including Academies | 95,149,766 | 95,126,716 | |
| 19 | | | | |
| 20 | EARLY YEARS BLOCK (Provisional) | Jan 2014 census | Jan 2014 census | |
| 21 | Pupil Numbers | | | |
| 22 | School Census - Mainstream | 421.0 | 421.0 | |
| 23 | Early Years Census | 1,114.0 | 1,114.0 | |
| 24 | Adjustment for universal provision | 0.0 | 0.0 | |
| 25 | Total Pupil numbers | 1,535.0 | 1,535.0 | |
| 26 | | | | |
| 27 | DSG Guaranteed Unit of Funding | £3,911.00 | £3,911.00 | |
| 28 | DSG based on pupil numbers | £6,003,385 | £6,003,385 | |
| 29 | | | | |
| 30 | Two Year Old Funding | £1,316,928 | £1,316,928 | |
| 31 | | | | |
| 32 | Difference in provision for DSG due in 2013/14: | | | |
| 33 | Provision for estimated DSG | | -£170,090 | |
| 34 | Actual DSG notified on 21/5/14 | | £175,680 | |
| 35 | | | | |
| 36 | ADD Carry Forward of UNDERSPEND from Previous Year | £632,030 | £530,114 | |
| 37 | | | | |
| 38 | Total Early Years Block | 7,952,343 | 7,856,017 | |
| 39 | | | | |
| 40 | HIGH NEEDS BLOCK (Final) | | | |
| 41 | High Needs Budget 2013/14 | 16,587,354 | 16,587,354 | |
| 42 | | | | |
| 43 | Remove NMSS grant for 13/14 | -40,974 | -40,974 | |
| 44 | Add NMSS grant for 14/15 | 43,254 | 43,254 | |
| 45 | Remove post 16 funding in DSG for 13/14 | -551,229 | -551,229 | |
| 46 | Add place & top up funding post 16 for 14/15 | 487,754 | 487,754 | |
| 47 | Add post school (FE/ISP) top ups for 14/15 | 509,693 | 509,693 | |
| 48 | | | | |
| 49 | March 2014 Adjustments: | | | |
| 50 | Place number review adjustment to funding for 14/15 | | -56,330 | |
| 51 | Additional top up funding for FE/ISP (new money) | | 170,000 | |
| 52 | Additional allocation from headroom (new money) | | 120,977 | |
| 53 | Additional Places funding to come from DSG (based on 2013/14) | | 199,000 | |
| 54 | | | | |
| 55 | ADD Carry Forward of UNDERSPEND from Previous Year | 1,518,000 | 999,890 | |
| 56 | | | | |
| 57 | Total High Needs Block | 18,553,852 | 18,469,389 | |
| 58 | | | | |
| 59 | TOTAL DSG FUNDING | 121,655,961 | 121,452,122 | |
| 60 | | | | |
| 61 | Expenditure Budgets (including academies, split into funding blocks) | | | |
| 62 | SCHOOLS BLOCK | | Expenditure | Funding |
| 63 | Primary & Secondary Delegated Budgets 4 - 16 | 94,379,130 | 94,379,130 | |
| 64 | Schools Contingency (Growth Fund/Falling Rolls Fund) | 370,000 | 370,000 | |
| 65 | Centrally Retained Schools Budget | 427,410 | 427,410 | |
| 66 | | 95,176,540 | 95,176,540 | 95,126,716 |
| 67 | EARLY YEARS BLOCK | | | |
| 68 | Early Years single Funding Formula - Schools | 1,922,420 | 1,922,420 | |
| 69 | Early Years single Funding Formula - PVI | 4,308,760 | 4,308,760 | |
| 70 | Early Years Contingency | 354,540 | 354,540 | |
| 71 | 2 year old Funding | 1,267,230 | 1,267,230 | |
| 72 | Centrally Retained early years budgets | 99,390 | 99,390 | |
| 73 | | 7,952,340 | 7,952,340 | 7,856,017 |
| 74 | HIGH NEEDS BLOCK | | | |
| 75 | Special Schools | 6,094,670 | 6,119,670 | |
| 76 | Resource Units / LALs | 1,237,570 | 1,250,070 | |
| 77 | Mainstream Schools (Top Ups) | 785,470 | 785,470 | |
| 78 | PRU's | 2,074,500 | 2,074,500 | |
| 79 | Non Maintained/Independent Special Schools/FE | 3,711,110 | 3,711,110 | |
| 80 | High Needs Contingency | 1,500,776 | 1,500,776 | |
| 81 | Centrally Retained High Needs Budgets | 2,302,985 | 2,302,985 | |
| 82 | Recoupment for non WBC maintained places | 820,000 | 1,447,170 | |
| 83 | | 18,527,081 | 19,191,751 | 18,469,389 |
| 84 | Total Budgets | 121,655,961 | 122,320,631 | 121,452,122 |
| 85 | | | | |
| 86 | Headroom or (Shortfall) | 0 | -868,509 | |

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| West Berkshire Schools' Forum | |
|--------------------------------------|--|
| Title of Report: | Funding for Primary Schools in Financial Difficulty |
| Date of Meeting: | 9th June 2014 |
| Contact Officer(s) | Ian Pearson / Claire White |
| For Decision | |

1. Background

1.1 Since April 2013, local authorities have been required to delegate to all schools the contingency previously held for schools in financial difficulty. Each phase in the maintained sector then has the option of de-delegating this funding to continue to centrally retain it.

1.2 Primary schools opted to de-delegate this funding in 2013/14, and again in 2014/15.

1.3 No bids were received in 2013/14, and there is the option to add the carry forward of the 2013/14 budget (£115,680) to the 2014/15 budget (£115,470). The total funding available in 2014/15 would therefore be £231,150.

1.4 The criteria agreed by the Schools' Forum for allocating this funding to schools is as follows:

If a school has a deficit budget it may be allocated additional support funding. If a school can meet the following criteria, a bid for additional funding can be made by the school to be considered by the Schools' Forum:

1. The school has sought and followed the advice of the Schools' Finance Advisor prior to going into deficit
2. The school has (up to) a five year robust deficit recovery plan in place which has been discussed with and verified by the Schools' Finance Advisor.
3. Additional funding may be payable for one of the following exceptional unforeseen circumstances which has taken the school into deficit:
 - Payment to maintain current staffing levels to help cover a temporary downturn in pupil numbers, and evidence can be provided that the numbers are likely to recover within a 2 - 3 year period making downsizing of staff and resultant redundancy costs unreasonable.
 - Payment to maintain current staffing levels on a temporary basis in a school causing concern (i.e. Ofsted category of notice to improve or worse), where to reduce the staffing would be detrimental to the recovery of standards in the short term.
 - Payment to cover staffing costs during a short term interim period whilst restructuring takes place due to an unforeseen sudden permanent downturn in pupil numbers

- Redundancy payments, where the redundancies are required in order to balance the budget over a 3 – 5 year period, but these costs will put the school further into deficit if not met (as per the Severance Funding Policy).

In order to access this funding, a school will need to present in person (with the support of the Schools' Accountant) a case to a panel as agreed by Primary Heads, who after consideration of the case, will recommend the amount and duration of the financial support to Schools' Forum for approval or not.

1.5 Note that the decision to be taken by Schools' Forum is by Primary representatives only.

2. Funding Bids Received

2.1 One funding bid has recently been received - from the Ilsleys Primary School, totalling £38,667

2.2 The Ilsleys has requested funding to meet the cost of redundancy payments, which has caused them to close the 2013/14 year in deficit. The school has carried out significant work on restructuring and made staffing reductions in order to be able to operate on an annual basis within the funding available. The school is unable to recover the redundancy costs within a reasonable period without a short term detrimental effect on teaching and learning. The school has sought advice from finance over the last year in order to achieve a balanced budget position, and the Schools' Finance Manager is able to verify their budget plan and this bid. The criterion set by the Schools' Forum has therefore been met.

2.3 The school's Headteacher and Finance Officer attended the last meeting of the Heads Funding Group and presented their bid and answered a number of questions from the members present. Overall the members were satisfied with the schools explanations on its budget and future savings assumptions, and that to not support the bid would leave the school in deficit for a number of years unless further staffing cuts were made which would have a significant detrimental effect on the pupils.

Recommendation: To approve the bid from The Ilsleys.

| West Berkshire Schools' Forum | |
|--------------------------------------|---------------------------------------|
| Title of Report: | Scheme for Financing Schools |
| Date of Meeting: | 9th June 2014 |
| Contact Officer(s) | Carolynn Loosen / Claire White |
| For Decision | |

1.1 Introduction

The DfE statutory guidance on Schemes for Financing Schools for 2014 was published in February 2014.

The proposed revision was issued to Headteachers, School Business Managers and Chairs of Governing Bodies for consultation on 17th April 2014 with a closing date of 23rd May 2014.

The scheme was also sent to the Head of Education and the Insurance Officer for review.

1.2 Revisions to the Scheme for Financing Schools 2014

The West Berkshire Scheme for Financing Schools has been updated with the couple of mandatory wording changes and a few other small amendments to clarify current procedures and be in line with the latest school finance regulations. The proposed update is attached in Appendix A showing the tracked changes.

1.3 Consultation Responses

No relevant consultation responses were received i.e. some responses were received that do not relate to the scheme or are a statutory requirement; a number of schools responded saying that they were happy with the scheme.

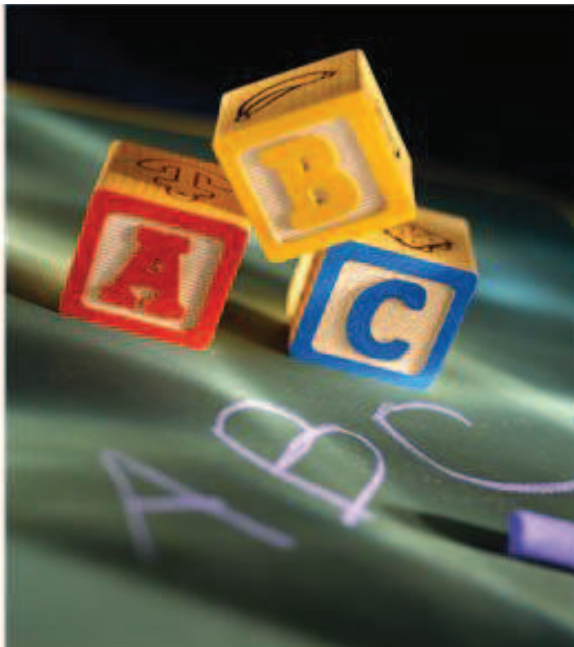
Recommendation: Members representing maintained schools only to approve the Scheme for Financing Schools for 2014/15

Appendices

Appendix A – The Scheme for Financing Schools 2014/15

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Scheme for Financing Schools



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Annex A: Schools to which the scheme applies

SECTION 1: INTRODUCTION

1.1 The funding framework: main features

The funding framework, which replaces Local Management of Schools, is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998.

Under this legislation, local authorities determine for themselves the size of their schools budget and their non schools education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their Schools' Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools budget left after deduction of centrally-retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the authority in accordance with s.48 of the Act and regulations made under that section. All proposals to revise the scheme must be approved by the Schools' Forum, though the local authority may apply to the Secretary of State for approval in the event of the Forum rejecting a proposal or approving it subject to modifications that are not acceptable to the local authority.

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

An authority may suspend a school's right to a delegated budget if the provisions of the authority's Scheme for Financing Schools (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed

satisfactorily. A schools right to a delegated budget share may also be suspended for other reasons (schedule 17 to the Act).

Each authority is obliged to publish each year a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

Regulations also require the local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.2 The role of the scheme

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

1.3 Application of the scheme to the authority and maintained schools

The scheme applies to all community, nursery, special, voluntary and foundation schools (including trust) and foundation special schools and pupil referral units maintained by the authority, (as listed in Annex A), whether they are situated in the area of the authority or elsewhere. It does not apply to schools situated in the authority's area which are maintained by another authority, nor does it apply to academies.

1.4 Publication of the scheme

The scheme will be published on the West Berkshire website at <http://www.westberks.gov.uk/index.aspx?articleid=18416>

1.5 Revisions of the scheme

Any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the local authority. All proposed revisions must be submitted to the Schools Forum for approval by members of the forum representing maintained schools. Where the Schools Forum does not approve the proposed revisions or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

1.6 Delegation of powers to the headteacher

Each governing body is asked to consider the extent to which it wishes to delegate its financial powers to the headteacher, and to record its decision (and any revisions) in the

minutes of the governing body. The first formal budget plan of each financial year must be approved by the governing body.

In terms of the headteachers' role in financial management, governors may wish to delegate powers as follows:

- Responsibility for day to day management of resources (practical day to day management of resources may also be delegated to other senior staff and/or the finance officer);
- Signing off of all orders/cheques/BACS payments within a monitoring system approved by governors or under a certain sum to be decided by governors;
- Administration of the expenditure budget within the annual amount of any budget heading or authorisation of spending up to (a sum agreed with the governing body) within a budget heading;
- Authority over virement up to a sum agreed with the governing body;
- Monitor day to day management of the budget;
- Provision of regular reports to the governing body on expenditure and income;
- Preparation of the budget estimates of expenditure and income for governing body approval.

It is recognised that the level of delegation will be based on practice, experience, knowledge, size and resources of the school.

1.7 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 body. Part of the way an authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

SECTION 2: FINANCIAL CONTROLS

2.1. Application of financial controls to schools

In managing their delegated budgets schools must abide by the authority's requirements on financial controls and monitoring.

Certain of these are directly referred to in this scheme while others are included in the authority's Financial Regulations and Contract Standing Orders which are available within the West Berkshire Constitution, Parts 10 and 11 respectively (see www.westberks.gov.uk/index.aspx?articleid=1252)

2.2 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 authority, compatible with the Consistent Financial Reporting framework. This information must be provided within one month of each quarter end (i.e. by 31 July, 31 October, 31 January and 30 April) unless:

- the LA has notified the school in writing that in its view the school's financial position requires more frequent submission or;
- the school is in its first year of operation or;
- the information is required in connection with tax or banking reconciliation when it can be requested more frequently.

This provision does not apply to schools submitting an imprest and which are part of the financial accounting system operated by the local authority (Agresso).

2.3 Payment of salaries; payment of bills

The procedures for these will vary according to the choices schools make about the holding of bank accounts and the buying back of the authority's payroll and creditor payments systems.

2.3.1 Payment of salaries

In all cases schools are required to abide by the authority's financial regulations covering payments to staff.

The authority's payroll service

The authority can provide a payroll service that complies with all the statutory requirements and the conditions of service requirements for teaching and local government staff. The payroll service will also cover the deduction and paying over of contributions to both the Local Government Pension Scheme and the Teachers' Pension Scheme.

Under this service, all payments to staff, Inland Revenue, Teachers' Pension Agency etc. will be made from the authority's bank accounts either direct to the school's ledger account if on the council's financial system, or with appropriate adjustments being made to budget share instalments. All PAYE matters would be dealt with under the authority's Inland Revenue registration number.

The processing timetables and documents to be used for notification of all payroll variations are issued to schools by the payroll section.

Details of the [buy back fair-funding](#) services and charges will be notified to schools ahead of each multiple year funding period.

Schools making alternative payroll arrangements

The school, as payroll provider, would need to ensure separate registration with the Inland Revenue, Teachers' Pension Agency and Local Government Pension Scheme.

2.3.2 Payment of bills

Schools are required to abide by the authority's financial regulations covering payments to creditors.

The authority provides a creditor payments service that generates payments on a weekly timetable and ensure compliance with both the VAT regulations and the Construction Industry Tax Deduction Scheme.

Under this service all payments would be generated from the authority's bank accounts and recharged to the school's account.

Details of the procedures and forms are issued to schools by the payments team. Details of this [buy back fair-funding](#) service and charges will be notified to schools ahead of each multiple year funding period.

Those schools using their own bank accounts must ensure compliance with the authority's financial regulations in respect of the operation of those accounts.

2.4 Control of assets

Each school must maintain an inventory in accordance with the authority's financial regulations recording its moveable non-capital assets worth more than £1,000 and setting out the basic authorisation procedures for disposal of assets. For assets worth less than £1,000, schools must keep a register but this may be in a form as determined by the school.

2.5 Accounting policies (including year-end procedures)

Schools are required to comply with the procedures, requirements and regulations relating to the accounting policies and end of year financial procedures issued and determined by the authority as being applicable to schools.

2.6 Writing off debts

No debt shall be discharged other than by payment in full or being written-off. The writing-off of non-recoverable debts is subject to individual consideration of the debt and appropriate approval. Those debts less than £2,000 may be written-off subject to the authorisation of the authority's Head of Finance (or nominated officer) and the Corporate Director Communities after the consideration of a report by the headteacher. All other debts may only be written off by the Head of Finance after consideration of a recommendation from the appropriate governing body.

This provision does not apply to the cancellation of invoices because a debt is deemed to be no longer due. Invoice cancellations can be approved by the head teacher.

2.7 Basis of accounting

The authority prepares its statutory accounts on an accruals basis. Maintained schools are required to ensure that annual spending notified to the authority and Consistent Financial Reporting returns are on an accruals basis. However, schools can choose their own basis of accounting for internal accounting and reporting.

Schools can choose which financial software they wish to use, provided they meet any costs of modification to provide the output required by the authority. In particular schools should be able to report separately to the authority on revenue and capital expenditure, and on any funds held by them on behalf of collaborative ventures with other schools where specified by the authority in order to demonstrate that only public funds have been reported to the authority and provide an audit trail back to the accounts for each of the separate funds.

2.8 Submission of budget plans

Each school is required to submit a budget plan, in the agreed format, to the authority **by 31 May each year**. The plan must show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan, which include taking full account of any estimated deficits/surpluses at the previous 31 March. The format of the budget submission must be consistent with the Consistent Financial Reporting framework and must be approved by the governing body.

The authority may also require the submission of revised plans where the authority deems it necessary. Such revised plans shall not be required at intervals of less than three months.

The LA will supply schools with all school income and expenditure data, which it holds and which is necessary to efficient planning by schools. The LA will also supply schools with an annual statement of when this information will be made available throughout the year.

2.9 Submission of financial forecasts

Each school is required to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year. This is required in the agreed format **by 31st July each year**. This is to provide evidence of schools adhering to best financial management practice, and to alert the local authority of any schools having difficulty in balancing future year budgets.

2.10 Efficiency and value for money

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the authority's purchasing, tendering and contracting requirements.

It is for headteachers and governors to determine at school level how to secure better value for money.

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

2.11 Schools Financial Value Standard (SFVS)

All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time of year they wish to complete the form.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. **Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.**

All maintained schools with a delegated budget must submit the form to the local authority before **31 March 2013 and annually thereafter each financial year**.

2.12 Virement

——— Schools are free to vire between budget heads in the expenditure of their budget shares but governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required. ~~The Good Practice Guide on virements, available on the Schools' Finance webpage, provides guidance on what criteria would be deemed best practice.~~

Schools are also advised to refer to paragraph 2.20 when considering virement between budget heads.

2.13 Audit: General

Schools are required to co-operate both with auditors employed by the local authority (**internal audit**) and auditors appointed to audit the local authority itself (**external audit**).

In regard to **internal audit**, all schools come within the audit regime determined by the LA.

The depth and frequency of internal audit coverage of individual schools will depend on an assessment of each school's strength in financial management and by reference to the School's SFVS annual return. The authority's Internal Audit service will contact each school to arrange the appropriate audit coverage.

In relation to **external audit** all schools come within the local authority's external audit regime.

Governing bodies shall supply to both internal and external audit all financial and other information which might reasonably be required in discharging their duties.

2.14 Separate external audits

In instances where a school wishes to seek an additional source of assurance at its own expense, a governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any local authority internal or external audit process. Any external audit commissioned by the school must take into account the status of the school as being a spender of the authority's funds. Copies of external audit reports commissioned by the school should be made available to the authority upon request.

Schools operating outside the local authority financial system and producing their own accounts are required to commission an external audit if the local authority requests it.

Where a school has such an additional audit it does not remove the requirement that the school must also co-operate with the local authority's internal and external auditors.

2.15 Audit of voluntary and private funds

In addition to the normal internal and external audits, schools must provide audit certificates in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school.

The procedures for furnishing these audit certificates and advice on the handling of such voluntary and private funds is set out in the authority's financial regulations.

2.16 Fraud

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

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

2.17 Register of business interests

The governing body of each school is required to maintain a register which lists for each member of the governing body and the headteacher, any business interests they or any member of their immediate family have; to keep the register up to date with notification of changes and through annual review of entries, and to make the register available for inspection by governors, staff, parents and the authority.

2.18 Purchasing, tendering and contracting requirements

Schools are required to abide by the authority's financial regulations and standing orders in purchasing, tendering and contracting matters. 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.

However any section of the authority's financial regulations and standing orders must be **disapplied** if it requires schools:

- a) to do anything incompatible with any of the provisions of this scheme, or any statutory provision, or any EU Procurement Directive;
- b) to seek LA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- c) to select suppliers only from an approved list;
- d) to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.

2.19 Application of contracts to schools

Schools are free to elect to opt out of local authority arranged contracts.

Although governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the local authority as the maintainer of the school and owner of the funds in the budget share. However, some contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations e.g. contracts made by aided or foundation schools for the employment of staff.

2.20 Central funds and earmarking

The local authority is authorised to 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 may be subject to conditions setting out the purpose or purposes for which the funds may be used and these conditions may preclude virement.

Earmarked funding from centrally-retained funds is to be spent only on the purposes for which it is given, and is not to be vired into the school's budget share. Schools should maintain an accounting mechanism in order to demonstrate that this requirement has been met. Unless previously agreed with the Corporate Director (Communities), schools are

required to return to the local authority any earmarked funds not spent in the current financial year or within the period over which schools are allowed to use the funding as stipulated by the authority. Such allocations might, for example, be sums for SEN or other initiatives funded from the central expenditure of a local authority's schools budget.

The local authority is not allowed to make any deduction, in respect of interest costs to the authority, from payments to schools of devolved specific or special grant.

2.21 Spending for the purposes of the school

Section 50(3) of the School Standards and Framework Act 1998 allows governing bodies to spend budget shares for the purpose of the school, subject to the regulations made by the Secretary of State and any provisions of the scheme. Under section 50(3) (b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. Such regulations are prescribed in the Schools Budget Shares (Prescribed Purposes) (England) Regulations 2002 (SI 2002/378) which have been amended by the School Budget Shares (Prescribed Purposes) (England) Amendment Regulations 2010 (SI 2010/190). In particular budget shares may be spent for the educational benefit of pupils registered at other maintained schools or academies. From 1 April 2011, under section 50(3a) amounts spent by governing bodies of all schools on community facilities or services under s27 of the Education Act 2002 will be treated as spent for the purposes of the school.

2.22 Capital spending from budget shares

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of schedule 3 of the SSAF Act 1998.

Schools must notify the local authority of all proposed capital spending from their budget share. It is recommended that schools discuss their proposals with the authority prior to the final authorisation of such proposals and in particular that they ensure that the proposed works do not already form part of the council's approved capital programme. In any event if the expected capital expenditure from the budget share in any one year will exceed £20,000, the governing body must notify the local authority and take into account any advice from the Corporate Director (Communities) as to the merits of the proposed expenditure.

Where the premises are owned by the local authority, or the school has voluntary controlled status, then the governing body shall seek the consent of the local authority to the proposed works. However, consent will only be withheld on health and safety grounds.

2.23 Notice of concern

The authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Corporate Director (Communities), the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

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

- Insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school.
- Insisting that an appropriately trained/qualified person chairs the finance committee of the governing body.
- Placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the local authority.
- Insisting on regular financial monitoring meetings at the school attended by local authority officers.
- Requiring a governing body to buy into the local authority's financial management systems.
- Imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the authority may take where the governing body does not comply with the notice.

SECTION 3: INSTALMENTS OF BUDGET SHARE; BANKING ARRANGEMENTS

Budget share includes place-led funding for special schools, resource units and pupil referral units.

3.1 Frequency of instalments

Schools with their own bank accounts will receive monthly instalments of their budget share normally on the Monday before the last Thursday of each month. Schools that use West Berkshire's Imprest system ~~are free to draw on the whole of their budget share from 1 April each year.~~ will have an imprest limit set based on a monthly instalment of their budget share less any central payments e.g. payroll. Top-up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the relevant provider.

3.2 Proportion of budget share payable at each instalment

Budget share payments to schools will be made in accordance with the schedule of payment agreed with individual schools and the Head of Finance. The monthly payment will be equal to one twelfth of the schools approved budget share, except for month one where an additional one third of the normal monthly payment is paid at the beginning of the month, and month twelve where two thirds of the normal monthly payment is paid.

Schools on the imprest system which use an external payroll provider will make their salary payments through their imprest account and reclaim the expenditure retrospectively. The imprest limit will reflect this payment.

6th form funding will be paid according to the schedule and receipt of the grant from the Education Funding Agency.

3.3 Interest clawback

Where a school requests and the authority agrees to make available the budget share in advance (of what the authority believes to be reasonable cash flow needs taking account of the pattern of expenditure of schools of that size, and any particular representations relating to the individual school's circumstances), the authority may deduct from the budget share an amount equal to the estimated interest lost. The calculation basis will be at a rate up to 2 per cent above the bank base rate at the time of the advance.

3.4 Interest on late budget share payments

The local authority will add interest to budget share payments which are late as a result of local authority error. Interest due will be calculated on a daily basis at the bank base rate at the time that the payment was due.

3.5 Budget shares for closing schools

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, even where some different basis was previously used.

3.6 Bank and building society accounts

All schools may have an external bank account into which their budget share instalments (as determined by other provisions) are paid and any interest payable on the account can be retained by the school.

Where a school opens an external bank account, the local authority must, if the school desires, transfer immediately to the account an amount agreed by both school and local authority as the estimated surplus balance held by the local authority in respect of the school's budget share, on the basis that there is a subsequent correction when the accounts for the relevant year are closed.

In the event that a school with a deficit balance requests their budget share instalments to be paid into an external bank account, the deficit shall be cleared before this is agreed.

The local authority currently supports two options of bank account arrangements for use by schools; an independent external bank account or an Imprest account which the authority has arranged with its own banker.

New bank account arrangements may only be requested with effect from the beginning of each financial year provided two months notice has been given.

3.7 Restrictions on accounts

The banks or building societies with which schools may hold an account for the purpose of receiving budget share payments must be as per the approved list consistent with the local authority Treasury Management Policy.

Any school closing an account used to receive its budget share and opening another must select the new bank or building society which meets the criteria set out in this paragraph even if the closed account was with an institution which did not.

Schools are allowed to have accounts for budget share purposes which are in the name of the school rather than the local authority. Money paid by the local authority and held in such accounts remains local authority property until spent (s.49 (5) of the Act). The account mandate should therefore provide that the local authority is the owner of the funds in the account, that it is entitled to receive statements on request; and that it can take control of the account if the school's right to a delegated budget is suspended by the local authority. These provisions would only be used in exceptional circumstances e.g. the Local Authority would only require regular bank statements to be provided if the school was in serious financial difficulty or in a case of serious financial mismanagement (see also Section 2.21 Notice of concern).

3.8 Borrowing by schools

With the exception of loan schemes run by the authority and the financial instruments outlined in the scheme (section 4.10), governing bodies may only borrow money with the written permission of the Secretary of State. Details of all such requests and subsequent approvals or otherwise should be supplied in writing to the authority's Head of Finance.

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

Schools are barred from using credit cards which are regarded as borrowing. However schools may use a Government Procurement Card in order to facilitate electronic purchases. Schools are required to adhere to the local authority protocol on the use of procurement cards.

3.9 Leasing arrangements

Schools may not enter into finance leases for the purchase of assets because such agreements are credit agreements and constitute borrowing. A lease is defined as a finance lease if either or both of the following conditions are met:

- The school is the owner of the asset for the duration of the lease
- The residual value of the asset is less than 10% of its original value.

A "hire purchase" agreement is likely to be defined as a finance lease.

Schools may enter into operating leases that are akin to rental agreements. An operating lease must meet the following criteria:

- The leasing company owns the asset for the duration of the lease
- The asset is returned to the leasing company at the end of the lease unless the school makes an additional payment to buy it outright
- The value of the asset (i.e. the purchase price) at the end of the lease is at least 10% of its original value.

Schools are recommended to seek advice from Accountancy before entering into any such agreements.

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

4.1 Right to carry forward surplus balances

Schools must carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

If a school requests to set up its own bank account, an amount will be paid into the school's new account on the 1 April representing any invested balances held by the council on behalf of the school, plus an estimate of any underspend in the financial year immediately prior to the opening of the account. If the school is expected to overspend in the preceding financial year, the amount of the estimated overspend will be deducted from the invested balances transferred to the new account. The estimate of any under or over spend will be agreed between the LA and the school. When the school's final outturn position for the previous financial year is known and agreed between the LA and the school, an adjustment will, if necessary, be made to the opening balance paid into the account by adding to, or deducting an amount from the next instalment of the school's budget share to be paid into its bank account.

4.2 Reporting on and control of the use of surplus balances

All primary and secondary schools are required to submit a "balance control mechanism" return by 31st May each year. Nursery, ~~and~~ special schools and pupil referral units are excluded from any claw back~~the scheme~~ due to the volatile nature of their funding which is no longer fixed for the duration of the financial year; however they must still submit the return.

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions from 1st April 2011:

- a. The authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be the recurrent balance as defined in the Consistent Financial Reporting framework.
- b. The authority shall deduct from the calculated balance any amounts for which the school is holding on behalf of a cluster or partnership agreement, and any ring fenced grant funding with permission to carry forward.
- c. If the result is a sum greater than 5% of the current year's budget share for secondary school, 8% for primary, nursery and special schools, or £20,000 (where that is greater than either percentage threshold), then this shall be deemed an excess balance. Where schools in a federation operate a single budget, the sum / percentage threshold refers to a single budget and is not calculated for each individual school within the federation.

- d. The Schools' Forum will consider all schools excess balances by referring to the returns made by the schools showing the proposed assigned purposes for the use of the balance. In considering whether any sums are properly assigned, they may take into account any previously declared assignment of such sums. If not satisfied that the sums are properly assigned or are uncommitted, a clawback may apply.

Funds deriving from sources other than the authority 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.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the authority.

The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the schools budget of the authority.

4.3 Interest on surplus balances

Balances held by the authority on behalf of schools will attract no interest unless it is invested in the authority's reserve account where this accrues directly to the school. The rate of interest paid will be based on the average rate earned by the council on its investments. ~~Schools will be advised at the start of each financial year on the rate of interest payable on their invested balances.~~

4.4 Obligation to carry forward deficit balances

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share (see also 4.9)

4.5 Planning for deficit budgets

Schools may only plan for a deficit budget in accordance with the terms of paragraph 4.9 below.

4.6 Charging of interest on deficit balances

The authority may charge interest on any deficit balance at the bank base rate depending on the reason why the deficit has occurred. The Head of the Education Service, in consultation with the Head of Finance will determine whether or not interest will be payable and will advise the school accordingly when the deficit is approved.

4.7 Writing off deficits

The LA has no power to write off the deficit balance of any school. Assistance may be given towards elimination of a deficit balance through the allocation of a cash sum from the schools centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by the Schools Forum.

4.8 Balances of closing and replacement schools

When a school closes, any balance (whether surplus or deficit) must revert to the LA; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school. However, the LA will normally reallocate any balance to a successor school under the provisions of the SSAF Act 1998.

Where a school converts to an academy under s4(1)(a) of the Academies Act 2010, its surplus at the date of conversion transfers to the academy.

4.9 Licensed deficits

The LA will permit schools to plan for a deficit budget in particular circumstances. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the authority on behalf of schools although it is open to the local authority, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant local authority finance legislation. The detailed arrangements applying to this scheme are set out below:

- The maximum length over which schools may repay the deficit, i.e. reach at least a zero balance with appropriate mechanism to ensure that the deficit is not simply extended indefinitely, would normally be five years.
- The deficit will only be agreed to allow a school in the short term to maintain a level of spend which in the opinion of the Head of the Education Service is the minimum required to deliver the National Curriculum.
- The maximum size of the deficit in normal circumstances will not exceed 20% of the school's budget share.
- The maximum proportion of the collective balances held by the LA, which would be used to back the arrangement, shall not exceed 40%.
- Before a deficit budget is approved, the school must produce a detailed deficit recovery plan in the prescribed format for the duration of the planned period of the deficit, which will be reviewed at least annually.
- The school must mMeet with the local authority at least every 6 months to review progress of the deficit recovery plan and attend Schools' Forum if requested.
- The school must sSubmit monthly budget monitoring reports to Schools' Accountancy.
- The school must sSubmit a copy of any governor meeting minutes where the budget is discussed (a member of the LA may also attend such meetings).

- The Head of the Education Service, jointly with the Head of Finance, would be responsible for approving any deficit.

4.10 Loan Schemes

The LA provides a loan arrangement for schools which does not operate by way of a licensed deficit but rather by way of actual payments to schools or expenditure by the Authority in respect of a particular school on condition that a corresponding sum is repaid from the budget share. The detailed arrangements applying to this scheme are set out below:

- The maximum length over which schools may repay the loan is five years.
- Loans will normally only be made available for the following purposes:
 - Repairs and maintenance or improvement to school buildings
 - Investment projects to produce future revenue savings (e.g. energy efficiency schemes)
 - Projects to improve school security
 - Purchase of major items of equipment with a useful life of at least the duration of the loan
- The school must clearly demonstrate its ability to repay the loan.
- The maximum size of the loan in normal circumstances will not exceed 20% of the school's budget share.
- The maximum proportion of the collective school balances held by the LA which is used to back the arrangement shall not exceed 40%.
- The Head of the Education Service and the Head of Finance are responsible for approving any loans.
- Interest will be charged at an appropriate rate.

4.11 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 borrow money through such a scheme the LA will require audit certification of the running of the scheme.

SECTION 5: INCOME

5.1 Income from lettings

Schools may retain income from lettings of the school premises which would otherwise accrue to the LA, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Schools are allowed to cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement and there is no net cost to the budget share. Schools whose premises are owned by the LA shall be required to have regard to directions issued by the LA as to the use of school premises as permitted under the School Standards and Framework Act 1998 for various categories of schools.

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school.

5.2 Income from fees and charges

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

5.3 Income from fund-raising activities

Schools may retain income from fund-raising activities.

5.4 Income from the sale of assets

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

5.5 Administrative procedures for the collection of income

Because of the potential VAT implications of providing services which lead to fees and charges, fund raising activities and the sale of assets, the LA will establish administrative procedures for the collection of income which may vary from time to time in the light of advice from the VAT authorities.

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 body **only** in circumstances set out in 6.2 below. The LA shall consult a school as to the intention to so charge, and shall notify a school when it has been done.

Schools are reminded that the LA cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996. The LA shall make arrangements for a disputes procedure for such charges that will include both council member and headteacher representation.

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

Local authorities may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives at the Schools Forum.

6.2 Circumstances in which charges may be made

- 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).
- Other expenditure incurred to secure resignations where the school had not followed LA advice.
- Awards by courts and industrial tribunals against the LA, or out of court settlements, arising from action or inaction by the governing body contrary to the LA's advice.
- 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 body for such work, but the governing body has failed to carry out the required work.
- Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA, or the school has voluntary-controlled status.
- Expenditure by the LA incurred in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority.
- 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.

- Recovery of penalties imposed on the LA by the Board of Inland Revenue, the Contributions Agency, HM Customs and Excise, Teachers' Pensions, the Environment Agency or other regulatory authorities as a result of school negligence.
- Correction of LA errors in calculating charges to a budget share (e.g. pension deductions).
- Additional transport costs incurred by the LA arising from decisions by the governing body on the length of the school day, and/or failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
- Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA (see also section 11).
- Costs of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not carried out.
- 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.
- 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 authority's compliance with its statutory obligations.
- Costs incurred by the LA in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with high needs.
- Costs incurred by the LA due to submission by the school of incorrect data.
- Recovery of amounts spent from specific grants on ineligible purposes.
- Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract.
- 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.
- Costs incurred by the LA e.g. for school meals or transport, due to governing bodies setting different term dates, as well as length of day, or through additional closure days.

SECTION 7: TAXATION

7.1 Value Added Tax

The LA has established procedures to enable schools to utilise the authority's ability to reclaim VAT on expenditure relating to non-business activity and which have been circulated to schools separately.

Amounts reclaimed through these procedures will be passed back to the school.

However, in the case of voluntary aided schools the governing body retains statutory responsibility for certain capital expenditure, including when made from the school's delegated budget. Therefore, in respect of any supplies which fall within the prescribed definition of such expenditure, the supply will be made to the governing body, even where the expenditure is met from the school's delegated budget, and VAT incurred may not be recovered by the local authority. (HMRC briefing document 53/09)

Capital expenditure for which the governing body of a voluntary aided school is responsible is defined as expenditure relating to:

- the existing buildings (internal and external)
- those buildings previously known as 'excepted' (kitchens, dining areas, medical/dental rooms, swimming pools, caretakers' dwelling houses)
- perimeter walls and fences, even if around the playing fields
- playgrounds
- furniture, fixtures and fittings – including ICT infrastructure and equipment
- other capital items (which can include capital work to boilers or other services)

7.2 CIS (Construction Industry Taxation Scheme)

Schools are required to abide by the procedures issued by the authority in connection with CIS.

SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of services from centrally-retained budgets

The LA shall determine on what basis services from centrally-retained funds (including existing commitments for premature retirement costs and redundancy payments) will be provided to schools, but the LA is debarred from discriminating in its provision of services on the basis of categories of schools except where such discrimination is justified by differences in statutory duties.

8.2 Provision of services bought back from the LA using delegated budgets

The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the LA shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services. There is an exception in the case of contracts for the supply of catering services which, on renewal, may be let for a maximum of seven years. Schools will be consulted as to the actual length of any new contracts or agreements to be let for services to schools.

Services provided to schools, for which funding is not retained centrally by the LA (under the regulations made under Section 45A of the Act) will be offered at prices which are intended to generate sufficient income to cover the cost of providing those services. The total cost of those services will be met by the total income, even if schools are charged differentially.

8.3 Packaging

The LA may provide any services for which funding has been delegated. But where the LA is offering the service on a buyback basis it must do so in a way that 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 in packages of services.

8.4 Service level agreements

Service level agreements for services to be provided by the LA to schools must be in place (i.e. signed and returned by headteachers/chairs of governor) by 31 March to be effective for the following financial year and schools will have at least a month to consider the terms of agreements prior to finalising them. In practice the LA will aim to make available any new service level agreements for the coming financial year by at least 1 January each year.

Services, if offered at all by the LA, shall be available on a basis that is not related to an extended agreement, as well as on the basis of such agreements. Where such services are provided on an ad-hoc basis they may be charged for at a different rate than if those services were provided on the basis of an extended agreement.

Where services or facilities are provided under a service level agreement, whether free or a buyback basis, the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every 3 years if the agreement lasts longer than that.

Centrally-arranged provision for premises and liability insurance are excluded from the requirements.

8.5 Teachers' pensions

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

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

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

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

9.1 PFI/PPP

The LA shall have the power to issue regulations from time to time relating to PFI/PPP projects. Amongst other issues these may deal with the reaching of agreements with the governing bodies of schools as to the basis of charges relating to such projects; and the treatment of monies withheld from contractors due to poor performance. Such provisions may be scheme variations requiring consultation and approval.

SECTION 10: INSURANCE

10.1 Insurance cover

A policy arranged by the governing body must be at least as good as the relevant minimum cover arranged by the authority.

The buildings and contents of the school for which you are responsible should be insured on a full reinstatement basis.

Perils of all risks of physical loss or damage including terrorism to be insured.

Business interruption and increased / additional increased cost of working. The sum insured should reflect the loss of revenue / income likely to accrue if the school suffers a total loss. Increased cost of working would represent the costs incurred in hiring alternative premises in which to deliver the curriculum on an economic basis. Additional increased cost of working allows you to spend over the economic limit for hiring alternative premises; this of course depends on the availability of such sites. The indemnity period should reflect the period that it would take to get the school up and running in full.

If gross profit / revenue only is to be insured a basic guide as a starting point for the insurance figure would be the staff costs and overheads which would have to continue to be paid and the loss of income per head of pupil which may divert elsewhere to fund education in alternative establishments.

Advice must be obtained from a reputable insurer / broker who specialises in insurance for schools and is able to arrange a suitable programme and detail how this protects your interests.

Contract works insurance cover (as per the JCT conditions of contract) must be arranged on an individual basis for every building work contract arranged by the school which is the “employers” responsibility to insure. This usually encompasses work on existing structures, extensions, alterations etc. In addition you must notify your insurers of all work undertaken on your premises for which a contractor is responsible. Hot works must be managed by the school in accordance with the insurer’s requirements.

Employers and public liability for a sum insured of between £20 million and £30 million depending on whether you are a primary or secondary school.

Governors and official indemnity for a sum not less than £1 million

Professional indemnity if work is undertaken for the LA or for other schools and training/ advice given.

All liability insurance to include libel and slander cover as appropriate.

Legal expenses insurance cover to be considered.

Schools buying back the authority's insurance service will have the above cover except:

Contract works insurance: This is arranged individually through our insurance arrangements by notification from the school and there is currently no additional charge for this service.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

Governing bodies shall supply to the LA all financial and other information which might reasonably be required to enable the LA to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the LA (e.g. earmarked funds) on the school.

11.2 Liability of governors

Because the governing body is a corporate body, and because of the terms of s.50(7) of the SSAF Act, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

11.3 Governors' expenses

The LA shall have the power to delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses

Under s.50 (5) of the Act, only allowances in respect of purposes specified in section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

11.4 Responsibility for legal costs

Legal costs incurred by the governing body, although the responsibility of the LA as part of the cost of maintaining the school unless they relate to the statutory responsibility of aided school governors for buildings, may be charged to the school's budget share unless the governing body acts in accordance with the advice of the authority.

In instances where there appears to be a conflict of interest between the council and the governing body, schools are advised to obtain a list of suitably qualified firms of solicitors practising in the area available from the Law Society, 113 Chancery Lane, London WC2, telephone number 0870 606 2500 or www.lawsociety.org.uk

Once the governing body has taken independent legal advice, if necessary, the LA's legal service will communicate directly with the governing body's legal adviser to resolve the dispute. In these circumstances the LA retains discretion as to whether or not to charge the school's budget for the cost of such advice.

11.5 Health and Safety

In expending the school's budget share, governing bodies should have regard to duties placed on the LA in relation to health and safety, and the authority's policy on health and safety matters in the management of the budget share.

11.6 Right of attendance for Chief Finance Officer

Governing bodies are required to permit the Chief Finance Officer of the authority, or any officer of the authority nominated by the Chief Finance Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of his or her responsibilities. The Chief Finance Officer attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine. The authority will give prior notice of the Chief Finance Officer intention to attend unless it is impracticable to do so.

11.7 Special Educational Needs

Schools are required to use their best endeavours in spending the budget share, to secure the special educational needs of their pupils.

11.8 Interest on late payments

The terms of the scheme cannot affect statutory requirements now introduced on this matter.

11.9 "Whistle Blowing"

If any person working at a school, or a school governor, wishes to make a complaint about financial management or financial propriety at the school they should contact the Chief Internal Auditor at the local authority.

11.10 Child protection

Schools should be prepared to release staff to attend child protection case conferences and other related events.

11.11 Redundancy / Early retirement costs

The responsibility and procedure for the payment of redundancy/early retirement costs is set out in the School Severance Funding Policy of the local authority, available on the website <http://www.westberks.gov.uk/index.aspx?articleid=21754>

Schools cannot access central funding unless they have taken HR and finance advice before any steps towards potential redundancy have been taken.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Responsibility for repairs and maintenance

The LA delegates funding for repairs and maintenance to schools. Only capital expenditure is to be retained by the LA. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting. The LA uses a *de minimis* limit of £5,000 for defining capital in its own financial accounts.

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

~~Further information on the definition of capital can be found in Good Practice Guide number 22 on the School Finance website www.westberks.gov.uk/index.aspx?articleid=19500~~

SECTION 13: COMMUNITY FACILITIES

Note: This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the authority and schools to secure the provision of adult and community learning.

13.1 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) can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under s.28 (1), the main limitations and restrictions on the power will be those contained in the local authority scheme. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

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

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

13.2 Consultation with the LA

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

Schools wishing to make provision for community use of school facilities should notify the Corporate Director (Communities) of their intention in writing giving details of their proposal. The Corporate Director (Communities) may from time to time issue guidance as to procedures to be followed by schools and the LA.

13.3 Funding agreements

When entering into a funding agreement with third parties for the provision of community facilities, schools must have regard to the authority's financial standing orders and contracts.

13.4 Other prohibitions, restrictions and limitations

Where the authority considers that such an agreement constitutes a significant financial risk, then the governing body may be required to make arrangements to protect the authority's financial interest. This may be by carrying out the activity concerned through the vehicle of a private limited company or by obtaining indemnity insurance for risks associated with that project as specified by the LA.

13.5 Supply of financial information

Schools should normally provide the authority with a summary statement every six months, in a form determined by the authority, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.

If the authority has concerns about the financial arrangements for the provision of community use, then on giving notice to the school it may require such financial statements to be supplied every three months and, if the authority sees fit, to require the submission of a recovery plan for the activity in question.

13.6 Audit

The school should grant access to the school's records connected with the exercise of the community facilities power in order to facilitate internal and external audit of relevant income and expenditure.

Where funding agreements are entered into with third parties for the provision of community facilities, the governors shall ensure that provision is made for access by the authority to records and other property held on school premises, or held elsewhere insofar as they relate to the activity in question, in order for the authority to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of income and surpluses

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

Schools may carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the authority at the end of each financial year, transfer all or part of it to the budget share balance.

Where a school is a community or community special school, and the authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the authority unless otherwise agreed with a funding provider.

13.8 Health and safety matters

It will be the responsibility of the school's governing body to ensure that any health and safety provisions of the main scheme also apply to the community facilities power.

It will be the governing body's responsibility to meet the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

13.9 Insurance

It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. Schools should seek the authority's advice before finalising any insurance arrangement for community facilities.

The LA is empowered to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share.

13.10 Taxation

Schools should seek the advice of the LA and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities; including the use of the local authority VAT reclaim facility.

If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

School should follow LA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

13.11 Banking

Schools should either maintain separate bank accounts for budget share and community facilities, or have one account but with adequate internal accounting controls to maintain separation of funds.

School should also have regard to the provisions at 3.6 and 3.7 above relating to the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters. The general approach to these matters should mirror these sections, except that a provision requiring that a mandate show the LA as owner of the funds in the account should exempt the community facilities funds from that if they are not in the same account as the budget share.

Schools may not borrow money without the written consent of the Secretary of State except where this is from the LA as in sections 4.9 and 4.10 above.

13.12 Responsibility for redundancy and early retirement costs

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, but can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

(1) Where a local education authority incur costs—

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

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

(1A) Any amount payable by virtue of subsection (1) by the governing body of a maintained school to the local education authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection (1B) is met.

(1B) The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.

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

Annex A: LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

PRIMARY SCHOOLS

Aldermaston Church of England Primary School
Basildon Church of England Primary School
Beedon Church of England Controlled Primary School
Beenham Primary School
Birch Copse Primary School
Bradfield Church of England Primary School
Brightwalton Church of England Aided Primary School
Brimpton Church of England Primary School
Bucklebury Church of England Primary School
Burghfield St. Mary's Church of England Primary
Calcot Infant School and Nursery
Calcot Junior School
Chaddleworth St. Andrew's Church of England Primary School
Chieveley Primary School
Cold Ash St Mark's Church of England Primary School
Compton Church of England Primary School
Curridge Primary School
Downsway Primary School
Enborne Church of England Primary School
Englefield Church of England Primary School
Falkland Primary School
Francis Baily Primary School
Garland Junior School
Hampstead Norreys Church of England Primary School
Hermitage Primary School
Hungerford Primary School
The Ilsleys Primary School
Inkpen Primary School
John Rankin Infant and Nursery School
John Rankin Junior School
Kennet Valley Primary School
Kintbury St. Mary's Church of England Primary School
Lambourn Church of England Primary School
Long Lane Primary School
Mrs Bland's Infant School
Mortimer St John's Church of England Infant School
Mortimer St Mary's Church of England Junior School
Pangbourne Primary School
Parsons Down Infant and Nursery School
Parsons Down Junior School
Purley Church of England Infant School
Robert Sandilands Primary School and Nursery
Shaw-cum-Donnington Church of England Primary School
Shefford Church of England Primary School
Speenhamland Primary School
Springfield Primary School
Spurcroft Primary School

St Finian's Catholic Primary School
 St John the Evangelist Infant and Nursery School
 St. Joseph's RC Primary
 St Nicolas Church of England Junior School
 St Paul's Catholic Primary School
 Stockcross Church of England Primary School
 Streatley Church of England Voluntary Controlled School
 Sulhamstead & Ufton Nerve Church of England Voluntary Aided Primary School
 Thatcham Park Primary School
 Theale Church of England Primary School
 Welford & Wickham Church of England Primary School
 Westwood Farm Infant School
 Westwood Farm Junior School
~~Whitelands Park Primary School~~
 Willows (The)
 Winchcombe School
 Woolhampton Church of England Primary School
 Yattendon Church of England Primary School

SPECIAL SCHOOLS

Brookfields Special School
 The Castle School

SECONDARY SCHOOLS

The Downs School
 John O'Gaunt School & Community College
 Little Heath School
~~Theale Green Community School~~
 The Willink School

NURSERY SCHOOLS

Hungerford Nursery School Centre for Children & Families
 Victoria Park Nursery School

PRUS

| | | |
|----------------------------------|---|------------------------------|
| Badgers Hill Pupil Referral Unit | } | Alternative Curriculum 14-19 |
| Bridgeway Pupil Referral Unit | | |
| The Porch Pupil Referral Unit | | |
| Kingfisher Pupil Referral Unit | } | Reintegration Service |
| The Key Pupil Referral Unit | | |
| The Oaks Pupil Referral Unit | | |

| West Berkshire Schools' Forum | |
|--------------------------------------|--|
| Title of Report: | School Funding Arrangements 2015/16 |
| Date of Meeting: | 9th June 2014 |
| Contact Officer(s) | Claire White |
| For Discussion | |

1. Arrangements and Timetable

- 1.1 On 13th March 2014, the DfE set out their proposals for school funding in 2015/16. Their consultation closed on 30th April.
- 1.2 No major changes were proposed other than the DfE allocating an additional £350m to the lowest funded local authorities. The consultation mainly dealt with how this funding should be allocated. There is no intention to move to a national funding formula in 2015/16, and the formula will remain much the same, other than a possible change to the sparsity factor.
- 1.3 Local authorities will continue to choose which factors to use out of those permitted, and at what funding rates – within specified funding bands and whatever is affordable out of its DSG funding.
- 1.4 It is possible that West Berkshire will receive some additional DSG funding, and in the exemplification using 2012 data, we receive an additional £300k.
- 1.5 We expect that the funding arrangements and regulations for 2015/16 will be released by the DfE in June. The timetable for agreeing the 2015/16 school formula will therefore be as follows:

| Date | |
|--|--|
| 1st July 2014 | Heads Funding Group review current formula and agree a proposal on any formula changes |
| 14th July 2014 | Schools' Forum agree 15/16 formula to go out to consultation with schools |
| 16th July to 9th September 2014 | Consultation with Schools |
| 18th September 2014 | Heads Funding Group review formula in light of any comments received from schools |
| 29th September 2014 | Schools' Forum recommend the formula for 2015/16 |
| 9th October 2014 | Formula for 2015/16 agreed by Council's Executive |
| 31st October 2014 | Formula for 2015/16 submitted to Education Funding Agency |

2. Funding Formula Options 2015/16

2.1 It must be noted that the DfE has been very explicit in stating that the use of the DfE's "minimum funding levels" to allocate additional funding in 2015/16 is not the same as a national fair funding formula and does not reflect the minimum amount of funding any individual school needs or deserves over the long term.

2.2 It is therefore recommended that for 2015/16 no changes are made to the local formula, other than allocating any additional funding received, and correcting/tweaking any factors where there is a view that the funding is not reaching the schools it is intended for in a fair and equitable way.

2.3 If West Berkshire does receive additional funding in 2015/16, the options for its allocation (assuming it all stays in the Schools Block) are:

- Add to per pupil funding (AWPU)
- Add to lump sum
- Add to quantum of funding available for deprivation and/or notional SEN (prior attainment) if it is deemed there is a shortfall of funding in these areas.
- Reduce the cap on schools gaining funding under the new funding formula (which goes towards paying for the minimum funding guarantee which the DfE proposes will continue at -1.5% in 2015/16).
- A combination of any of the above.

2.4 Other considerations for the 2015/16 formula include:

- Use of the sparsity factor – in particular if there is an advantageous change to the parameters
- Use of exceptional premises factors (which will require a request to the Secretary of State) for rents and/or joint use of leisure facilities – we will need to hear from any schools that consider they meet the DfE criteria.

2.5 The Heads Funding Group will agree on a proposal at its next meeting, and will bring a recommendation to the next meeting of the Schools' Forum. Members of the Schools' Forum are to contact the Schools' Finance Manager by 20th June if they would like a particular option to be modelled and considered at that meeting.

| West Berkshire School's Forum | |
|--------------------------------------|---|
| Title of Report: | DSG Outturn Report 2013-14 |
| Date of Meeting: | 9th June 2014 |
| Contact Officer(s) | Ian Pearson, Shannon Coleman-Slaughter |
| For Discussion | |

1. Background

- .1 The Dedicated Schools Grant (DSG) is a ring fenced grant from the DfE which can only be applied to meet expenditure on school / pupil activity as defined in the School Finance (England) Regulations.
- .2 The grant is split into three funding blocks. The schools block is calculated by multiplying a guaranteed unit of funding per pupil (set by the DfE) by the actual pupil numbers from the October census count (October 2012 count for the 13-14 budget); the early years block is calculated by multiplying a guaranteed unit of funding 5/12 from the January 2013 early years census, and 7/12 from the January 2014 early years census; the high needs block is a fixed sum based on the actual budget set by the Council in 2012/13.
- .3 The Local Authority is required to use national formula factors but applies local rates to distribute funding to schools.

2. Outturn Position for 2013-14

2.1 The following is the position as at the end of March financial year 2013-14. A further analysis per cost centre is shown in Appendix A.

| | Total Budget £m | Actual Spend £m | Outturn Variance £m |
|------------------------------|----------------------------|----------------------------|--------------------------------|
| Schools Block (inc ISB) | 66.048 | 66.072 | 0.024 |
| Early Years Block | 7.231 | 6.701 | -0.530 |
| High Needs Block | 16.403 | 15.402 | -1.001 |
| Total Net Expenditure | 89.682 | 88.175 | -1.507 |
| Support Service Recharges | 0.720 | 0.720 | 0.000 |
| Total Expenditure | 90.402 | 88.895 | -1.507 |

2.2 The schools block generated a £23k overspend in year. This was largely due to overspends on Primary Schools and the Schools Delegated Contingency budget. The contingency generated a pressure in year through the number of bids for the growth fund / infant class size criteria being higher than initially anticipated. Overspends were also incurred against the Trade Union Facilities de-delegated pooled budget (Secondary Schools) £15k, and the Admissions Team £4k.

Significant under spend were generated within Secondary Schools (£36k) and the School's in Financial Difficulty de-delegated pooled budget (£115k) to partially offset in year pressures.

2.3 The Early Years Block generated a year end under spend of £530k. A significant under spend was generated in respect of two year olds accessing free entitlement. This under spend offset pressure generated by greater than anticipated levels of children accessing entitlement for three and four year olds in year (£171k cumulative), and a £6k pressure relating to staffing pressures within the Central early Years Team.

2.4 The High Needs Block generated a year end under spend of £1m. The under spend is broken down as follows:

| | Total Budget £m | Actual Spend £m | Outturn Variance £m |
|---------------------------------------|------------------------|------------------------|----------------------------|
| High Needs Top Up Funding | 10.260 | 9.386 | -0.874 |
| High Needs Place Funding | 4.521 | 4.388 | -0.133 |
| High Needs Non Top Up / Place Funding | 1.622 | 1.628 | 0.006 |
| Total Expenditure | 16.403 | 15.402 | -1.001 |

2.5 The significant over and under spends within the High Needs Block were as follows:

| Budget | £m |
|--|-----------|
| Significant Overspends: | |
| 90539 Special Schools Top Up Funding | 0.092 |
| 90579 Independent Special Schools Place Funding & Top Up | 0.512 |
| 90625 Pupil Referral Units Top Up Funding | 0.398 |
| 90582 PRU Outreach | 0.121 |
| 90026 Academy SEN Payments | 0.142 |
| Significant Under spends: | |
| 90580 Further Education Colleges Top Up Funding | -0.122 |
| 90540 Special Schools Place Funding | -0.133 |
| 90575 Non LEA Special Schools (Out of Area placements) | -0.785 |
| | |

2.6 The final outturn under spend on the High Needs block of £1m against a forecast £1.5m. This variation on outturn is predominately a result of increased pressures on Pupil Referral Unit Top-up Funding, Pupil Referral Outreach and Academy SEN Payments.

Action Required: No action required, paper for information only.

Appendices

Appendix A – DSG 2012/13 Outturn Report

Dedicated School's Grant (DSG) 2013-14 Outturn Position

| Budget manager | Cost Centre | Description | Original Budget | Net Virements in year | Amended Budget | Actual | Variance | Comments |
|----------------------------|-------------|-------------------------------------|-------------------|-----------------------|-------------------|-------------------|---------------|---|
| Ian Pearson | 90020 | Primary Schools | 46,397,350 | -287,160 | 46,110,190 | 46,182,675 | 72,485 | In year rates adjustments & dedelegation adjustment |
| Ian Pearson | 90025 | Secondary Schools | 21,826,160 | -2,936,180 | 18,889,980 | 18,853,678 | -36,302 | rate refund TG on academy conversion less in yr rates adjustments |
| Ian Pearson | 90112 | Special Costs Primary | 25,010 | 0 | 25,010 | 19,477 | -5,533 | Payments based on current policy arrangements. |
| Ian Pearson | 90117 | Special Costs Secondary | 15,550 | 0 | 15,550 | 30,459 | 14,909 | Payments based on current policy arrangements. |
| Ian Pearson | 90038 | Pupil Premium | 0 | 0 | 0 | 1,200 | 1,200 | Overspend on LAC PPG |
| Ian Pearson | 90230 | Schools in Financial Difficulty | 115,680 | 0 | 115,680 | 0 | -115,680 | No bids in 13/14. |
| Ian Pearson | 90235 | School Delegated Contingency | 100,000 | 0 | 100,000 | 202,701 | 102,701 | Actual number of bids meeting the growth fund/infant class size criteria higher than anticipated. |
| Maxine Slade | 90255 | Virtual School Service | 171,410 | 0 | 171,410 | 170,661 | -749 | In year savings on transport, supplies & services costs. |
| Cathy Burnham | 90349 | Behaviour Support - DSG | 150,110 | 0 | 150,110 | 151,679 | 1,569 | In year staffing pressure. |
| Melanie Ellis | 90711 | Schools Finance | 46,580 | 0 | 46,580 | 44,663 | -1,917 | Employees savings in year |
| Caroline Corcoran | 90583 | CLA/MPA Licences | 47,000 | 0 | 47,000 | 46,991 | -9 | |
| Ian Pearson | 90019 | DSG Servicing of Schools' Forum | 95,320 | 0 | 95,320 | 87,340 | -7,980 | Savings on supplies and services budgets |
| Adrian Slaughter | 90028 | Schools Carbon Reduction Commitment | 105,000 | 0 | 105,000 | 100,439 | -4,561 | In year saving on Carbon Reduction Commitment allowances |
| Caroline Corcoran | 90743 | Admissions | 176,020 | 0 | 176,020 | 180,138 | 4,118 | In year pressure on staffing and supplies & services. |
| Schools Block Total | | | 69,271,190 | -3,223,340 | 66,047,850 | 66,072,100 | 24,250 | |
| Ian Pearson | 90010 | Nursery Schools | 827,960 | 0 | 827,960 | 833,097 | 5,137 | Small overall increase in number of hours funded (2 children) |
| Maria Shepherd | 90036 | Early Years Funding for PVI | 3,961,810 | 170,090 | 4,131,900 | 4,259,955 | 128,055 | Increased demand |
| Ian Pearson | 90037 | Early Yrs Funding Maintained Sector | 1,128,610 | 0 | 1,128,610 | 1,166,763 | 38,153 | Small overall increase in number of hours funded (15 children) |
| Maria Shepherd | 90017 | Early Years Support Team | 109,010 | 0 | 109,010 | 114,823 | 5,813 | Staffing pressure in year |

| | | | | | | | | |
|---|-------|---|------------------|------------------|-------------------|------------------|-----------------|--|
| Maria Shepherd | 90018 | Expenditure on 2 year olds | 1,033,550 | 0 | 1,033,550 | 326,278 | -707,272 | Lower than anticipated demand in year under spend partially offsetting pressures against 3 & 4 year old funding. School's Forum agreed to carry over net Early Years under spend to fund an early years contingency in 14-15 (trajectory funding). |
| Early Years Block Total | | | 7,060,940 | 170,090 | 7,231,030 | 6,700,916 | -530,114 | |
| Ian Pearson | 90026 | Academy SEN Payments | 368,360 | 0 | 368,360 | 510,086 | 141,726 | Includes £84k trf TG Academy. Balance is increase in pupils/bandings at Kennet |
| Nicola Ponton | 90539 | Special Schools - Top Up Funding | 2,420,120 | 0 | 2,420,120 | 2,511,716 | 91,596 | Increase in pupils/bandings at Brookfields |
| Nicola Ponton | 90548 | Non WBC Special Schools - Top Up Funding | 520,000 | 0 | 520,000 | 502,103 | -17,897 | Wrongly billed by a ST Lukes costs reduced. |
| Rhian Ireland | 90555 | LAL Funding | 134,600 | 0 | 134,600 | 134,598 | -2 | |
| Anne Cooper | 90575 | Non LEA Special School (OofA) | 2,671,090 | -1,015,820 | 1,655,270 | 870,765 | -784,505 | Increase savings re reduction in one individual's fees and for another, costs updated |
| Nicola Ponton | 90579 | Independent Special School Place & Top Up | 0 | 832,070 | 832,070 | 1,343,725 | 511,655 | Increase in number of children in independent special placements. |
| Nicola Ponton | 90580 | Further Education Colleges Top Up | 0 | 893,070 | 893,070 | 771,105 | -121,965 | In year commissioning savings. |
| Cathy Burnham | 90582 | PRU Outreach | 76,880 | 0 | 76,880 | 197,500 | 120,620 | LAC post within the Re-Integration Service funded in year. |
| Jane Seymour | 90585 | HN Outreach Special Schools | 105,650 | 0 | 105,650 | 105,650 | 0 | |
| Nicola Ponton | 90617 | Resourced Units top up Funding maintained | 420,060 | 0 | 420,060 | 331,960 | -88,100 | £84k transfer to Academy re TG |
| Nicola Ponton | 90618 | Non WBC Resourced Units - Top Up Funding | 60,000 | 0 | 60,000 | 18,318 | -41,682 | Lower than anticipated demand for places. |
| Nicola Ponton | 90621 | Mainstream - Top Up Funding maintained | 512,830 | 0 | 512,830 | 560,660 | 47,830 | Additional funding for schools with disproportionate number of SEN pupils and early years |
| Nicola Ponton | 90622 | Mainstream - Top Up Funding Academies | 362,740 | 0 | 362,740 | 331,939 | -30,801 | Place funding for first 5 months reduced by the AWPU amount |
| Nicola Ponton | 90624 | Non WBC Mainstream - Top Up Funding | 48,210 | 0 | 48,210 | 64,952 | 16,742 | Confirmation of LA costs for six children has now been received. |
| Cathy Burnham | 90625 | Pupil Referral Units - Top Up Funding | 812,610 | 0 | 812,610 | 1,210,652 | 398,042 | Higher than anticipated demand for places. |
| Jane Seymour | 90237 | Special Needs Delegated Contingency | 619,320 | 418,080 | 1,037,400 | -79,255 | -1,116,655 | Under spend offsetting top up cost centre pressures. |
| High Needs Block: Top Up Funding Total | | | 9,132,470 | 1,127,400 | 10,259,870 | 9,386,474 | -873,396 | |
| Cathy Burnham | 90320 | Pupil Referral Units | 672,000 | 0 | 672,000 | 672,000 | 0 | |

| | | | | | | | | |
|--|-------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| Ian Pearson | 90540 | Special Schools | 3,530,000 | -273,330 | 3,256,670 | 3,123,337 | -133,333 | Adjustment for post 16 places funded by Reading |
| Nicola Ponton | 90584 | Resourced Units - Place Funding (70) | 680,000 | -87,500 | 592,500 | 592,500 | 0 | |
| High Needs Block: Place Funding Total | | | 4,882,000 | -360,830 | 4,521,170 | 4,387,837 | -133,333 | |
| Ian Pearson | 90236 | Managed Moves/Exclusions Contingency | 0 | 0 | 0 | -17,194 | -17,194 | AWPU funding not claimed by other LAs |
| Rhian Ireland | 90238 | Sen Pre School Childrn | 38,220 | 0 | 38,220 | 47,512 | 9,292 | Based on estimated demand for Autumn and Spring Terms. |
| Nicola Ponton | 90240 | Applied Behaviour Analysis | 136,580 | 0 | 136,580 | 114,502 | -22,078 | Lower demand for services than anticipated. |
| Rhian Ireland | 90280 | Specl Needs Spprt Team | 311,370 | 0 | 311,370 | 317,161 | 5,791 | Pressure on salary budgets |
| Jane Seymour | 90290 | Sensory Impairment | 227,420 | 0 | 227,420 | 222,125 | -5,295 | Under spend in Joint Arrangement costs for 13/14 |
| Cathy Burnham | 90315 | Home Tuition | 148,270 | 0 | 148,270 | 191,454 | 43,184 | Pressure due to need to provide full time support to children. |
| Nicola Ponton | 90565 | Equipment For SEN Pupils | 38,470 | 0 | 38,470 | 38,440 | -30 | |
| Jane Seymour | 90577 | SEN Commissioned Provision | 448,890 | 0 | 448,890 | 462,625 | 13,735 | Pressures in Buildings Maintenance |
| Rhian Ireland | 90830 | ASD Teachers | 118,360 | 0 | 118,360 | 119,259 | 899 | Supply Hours pressure |
| Rhian Ireland | 90957 | Early Intervention | 45,510 | 0 | 45,510 | 34,906 | -10,604 | Supplies and services savings |
| Cathy Burnham | 90961 | Vulnerable Children | 80,000 | 0 | 80,000 | 76,273 | -3,727 | Low take up in year |
| Rhian Ireland | 90965 | SEN Inclusion Programme | 28,780 | 0 | 28,780 | 20,447 | -8,333 | Supplies and services savings |
| High Needs Block: Non Top Up or Place Funding | | | 1,621,870 | 0 | 1,621,870 | 1,627,509 | 5,639 | |
| High Needs Block Total | | | 15,636,340 | 766,570 | 16,402,910 | 15,401,820 | -1,001,090 | |
| Total Expenditure across funding bocks | | | 91,968,470 | -2,286,680 | 89,681,790 | 88,174,836 | -1,506,954 | |
| SUPPORT SERVICE RECHARGES | | | 720,890 | | 720,890 | 720,890 | 0 | |
| TOTAL DSG EXPENDITURE | | | 92,689,360 | -2,286,680 | 90,402,680 | 88,895,726 | -1,506,954 | |
| Ian Pearson | 90030 | DSG Grant Account | -92,689,360 | 2,286,680 | -90,402,680 | -88,895,727 | 1,506,953 | |
| NET DSG EXPENDITURE | | | 0 | 0 | 0 | -1 | -1 | |

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| West Berkshire Schools' Forum | |
|--------------------------------------|--|
| Title of Report: | School Financial Value Standard 2013-14 |
| Date of Meeting: | 9th June 2014 |
| Contact Officer(s) | Laura King |
| For Information | |

1. Summary

- 1.1 All schools submitted the School Financial Value Standard (SFVS) by 31st March 2014 with one exception. The extension for submission of the final school was agreed by the Head of Finance due to extenuating circumstances and was received by 14th May 2014.
- 1.2 Schools have made use of the best practice example again this year and in addition to now being more familiar with the required content and detail, generally the submissions provided an improved quality and content for the current year. School Governors have taken a much more active role in ownership of the document and understand that it is a self-assessment tool to develop their statutory role of financial management. The School Auditor did note some occasions where it would appear the Finance Officer or School Business Manager had been delegated the task of completing the assessment and this has been drawn to the attention of those schools via the Internal Audit report and subsequent audit report meetings. It is therefore not anticipated that this issue will reoccur.
- 1.3 29 schools had submitted a draft copy for review and the majority of feedback suggestions were incorporated into the final submission and an amended signed version submitted of improved quality.
- 1.4 As all schools had submitted a return in the prior year it was found that overall progress had been made on actions identified in the previous year. This was identified both through review of the 13-14 submissions and via the schools Internal Audit process where content of the SFVS submitted is assessed against actual processes and documentation found to be in place at the school in each case.

2. Number of responses

- 2.1 Overall the SFVS submissions were split as follows :
- 64 Primary Schools
 - 2 Special Schools
 - 4 Secondary Schools
 - 2 Nursery Schools

- 2 Pupil Referral Units

Since the time of the 12-13 SFVS, 2 Primary schools have moved to Academy status under the sponsorship of a secondary school.

2.2 The responses to the 23 questions were:

| Type of response | Number of schools | Number of responses | % Average response |
|----------------------|-------------------|---------------------|--------------------|
| Yes | 68 | 1,399 | 89.5 |
| No (including 2 N/A) | 10 | 29 | 1.9 |
| In Part | 46 | 136 | 8.7 |

19 schools responded with 23 'Yes' including one secondary school.

3. Quality of responses

3.1 Each SFVS was reviewed and classified as:

- Poor: No dates and very few details, generally listed documents only
- OK: Some details but no dates and a few key details not commented on
- Good: Mostly gave dates and quite a bit of detail
- Very Good: Included dates and enough detail to evidence that clear, up-to-date processes were in place

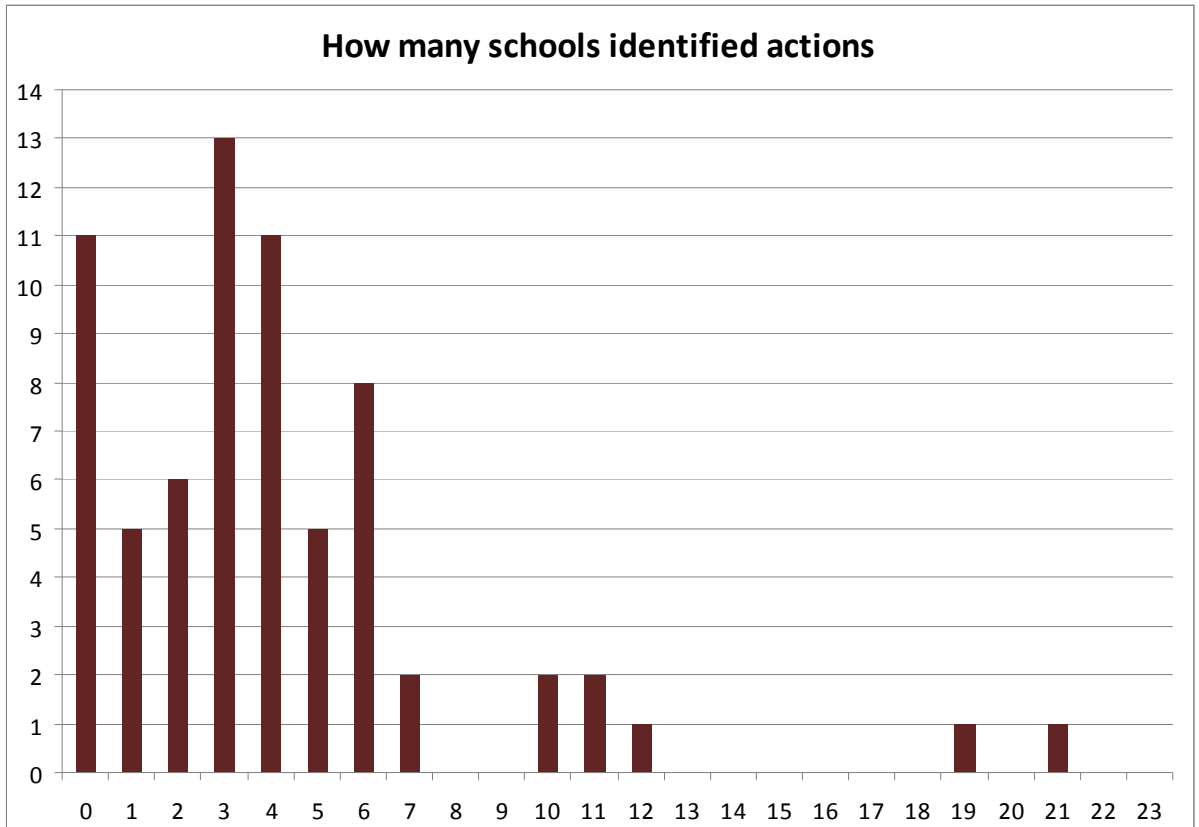
3.2 This was very much an arbitrary classification and given that the reviews took place over two months may have slightly changed over time.

3.3 Of the SFVS responses made:

| Classification | Number |
|----------------|--------|
| Poor | 8 |
| OK | 28 |
| Good | 34 |
| Very Good | 4 |

4. Number of actions identified

4.1 In total 281 actions were identified by schools. It was felt that generally governors appreciated what they needed to improve on which can be seen by the spread in the number of actions. The most actions identified by an individual school were 21 as can be seen below in the chart of the incidence of actions.



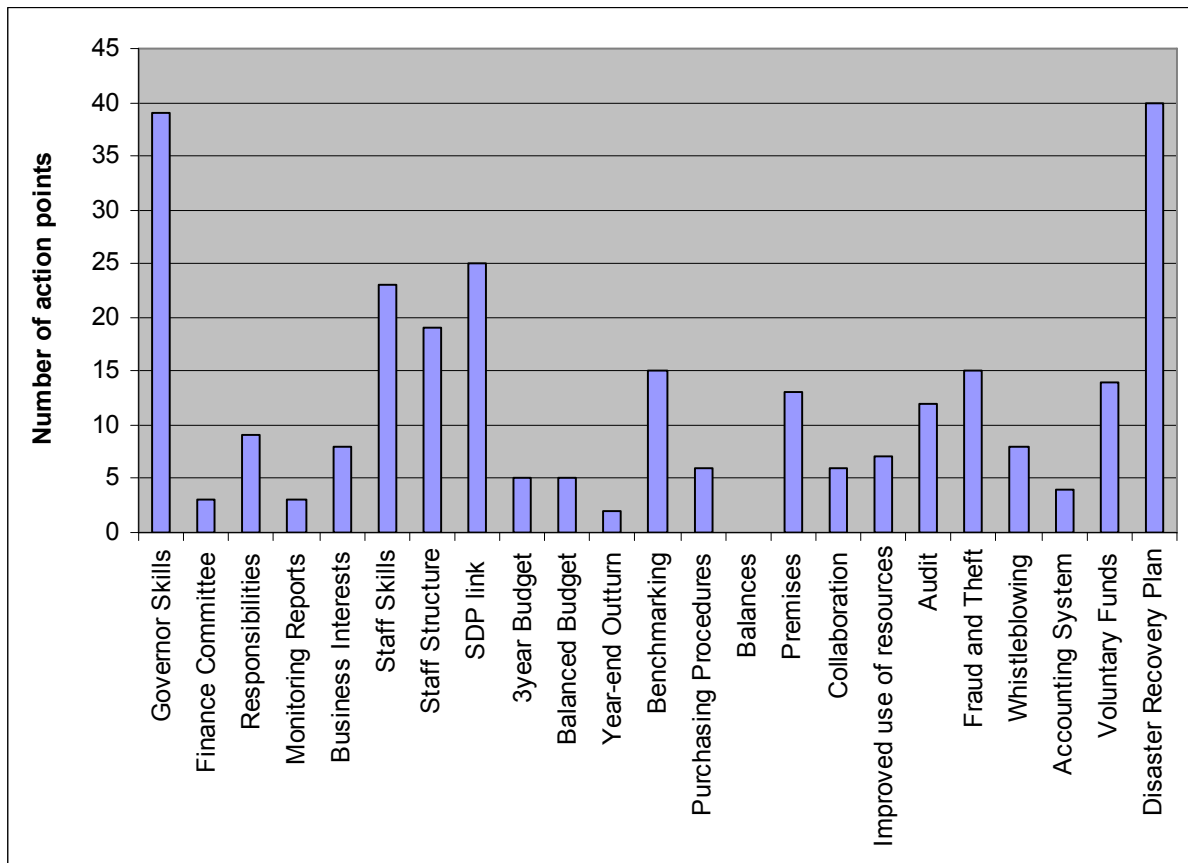
4.2 The average number of actions identified was five. Where one action addressed two questions this was counted as two to get a clear understanding of where governors were taking action.

4.3 Some of the schools who responded 'Yes' to all 23 questions still had identified some action points. Only 10 schools had no action points.

5. Types of actions identified

5.1 All schools had summarised their actions in Section E, the majority with clear owners and timelines, although again as in the prior year often ownership was assigned to the SBM/FO. This issue will be addressed via the Accountancy News letter and the internal audit process.

5.2 The questions to which actions were identified are summarised on the chart below:



5.3 As in the prior year it is clear that the Disaster Recovery Plan section has been identified as an area for improvement in the majority of schools. Additionally completion of the governor skills matrices has also been identified. Governor training is being continually developed and schools are encouraged to uptake the provision by both Governor Services and the Finance Team in order to improve overall breadth knowledge and confidence.

5.4 For 2013-14 it can be seen that the linkage between the SDP and the budget has also been identified as weak area in quite a number of instances. Guidance has been provided to schools on how best to achieve this via the Internal Audit process with some best practice examples available to schools. This is a key area for schools to ensure appropriate planning and management of desired educational outcomes within an ever tightening budget provision.

6. Impact on training

6.1 7 schools attended training provided by the Schools Accountancy Team on the Role of the Finance Governor which covers the SFVS in detail. The number of schools attending training is reduced for this year as many attended in the prior year and no significant governor changes have occurred.

7. Follow up

7.1 Schools that submitted an SFVS with a number of actions identified will be offered support from the School Auditor. Some schools have already been provided with significant input from the Auditor in respect of review and re-working of their key governance documentation in order to provide a more

robust suite for guidance and reference purposes. Furthermore the Internal Audit has been tailored to take into account the requirements of the SFVS. This should mean that provided audit recommendations are implemented, the requirements of the SFVS should be met. This is monitored via audit follow ups where necessary.

7.2 An email has now been sent to all schools to inform them that, provided the return is completed on an annual basis, the SFVS can be submitted at any time of the year in advance of the March deadline.

7.3 As the Schools Auditor now undertakes the review of the SFVS submissions it has been easier to deal with areas of concern highlighted by governors.

8. Conclusion

8.1 Overall the process continues to be well received by schools as an effective tool for governors to be able to assess the controls in place within the school and their understanding of them.

8.2 The Best Practice Example has been effectively used by the majority of schools. Where drafts were received which were of poor quality, the Best Practice Example was sent to the school in each case and the subsequent amended version showed much improvement. This will be reviewed for 14-15, updated as necessary and issued to schools for reference purposes.

8.3 Training, as part of the Role of the Finance Governor, should continue to emphasise staff structure, premises plans, training and Critical Incidence Plans but should also include further detail in respect of the linkage between the SDP and the budget.

8.4 Once again actions identified by the 13-14 SFVS will be monitored moving forward and reviewed against the submissions for 14-15 to ensure sufficient progress has been made. Where this is not found to be the case, schools will be encouraged to take up training provision.

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Agenda Item 13

| West Berkshire Schools' Forum | |
|--------------------------------------|--|
| Title of Report: | Vulnerable Children's Grant Annual Report 2013/14 |
| Date of Meeting: | 9th June 2014 |
| Contact Officer(s) | Cathy Burnham |
| For Information | |

Total amount of budget **2013/14** **£80,000**
 2012/13 **£98,510**

| | 2012/13 | 2013/14 |
|--|--------------------------------------|---|
| Requests agreed | 117 | 85 |
| Requests refused | 4 due to funding available elsewhere | 4 deferred until April 2014 due to predicted lack of funds |
| Schools accessing fund | 42 | 43 |
| primary | 35 | 34 |
| secondary | 4 | 5 |
| pru | 3 | 4 |
| Students supported | 83 | 78 |
| primary | 67 £66,686 | 68 £63,829 |
| secondary | 8 £14,808 | 6 £8,492 |
| prus | 8 £17,071 | 4 £4,815 |
| Requests extended beyond initial term | 18 (15.4% of total) | 12 (14% of total) |
| Type of support: | | |
| Additional TA | 102 (87.25%) £85,675 | 72 (85% of total) 68,193 |
| External package | 8 (6.8%) £7,083 | 6 (7%) £4,915 |
| Holiday support | 6 (5.1%) £2,405 | 6 (7%) £1,274 |
| Medical support | 1 (0.85%) £3,402 | 1 (1%) £2,754 |
| Total spend | £98,565 | £77,136 (slight under spend due to schools not claiming in time for end March). |

Notes: 2013/14 fully spent. Schools late claims (£2800) were carried over to 2014/15 budget.

Only one primary student who was supported by VCG was subsequently permanently excluded.

Reduction in spend on PRU support 2013/14 due to funding via High Needs.

One child being supported for unstable diabetes.

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Agenda Annex

SCHOOLS' FORUM & HEADS FUNDING GROUP **FORWARD PLAN 1st July 2014 – 30th September 2014**

(reports to be submitted to cloosen@westberks.gov.uk and be in the standard report format for these groups)

| REPORT TITLE | PURPOSE | LEAD OFFICER |
|---|---|--------------------------------|
| 1ST JULY 2014 (Tuesday) - HEADS FUNDING GROUP | | |
| REPORT DEADLINE is Tuesday 24th June at 12 noon | | |
| School Formula Options 2015/16 | Review the models and agree a proposal to take to Schools' Forum | Claire White |
| Trade Union Facilities Arrangements 2015/16 | To review options for arrangements and funding required in 2015/16 | Rob O'Reilly |
| Dedelegations 2015/16 | Review the dedelegations and agree a proposal to take to Schools' Forum | Shannon Coleman-Slaughter |
| School Budgets 2014/15 and Schools in Financial Difficulty | Review budgets set by maintained schools for 2014/15 and schools in deficit | Claire White |
| West Berkshire High Needs Provision | Investing in West Berkshire High Needs Provision | Jane Seymour |
| Mainstream Top Up Funding | To review the funding implications of the SEND reforms | Jane Seymour |
| Special School Funding Top Up Bands | To review changes to top up bands from September 2014 | Jane Seymour |
| 14TH JULY 2014 (Monday) - SCHOOLS FORUM | | |
| REPORT DEADLINE is Friday 5th July | | |
| School Formula Proposals 2015/16 | Review and agree the proposals to go out to consultation with schools | Claire White |
| Dedelegation Proposals 2015/16 | Review and agree the proposals to go out to consultation with schools (including trade union facilities) | Shannon Coleman-Slaughter |
| School Budgets 2014/15 and Schools in Financial Difficulty | Review budgets set by maintained schools for 2014/15 and schools in deficit | Claire White |
| School Forum Membership and Constitution | To review and agree the membership and constitution from September 2014 | Carolynn Loosen & Claire White |
| Trade Union Facilities Budget | Annual report on use of budget in 2013/14 | Rob O'Reilly |
| Mainstream Top Up Funding | To review the funding implications of the SEND reforms | Jane Seymour |
| Special School Funding Top Up Bands | To agree changes to top up bands from September 2014 | Jane Seymour |
| West Berkshire High Needs Provision | Investing in West Berkshire High Needs Provision | Jane Seymour |
| 18TH SEPTEMBER 2014 (Thursday) - HEADS FUNDING GROUP | | |
| REPORT DEADLINE is Thursday 11th September at 12 noon | | |
| School Formula Proposals 2015/16 | Review the formula following the consultation with schools and any other information that has become available and agree a recommendation to take to Schools' Forum | Claire White |
| Dedelegations 2015/16 | Review the dedelegations following the consultation with schools and each school phase to agree a recommendation to take to Schools' Forum | Shannon Coleman-Slaughter |
| Additional Funding Criteria 2015/16 | Review the criteria for growth fund, falling rolls fund, additional SEN, and primary schools in financial difficulty and agree a recommendation to take to Schools' Forum | Claire White |
| | | |
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29TH SEPTMBER 2014 (Monday) - SCHOOLS FORUM**REPORT DEADLINE is Friday 19th September**

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|---|--|---------------------------|
| School Formula Proposals 2015/16 | Review and agree on the recommendation to go to Council's Executive | Claire White |
| Dedelegation Proposals 2015/16 | Review and each school phase in the maintained sector to take a vote on each service to be centrally retained or not | Shannon Coleman-Slaughter |
| Additional Funding Criteria 2015/16 | To agree the criteria and sums to set aside for the growth fund, falling rolls fund, additional SEN, and primary schools in financial difficulty | Claire white |
| School Funding benchmarking information 2014/15 | Review the latest benchmarking information | Carolynn Loosen |
| DSG Monitoring 2014/15 month 5 | Review the latest budget monitoring information | Shannon Coleman-Slaughter |
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