



# Northumberland

## County Council

**Your ref:**

**Our ref:** AT

**Enquiries to:** Andrea Todd

**Email:** Andrea.Todd@northumberland.gov.uk

**Tel direct:** 01670 622606

**Date:** 12 July 2023

Dear Sir or Madam,

A meeting of the **SCHOOLS' FORUM** will be held on **Wednesday, 19 July 2023 at 9.30 a.m. for 10.00 a.m. start**. Please note this will be an in person / face to face meeting held in the **Council Chamber, County Hall, Morpeth**. Refreshments including a breakfast sandwich will be served in the adjacent restaurant from 9.30 a.m. Please can you confirm your attendance so we have an idea of numbers. I am conscious this is our first face to face meeting in over 3 years, but this was thought to be fitting to mark Colin's final meeting as Chair.

I remind you that if you are unable to attend, you should arrange for an appropriate substitute to attend on your behalf. Alternatively, forward any written representations to me in advance.

Can I ask that Forum members read all papers prior to the meeting and forward any questions or contributions to me in advance of the meeting, however, we will do everything possible to take comments at the meeting too.

Yours faithfully

Andrea Todd  
Clerk to the Forum

**To: Members of the Schools' Forum**

## AGENDA

It is expected that the matters included in this part of the agenda will be dealt with in public.

		Decision/Consultation/ Information/Action
1.	<b>MEMBERSHIP AND MEMBERSHIP UPDATE</b>	Information
2.	<b>APOLOGIES FOR ABSENCE</b>	Information
3.	<b>DISCLOSURES OF INTERESTS (IF ANY)</b>	Information
4.	<b>MINUTES AND MATTERS ARISING (Pages 1 - 6)</b> Minutes of the meeting of the Schools' Forum held on Wednesday 15 February 2023, as circulated, to be confirmed as a true record, and signed by the Chairman.	Action
5.	<b>COMMUNICATION (Pages 7 - 14)</b> HN Committee Draft Minutes 29 March 2023.	Information
6.	<b>SUPPLEMENTARY GRANT FOR EARLY YEARS FUNDING RATE INCREASE 2023/24 (Pages 15 - 16)</b>	Information
7.	<b>DSG PROVISIONAL OUTTURN 2022/23 (REPORT TO FOLLOW)</b>	Information
8.	<b>MAINTAINED SCHOOL BALANCES AS AT 31 MARCH 2023 (Pages 17 - 20)</b>	Information
9.	<b>SCHEME FOR FINANCING MAINTAINED SCHOOLS 2023/24 (Pages 21 - 58)</b>	Information / Consultation
10.	<b>2023/24 WORK PROGRAMME AND MEETING DATES (Pages 59 - 60)</b>	Information
11.	<b>ANY OTHER BUSINESS</b>	Information/Action
12.	<b>DATE OF NEXT MEETING</b> The next scheduled meeting of the Schools' Forum is Wednesday, 27 September 2023.	Information

## NORTHUMBERLAND COUNTY COUNCIL

### SCHOOLS' FORUM

At a virtual meeting of the Schools' Forum on Wednesday, 15 February 2023 at 9.30 a.m.

#### PRESENT

C. Pearson (Chair, in the Chair)  
Three Rivers Learning Trust

#### Headteacher Representatives

A. Mead, Cramlington Hillcrest  
School

#### Governor Representatives

B. Watson, St Robert's RC First  
School

G. Wilkins, St Wilfrid's RC Primary  
School

#### Academies Representatives

G Atkins, Hadrian Learning Trust

**Roman Catholic Diocese** – Vacant Post

**Church of England Diocese** – N. Threlfall

**EYDCP-PVI** – K. Dickinson

**Pupil Referral Unit Representative** – R. Carr

**Trades Union Representative** – Vacant Post

**19-19 Provider of Education Representative** – W. Stephenson

Councillor G. Renner-Thompson (observer)

#### OFFICERS IN ATTENDANCE

A. Kingham

Executive Director - Children, Young People and  
Education

Ch.'s Initials.....

---

S. Aviston	Head of School Organisation and Resources
M. Finlay	Head of Inclusive Education Services
B. Parvin	Education and Skills Business Manager
A. Russell	Principal Accountant – Non-Team Leader
C. Street	Senior Accountant (observer)
D. Street	Deputy Director of Education
A. Todd	Democratic Services Officer

### **37. MEMBERSHIP AND MEMBERSHIP UPDATE**

- 37.1 Members were notified that an expression of interest had been received from Adele Brown, Headteacher of Corbridge Middle School to join the Schools' Forum as a middle school representative. The Forum agreed to this appointment and looked forward to welcoming Adele at their next meeting.
- 37.2 The Chair welcomed Richard Carr to his first meeting of the Schools' Forum as the PRU representative.
- 37.3 It was reported that D. Wylie, Cramlington Village Primary School was stepping down as a Forum Member. Members extended their thanks to Debbie for her valued contribution to the work of the Schools' Forum, and for the time she was able to devote to attend such meetings.

### **38. APOLOGIES FOR ABSENCE**

- 38.1 Apologies for absence were received from N. Brannen, M. Deane-Hall, N. Rodgers, K. Faulkner, B. Mansfield, A. Hardie, C. Hodgson, A. Thelwell, C. Ponting and D. Illingworth.

### **39. MINUTES AND MATTERS ARISING**

**RESOLVED** that the minutes of the meeting of the Schools' Forum held on Wednesday, 18 January 2023, as circulated, be confirmed as a true record and signed by the Chair.

- 39.1 Matters Arising: It was confirmed that the plan detailing the geographical spread of Ukraine students in Northumberland would be sent to Forum members.

### **40. COMMUNICATIONS**

Nothing to report.

### **41. REVIEW OF SCHOOLS' FORUM MEMBERSHIP**

**RESOLVED** that this report be deferred to a future meeting of Schools' Forum.

Ch.'s Initials.....

## 42. SETTING THE 2023/24 DEDICATED SCHOOLS GRANT

- 42.1 B. Parvin, Education and Skills Business Manager introduced the report which sought to inform Schools' Forum of the estimated overall DSG for 2023/24 as notified to Northumberland by the Education and Skills Funding Agency (ESFA) and the proposed allocation of funds within the four DSG Blocks. (A copy of the report has been attached to the signed minutes).

### Schools Block

- 42.2 In line with the position agreed at November 2022 School Forum meeting, and subsequently agreed in the schools' consultation exercise agreeing a maximum transfer of 0.25% to the High Needs Block, a final transfer of £484,983 (0.22%) had been approved.
- 42.3 G. Atkins commented on the SEND Capacity and Place Planning Strategy which sought to outline the developing circumstances around SEND in the county, plus thoughts on how to meet the growing need. A copy of the document was to be circulated to Forum members after the meeting as he thought it was a worthwhile read which discussed the changing landscape. He felt that SEND provision was an increasing issue across all authorities and suggested that more should be done to collectively highlight these problems. It was proposed that the F40 Group was probably the best mechanism to lobby concerns nationally.
- 42.4 D. Street commented on the great work achieved over the last five years regarding SEN and the creative ways Northumberland had managed to balance finances to ensure they had not overspent. However, demand was continuing to rise and put pressure on already tight budgets.
- 42.5 S. Aviston advised that SEND Capacity and Place Planning was a top priority for elected members. A scrutiny working group had been established and there could be an opportunity for views to be fed into this work stream.
- 42.6 A. Kingham advised that a brief report could be presented to the next meeting of Schools' Forum on high needs planning. This was an important issue that would continue to be challenging and agreed that this needed to be front and centre for the foreseeable future.
- 42.7 Sparsity funding had been increased marginally (2.3%) for 2023/24, in line with general funding increases, as opposed to the additional investment seen for 2021/22 and 22/23. Final funding for schools in relation to National Funding Formula sparsity payments had now been finalised at £2.674 million up by £62,000 on the current year's figures of £2.612 million.

Other Issues:

Ch.'s Initials.....

- 42.8 No additional funding had been set aside from the Schools Block in relation to the existing Falling Rolls or Growth Funds.
- 42.9 The final figure for distribution was therefore £216,027,371 prior to de-delegation. The estimated final de delegated sum was £457,489, though this was subject to change as a result of any further academisation.
- 42.10 Final funding statements would be shared with all schools as soon as possible, ahead of the 28 February deadline. This would be sent via e-courier. However, a more detailed spreadsheet had been created for schools and it was queried whether this more exhaustive document would be more helpful. It was felt that anything to support schools understand their funding would be welcomed. It was suggested several schools be consulted on the documents to see which one would be more beneficial before being rolled out to all.
- 42.11 At this point the Schools' Forum noted the formula funding values reflected in Table 1 for the distribution of the Schools Block DSG for 2023/24.

#### High Needs Block

- 42.12 At the last meeting on 18 January 2023 Schools Forum were informed that the indicative High Needs Block allocation for 2023/24 was £51,072,682 before any deductions as outlined in Appendix 1 of the report. It was noted that this included the HN block equivalent of the mainstream schools' additional grant which was being paid separately to mainstream schools and academies. The transfer from the Schools Block to the High Needs Block had been set at £484,983.
- 42.13 At the January meeting, it was agreed that the more detailed breakdown for services within that budget would be set at the February meeting. The proposed budget was detailed within the report.
- 42.14 The continuing increase in the number of EHC plans, together with the more general inflationary pressures affecting both schools represented the 2 biggest challenges to balancing the High Needs Block budget.
- 42.15 Schools' Forum agreed to note the 2022/24 High Needs Block budget of £49,467,665 as set out at Appendix B to the report.

#### Early Years Block

- 42.16 The 2023/24 Early Years funding block figures and proposed hourly rates were reported to the January meeting of the Schools' Forum, to allow the new rates from April to be sent to providers at an earlier stage. It had been agreed with Corporate Finance that this could be funded from within the overall EY DSG budget.
- 42.17 At this point the rates for the Early Year Block as set out in the report and reported to School Forum in January 2023 were noted.

Ch.'s Initials.....

## Central Schools Service Block

- 42.18 The 2023/24 allocation for this block was £2,268,990, a figure £185,281 (7.5%) lower than the 2022/23 allocation of £2,454,271. This reduction in the historic element was expected and had previously been reported.
- 42.19 The budget for the Central Schools Services Block as set out in Appendix C of the report was noted.
- 42.20 Following on from the detailed report the Chair thanked all those involved in setting the Dedicated Schools Grant for 2023/24.

**RESOLVED** that the Schools' Forum note:

- a) the proposal for the Schools Block formula values and the resulting 2023/24 School Budget Shares, in line with the Cabinet decision of 17 January 2023 including the delegation of the approval of the final formula values to the Executive Director of Children Services and the Lead Member for Children's Services and Deputy Leader of the Council in line with the principles agreed at Schools Forum on 16 November 2022;
- b) the 2023/24 High Needs Block Budget including the final transfer from the Schools Block to the High Needs Block;
- c) the 2023/24 Early Years Block rates; and
- d) the 2023/24 Central Schools Services Budget.

## **43. 2022/23 WORK PROGRAMME AND MEETING DATES**

- 43.1 The schedule of dates had been circulated with the agenda papers and a copy filed with the signed minutes).

**RESOLVED** that the information be noted.

## **44. DATE OF NEXT MEETING**

- 44.1 It was noted that the next meeting would be the last meeting for C. Pearson who was standing down as Chair. However, it was noted that the Chair would not be able to attend the proposed meeting date of 5 July 2023.
- 44.2 It was suggested that the meeting be rearranged to a more convenient date for the Chair and held in person. This would allow Schools' Forum to express their gratitude to Colin for being the Chair for many years and to wish him all the best for the future.

**RESOLVED** that the next meeting be currently scheduled for Wednesday, 5 July 2023 at 9:30 a.m. However, officers would discuss with the Chair to see if the meeting date could be rearranged.

**CHAIR** \_\_\_\_\_

**DATE** \_\_\_\_\_

Ch.'s Initials.....

This page is intentionally left blank





# Northumberland County Council

## Wellbeing and Community Health Services Group

Education and Skills Service

Meeting: High Needs Sub Committee of the Schools Forum  
Date: Wednesday 29th March 2023 Time: 9.30am  
Venue: Virtual Teams Meeting

<b>Present:</b> <b>Graham Wilkins</b> Chair and Governor at St Wilfrid’s RC Primary School <b>Colin Pearson</b> Director, 3 Rivers Trust <b>Graeme Atkins</b> Headteacher, Hadrian Learning Trust <b>Adele Brown</b> Headteacher, Corbridge Middle <b>Richard Carr</b> Headteacher, PRU <b>Andrea Mead</b> Headteacher Hillcrest	<b>Kath Dickinson</b> (SEND to Learn) <b>Ben Watson</b> Governor, St Roberts RC First School <b>Richard Wearmouth</b> <b>David Street</b> Deputy Director of Education <b>Sue Aviston</b> Head of Schools Organisation and Resources <b>Bruce Parvin</b> Education & Skills Business Manager <b>Amanda Gilchrist</b> SEN Finance Officer
--	--

Notes Lisa Headington

Start time:	Action:
1. <b>Welcome and Introductions</b>	
2. <b>In Attendance</b> See above	
3. <b>Apologies:</b> Abigail Russell	
4. <b>Declaration of personal or pecuniary Interest in any agenda item.</b> No declaration of pecuniary interest declared by members.	
5. <b>TERMS OF REFERENCE</b> The Terms of Reference were last reviewed in November 2020. Typos to be addressed. All accepted on an ongoing basis.	BP
6. <b>DfE HIGH NEEDS SUSTAINABILITY WEBINAR 2023</b> <ul style="list-style-type: none"> <li>• PowerPoint Slide Pack</li> <li>• Sustainability in High Needs Systems (guide for local authorities)</li> <li>• Stone King Summary Paper</li> </ul> The above papers were circulated prior to the meeting. <b>Bruce Parvin</b> confirmed that the rising number of plans and placements are the key challenges we have. We have some data on looking at the high needs block funding in terms of increase year on year and over the last few years by around 8%. Plans have gone up by over 10% year on year, this has been managed over previous years but because of the high inflationary pressures around pay and price inflation and utilities over the last 12 months, this is resulting in a more challenging high needs block position.  <b>Bruce Parvin</b> pointed out the 10 recommendations (page4) of the LAHN sustainability report, which included investment in SEND capacity and leadership,	

<p>strengthening inclusion in mainstream provision and innovative approaches to mainstream funding.</p> <p>There was little if anything, in the papers circulated which people generally disagreed with, but the challenge both for LAs and Schools was finding the necessary capacity and resources to deliver and implement the guidance.</p> <p>There's between 50 and 60 local authorities that are currently under the supervision of the Department for Education, as part of the Safety Valve programme, due to significant High Needs Block deficits implementing savings therein. It is reflective of the great work of this group and the Schools' Forum that we are not currently in that position. This year, a balanced budget was set at the start of the year, it does look like we're going to be drawing on the reserves held.</p> <p>The "in year" spend is about £800,000 which is more than the annual funding available, and <b>Bruce Parvin</b> confirmed that's still with an overspending in year even after the 0.25% transfer from the school's block for 2022/23.</p> <p><b>David Street</b> asked going forwards, how do we expand services, expand provision, give schools the money they need and the resources they need to deliver throughout next year?</p> <p><b>Sue Aviston</b> commented that the introduction of the SEND Capacity and Place Planning Strategy was a co-ordinated medium-term approach to increase capacity in line with predicted demand across Northumberland, while still meeting the needs of children and young people as close to their home communities as possible. Parental choice was a key influential factor to be considered also.</p> <p><b>Graham Wilkins</b> asked whether all SEN children could have their needs met within Northumberland, and whether parental choice was a factor in children going out of county?</p> <p><b>Sue Aviston</b> confirmed some independent special schools can be four times more expensive than that of the local authority, and therefore no matter how good the local authorities at place planning its own provision, no matter how good schools, forum and high needs committee are allocating the right funding to the right areas of expenditure, if you've got that overruling parental choice that demands these independent schools, the independent schools will support the parental application through tribunal as well because it's a private business. In Northumberland we haven't got many independent schools and we have been able to expand our existing provision and we'll continue to do so.</p> <p><b>Graham Wilkins</b> Reiterated parental choice is key. PANs in the mainstream sector can be a defence around placement, you can't attend that school because it's technically full, but this may not apply to special schools.</p> <p><b>David Street</b> Commented that the special schools may be physically full. Our special schools last year grew by numbers on roll by 16%. And some of them are</p>	
--	--

	<p>more than that throughout the year and some slightly less but overall, 16% more places from one September to the next, which is massive amounts of growth. From a parental perspective, if they make a request for a special school, a particular special school being physically full is not a defence.</p> <p><b>Andrea Mead</b> Commented that It has huge implications for the school parental choice because going over number can be really challenging. We have sensory spaces that are well used, and if you keep adding children to it then we haven't got adequate resources for the children we already have.</p> <p><b>Bruce Parvin</b> shared the presentation that was shared by the ESFA to the region. The safety valve group worked with authorities with the acute high needs deficits to identify common themes and what lessons could be learned. Good practice examples identified included:</p> <ul style="list-style-type: none"> <li>• Developing a stronger and more consistent mainstream offer;</li> <li>• Positive and Proactive communications with parents;</li> <li>• ASD Capacity building;</li> <li>• Developing clearer and broader range of pathways for Post 16;</li> <li>• Monitoring Specialist provision and holding providers to account;</li> <li>• Financial Processes monitoring impact of placement/provision trends. transition;</li> <li>• Communications with parent's capacity building in relation to ESD managing transition</li> </ul> <p><b>David Street</b> Commented that we know what needs to be done, it's just how do we physically manage to do it within the resources we've got</p> <p><b>Sue Aviston</b> Commented that it was disappointing, that there wasn't a NE authority in this and if you're going to carry out a study like this, geography does play a part.</p> <p>10:05 Richard Carr (Guest) joined the meeting</p> <p><b>Bruce Parvin</b> Introduced Amanda Gilchrist, who started working with him just before Christmas. Amanda has done some fantastic work working with the send team and working around data to drive some real improvements over the last three or four months.</p>	
<p>7.</p>	<p><b>SEND CAPACITY AND PLACE PLANNING STRATEGY</b></p> <p><b>Sue Aviston</b> presented the above strategy which went to Cabinet in late 2022. The presented slides will be shared with members after the meeting.</p> <p>This is the first time that Northumberland has set send capacity and place planning strategy, setting out how we will predict specialist and place planning and capacity growth over the next five years, including place increases and capital investment required for predicted future growth. Information is presented on a school partnership basis so that we can plan to have those school places as close to home communities as possible for children regardless of their needs.</p> <p>Northumberland has a very robust mainstream place planning methodology which does ensure the accuracy of predicting the number of school places required across the county consistently achieving between 97 and 98% of parental first preferences.</p>	

There are significant upward trends in both overall EHCP numbers and special school places. Specific increases in relation to ASD and SEMH are evident. We also survey annually the SENCO'S to get that soft intelligence around individual pupils in schools by year, grouping in terms of which pupils we feel will transition into secondary school or into middle school and whether they will or whether they need specialist provision.

Section 4 shows the forecast for demand of specialist provision on a school partnership basis. A lot of the data presented in each school partnership demonstrates there's a growing demand to increase specialist capacity across the whole of Northumberland, not just in one area. If we continue to grow the way that we have done over the last five years for the next five years, we could see that we would require another 700 special school places by 2026 which is a phenomenal number and again that's why we need to look at our graduated approach and inclusive practices in mainstream.

**Graeme Atkins** stated that David raised a really important point as you and the team around other partnerships, maybe just start to talk to partnerships about numbers and what that might look like over the next few years because each school has got a responsibility.

Section 5 of the of the strategy shows some specific ideas for the individual partnerships and site in order to increase special school capacity.

Members were reminded of the opening of the Gilbert Ward Academy in September 23, although in temporary accommodation initially with 40 places before the DfE complete the new buildings are complete for January 2024. So again, looking at Commissioning 40 places there.

Northumberland Pupil Referral Unit (PRU) relocated at Christmas and are now starting to expand the number of places and the age range. So that is an ongoing development, and we'll see some further increase in capacity from September as well.

There will continue to be demand for special school places, but we just need our schools to adapt and flex, particularly given Northumberland's geography and rurality and our geography, so that we're not putting children in taxis and travelling them from one end of the county to the next. Emily Wilding being our only specialist provision at the minute for SEMH and more challenging ASD. **Graeme Atkins** commented that in the West they are considering their own forms of alternative provision, there is a blurring of the lines, perhaps looking at their own AP as well as external AP providers.

**Sue Aviston** agreed and that's why it's been useful chairing the inclusion panel and looking at where demand is for alternative provision.

	<p><b>Kath Dickinson (SEND to Learn)</b> questioned specifically in relation to early years and there's a lot of PVI who have children with additional needs.</p> <p><b>Sue Aviston</b> confirmed there is internal data and information from the portage team as well as our early years team that we triangulate some of that.</p> <p><b>Colin Pearson</b> commented he was greatly encouraged by the new strategy but raised the question about the relationships with Health and Social Care,</p> <p><b>David Street</b> fed back that there's definitely a willingness to progress the links between health, social care and us. And there has been some practical work ongoing in around that from a social care perspective. The redevelopment of the early help team, there are social Care colleagues now who were employed just in December who were specifically education based social care. Health in its different facets has gone through some massive changes recently, but even throughout those changes they are remaining as focused on the needs of send learners and how to engage with education better. In principle, we're all in agreement, we are all in it together. If there are needs that are not being met, we are collectively responsible for delivering.</p> <p><b>Graham Wilkins</b> commented on the need for the right support, in the right place, at the right time and thanked Sue for her presentation.</p>	
<p><b>8.</b></p>	<p><b>HIGH NEEDS FINANCIAL UPDATE</b></p> <p><b>Bruce Parvin</b> introduced the report. We came to the committee in June last year to consult about how we were going to distribute the additional high needs funding and we took a decision to increase the funding on a school level basis to our most inclusive schools through adjusting the notional SEN calculation to lower the threshold at which schools could access funding as opposed to increasing individual funding bands attached to individual learners.</p> <p>These changes for the summer term 2022 in summer last year for the summer term with the start of the financial year and we've supported 39 schools and paid £432,000. This represents 27 more schools and a further £284,000 paid compared to 2021/22. At a time when there is increasing pressure on the high needs block to target those most inclusive schools felt the most appropriate course of action, given limitations of resources available.</p> <p>The report also outlined instructions from the ESFA in relation to the distribution of additional HN funding to special schools. The ESFA have taken a very prescriptive approach to the additional allocation of the additional high needs funding to maintain special schools and special academies for 23/24, providing an additional 3.4% increase based on the September 2022 place and top up funding colleagues</p>	

	<p>at corporate. Further details are at the link in the report. It was also confirmed the lump sums introduced in 2021/22 would remain in place.</p> <p><b>Colin Pearson asked</b> why the ESFA were taking such a prescriptive approach?</p> <p><b>Bruce Parvin</b> indicated it may be the ESFA’s response to the increasing inflationary pressures. It reduces the LA’s influence as we don’t have any discretion, but we have followed the ESFA’s guidance.</p> <p><b>Colin Pearson</b> Commented that It's just a bit of a frustration that we're being told centrally that the problem is pretty much the LA’s but we have limited opportunity to influence this.</p>	
<p>9.</p>	<p><b>SPECIALIST SUPPORT BASES</b></p> <p><b>(David Street)</b> informed members about proposals for specialist support bases (SSBs). While we have some really high-quality special schools, but we are in a position where have waiting lists for our special schools. Many LAs are in the same position.</p> <p>At the same time, we've also got some high-quality provision in our mainstream schools. And we've got some exceptionally high need learners having their needs met in our mainstream schools though obviously a much lower proportion is in our special schools. But one of the ways forward that I'm keen to progress is a mixed economy / blended approach. The idea of being a “special” school or a “mainstream” school is almost incidental, it’s a “school” and its attempting to meet the needs of the learners that they've got. If the learners are in their local facility and they can meet the needs or the school's keen to gain the resources to meet the needs of those learners, then we should be doing it.</p> <p>What is the concept for an SSB? Is it specialist provision on a mainstream site? We need to try and broaden the models; in our special schools currently if you open a room, there's a learner in there getting an intervention and everywhere you go, the spaces are filled. Where we do have physical space in mainstream can we provide similar interventions within it, perhaps as part of the blended offer?</p> <p>It is appreciated that resources will be an issue but to take the example of an 8-pupil base. For example, if the SEN learners have an average top up of £6,000 (equivalent to Mainstream Band 4) plus the first £6,000 notional SEN a School is required to find, this would provide a total budget of £96,000. This could cover a well-qualified send teacher and possibly up to 60 hours of TA support. This is simply an illustrative example that could change depending on the needs of the learners, but is intended to provide a standardised fair and transparent way of calculating funding.</p> <p>One area for consideration is if a learner starts at the school part way through school year, so it's after census. Individual Top Up funding is always paid from the pupils start date but if a learner started after the October School Census date,</p>	

	<p>they wouldn't have any notional for that starting 6000, because the learner isn't on the roll, and they won't get that notional for the next year. Could we consider HN Block Support for one year in respect of the missing notional funding?</p> <p><b>Graham Wilkins</b> asked if there was general support for this proposal to allow David to develop this?</p> <p><b>Resolved</b> - All agreed</p> <p><b>Sue Aviston</b> Confirmed it will be a schools forum decision. This group is obviously just a working group. So, supporting the proposal, but a decision wouldn't be made until the formal school's forum meeting.</p> <p><b>Graham Wilkins</b> Reminded members that the next high needs committee is the 14th of June, which is online again, at 9:30 and we then have school forum, it was originally going to be the 5th of July, but it's now the 19th of July face to face in County Hall.</p> <p>The chair thanked everyone for their input at today's meeting.</p>	
<b>10.</b>	<p><b>Date of Next meeting</b></p> <p>HN Committee 14 June 2023 (Virtual – Provisional date – subsequently cancelled)</p> <p>Schools Forum Wednesday 19 July 2023 (Face to Face Meeting)</p>	

This page is intentionally left blank





## Northumberland County Council

### SCHOOLS FORUM

19 July 2023

#### Agenda Item 6

#### Supplementary Grant for Early Years Funding Rate Increase 2023/24

##### 1. PURPOSE OF THE REPORT

To inform Schools Forum of the additional funding made available for the period September 2023 to March 2024, and the associated funding rates.

##### 2. RECOMMENDATIONS

Schools' Forum members are requested to note this report.

##### 3. BACKGROUND

It was announced in the 2023 Spring Budget that DfE will be providing additional funding to increase the hourly funding rates for early years providers to deliver the existing early years entitlements for disadvantaged 2 year olds and 3 and 4 year olds from September 2023. They will provide £204 million of additional funding to local authorities in 2023-24, rising to £288 million in 2024-25.

For 2023 to 2024, it is the DfE intention is to allocate the additional £204 million to local authorities through a standalone top-up grant, instead of our normal route through the Dedicated Schools Grant (DSG). This is to help reduce complexity for local authorities in passing on the additional funding to providers mid-year. This will be known as the Early Years Supplementary Grant (EYSG). In setting the local funding rates for distributing EYSG to providers, DfE would encourage local authorities to engage with early year providers about the additional funding, but local authorities will not be required to consult formally.

##### 4. CURRENT POSITION

The DfE has now provided further details on the EYSG methodology and hourly funding rates from September 2023 for each local authority, more information can be found at the link below:

<https://www.gov.uk/government/publications/early-years-supplementary-grant-2023-to-2024>

What this means for Northumberland is :

- a 6.8 % increase on the 3- and 4-year-old rate equating to an additional £0.33 per hour. This will be passed on directly to providers meaning an hourly rate of £4.91 from September.
- a 29.1% increase on the two-year-olds rate equating to an additional £1.64 per hour. This will be passed on directly to providers meaning an hourly rate of £7.27 from September

This will result in the following rates:

Entitlement	Current 23/24	Sept 23 to Mar 24
3-4 year olds	£4.58	<b>£4.91</b>
2 year olds	£5.63	<b>£7.27</b>
EYPP 3 & 4 year olds (first 15 hours)	62p	62p
EYPP Plus 3 & 4 year olds (first 15 hours)	76p	76p

DAF 2,3,and 4 year olds	£828	£828
-------------------------	------	------

For 2024/25, the additional £288m will be allocated to local authorities through the DSG. We expect the DfE will inform local authorities of hourly funding rates for 2024 to 2025 in December 2023 in the normal way.

**Eve Sinclair / Bruce Parvin**  
**EY Business Manager / Education and Skills Business Manager**

**12 July 2023**

**email: [bruce.parvin@northumberland.gov.uk](mailto:bruce.parvin@northumberland.gov.uk)**



## Northumberland County Council

### Wellbeing and Community Health

Agenda Item: 8

### SCHOOLS FORUM

17 July 2022

### Maintained School Balances as at 31 March 2023

#### 1. PURPOSE OF REPORT

To inform Schools Forum of the position regarding Maintained School Balances as at 31 March 2023.

#### 2. RECOMMENDATIONS

Schools Forum members are recommended to read the report prior to the meeting and table any questions, preferably in advance or at the meeting. The report is for the information of School Forum members.

#### 3. BACKGROUND

The Scheme For Financing Maintained Schools specifies the following limits for schools regarding the maximum levels of uncommitted balances they are allowed to carry forward:

- Primary/Special schools 16% of the new financial year budget share;
- Middle/High schools 10% of the new financial year budget share

Any funds in excess of this figure need to be supported with details of future spending intentions. Although it is noted that some Schools are holding balances in excess of the relevant percentages, the Schools concerned have a duty to notify us of any financial commitments relating to 2022-23 by 1st July 2023. It will then be possible to assess if any of the schools could be subject to claw back of uncommitted surplus balances from schools at this stage.

#### 4. CURRENT POSITION

The original aggregated balances figure brought forward into 2022/23 was £8.967m (as at 1 April 2022), as reported to Schools Forum in July 2022. This represented 108 schools. However, this figure has been reduced by £0.285m to reflect the school that academised during the period. The adjusted balances therefore reflect those 105 schools reflected in both the 2022/23 opening and closing balances.

Of the 105 schools that remained maintained throughout 2022/23, overall balances fell marginally by £29,384, from £8.682 million to £8.652 million. This of course masks significant differences between both individual schools, and the different phases are shown below:

Phase by Phase Summary of School Balances as at 31 March 2023						
	No of Schools (22-23)	2020-21	2021-22	2022-23	Change 21-22 to 22-23 (£)	Change 21-22 to 22-23 (%)
First / Primary	86	3,602,860	4,571,391	3,951,715	- 619,676	-13.6%
Middle	7	870,247	1,089,971	1,302,742	212,771	19.5%
High / Secondary	4	-503,626	582,241	822,265	240,024	41.2%
Special (incl PRU)	8	1,330,343	2,438,212	2,575,709	137,497	5.6%
	105	5,299,824	8,681,815	8,652,431	- 29,384	-0.3%

Overall balances have improved across all phases, in simple terms income exceeded expenditure during 2021/22, and in general our schools have managed their finances effectively during the year.

Further analysis is available of the respective phases to identify the % of schools in each phase with surplus balances:

- At first / primary, 68 (79%) of the 89 Schools have surplus or positive balances at March 2023, with an average balance of £81,603. 18 are in deficit, with an average balance of -£88,737. For comparison, at 31 March 2022 there were 16 schools in deficit, 12 of these schools have remained in deficit, but 4 are now in surplus replaced by a different 4 schools now in deficit, having been in surplus at March 2022. Furthermore, only 37 (43%) first / primary schools recorded an “in-year” surplus.
- All 7 Middle Schools continue to hold surplus balances with an average across the group of £186,106. 5 of the 7 schools saw an increase in balances during 2022/23.
- While there has been an improvement in the aggregated balances for the 4 High / Secondary schools, 2 (50%) of the 4 high / secondary schools has a surplus balance, while 2 reported in year and cumulative deficits.
- Including the PRU, 5 of the 8 Special Schools have a surplus balance, totalling £3.447 million; the average balance of these schools is £0.689m.

It is re-emphasised at this point that we must be careful when analysing overall or average balances for the phases, particularly where there are smaller numbers of school, such as at middle, high and special, as changes in individual schools can have a significant impact. This needs to be considered when looking at the analysis of movement in maintained School Balances attached at Appendix A.

## **5. SUMMARY AND CONCLUSIONS:**

In general, as a group our maintained schools are again showing positive movement in terms of their overall balances. This is against a backdrop of significant rises in pay and price inflation costs, which has had a significant impact on all schools.

Previously, following reporting the aggregated School balances figures for maintained schools to the July meeting, we subsequently published individual maintained school balances when they were made publicly available by the DfE later in the year. The DfE have developed their Schools Financial Benchmarking tool to enable comparisons and benchmarking between both maintained schools and academies, though default lists are available according to schools with similar characteristics. Further information, including financial information for the 2021/22 period for both maintained schools and academies is available at:

<https://schools-financial-benchmarking.service.gov.uk/>

Schools Forum no longer receives a report detailing individual school balances but it is anticipated that individual school balances for 2022/23 will be published via the Schools Financial Benchmarking service in late 2023.

**Bruce Parvin**  
**Education and Skills Business Manager**

**07 July 2023**

## ANALYSIS OF MOVEMENT IN MAINTAINED SCHOOL BALANCES 2022/23

	(as at 31 March 2022)	(as at 31 March 2023)	
<b>Aggregated balances for schools with deficits</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Change</b>
First / Primary	- 1,328,681	- 1,597,262	- 268,581
Middle	-	-	-
High / Secondary	- 719,901	- 239,869	480,032
Special (incl PRU)	- 686,058	- 870,908	- 184,850
<b>Number of Schools with Deficit Balances</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Change</b>
First / Primary	16	18	2
Middle	0	0	-
High / Secondary	2	2	-
Special (incl PRU)	1	3	2
<b>Average Balances of Schools in Deficit</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Change</b>
First / Primary	- 83,043	- 88,737	- 5,694
Middle	-	-	-
High / Secondary	- 129,501	- 119,935	9,567
Special (incl PRU)	- 686,058	- 290,303	395,755
<b>Aggregated balances for schools with surpluses</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Change</b>
First / Primary	5,082,022	5,548,977	466,955
Middle	870,247	1,342,742	472,495
High / Secondary	216,275	1,062,134	845,859
Special (incl PRU)	1,929,300	3,446,617	1,517,317
<b>Number of Schools with Surplus Balances</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Change</b>
First / Primary	70	68	- 2
Middle	7	7	-
High / Secondary	2	2	-
Special (incl PRU)	7	5	- 2
<b>Average Balances of Schools in Surplus</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Change</b>
First / Primary	72,600	81,603	9,002
Middle	124,321	191,820	67,499
High / Secondary	108,137	531,067	422,930
Special (incl PRU)	275,614	689,323	413,709



## Northumberland County Council

### Wellbeing and Community Health

#### Agenda Item 9

### SCHOOLS FORUM

19 July 2023

### Scheme for Financing Maintained Schools 2023/24

#### 1. Purpose of the Report

To review and approve the revised Scheme for Financing Maintained Schools for the period commencing 1 September 2023.

#### 2. Recommendations

It is recommended that Schools Forum approve the attached draft Scheme for Financing Maintained Schools.

#### 3. Background

Local authorities are required to publish schemes for financing schools, setting out the financial relationship between them and the schools they maintain. This is reviewed on an annual basis, in consultation with Schools and the Schools Forum. We consulted on the draft Scheme via the Ecourier on 18 May 2023 with a closing date of 22 June 2023. No comments were received as a result of the consultation. A copy of the proposed Scheme for the academic year 2023/24 has been circulated with this report, proposed changes have been highlighted by in **yellow**, with the exception of those Schools to whom the Scheme is no longer applicable due to academisation, (shown as ~~strike through~~ in Annex A).

#### 4 Changes for September 2023

- 4.1 The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction, however there are no such substantive changes “directed revisions” to the Scheme for 2023/24.
- 4.2 One minor change to clarify the ESFA position has been made in relation to retention of funds for the sale of land assets, highlighting the need for Secretary of State approval prior to any such transactions (Section 5.4).

The latest updated ESFA guidance is available at:

<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

- 4.3 Given that schools are currently in a more volatile financial environment due to the higher levels of pay and price inflation, Northumberland is also taking the opportunity to revise the level of reserves a small school is allowed to carry forward. Currently secondary and middle schools are allowed to carry forward an amount equivalent to 10% of the current years school budget share. For primary and first schools 16% is allowed. This figure is higher than the secondary figure to reflect that budget are generally smaller.
- 4.4 However there are significant differences in the size of first and primary schools in Northumberland; primary school number range from 3 pupils to over 600, and discussions with smaller schools have led to a suggestion that we should consider an absolute minimum figure to assist schools in holding a general

reserve to enable them to meet unforeseen costs arising e.g. from redundancy. On that basis it is suggested a minimum figure of £50,000 is introduced, for comparison the 16% limit for the smallest Northumberland school would currently only be allowed £31,475 unrestricted reserve.

- 4.5 In addition section 2.3 of the Scheme currently requires schools to submit their detailed budget to the Director of Finance “no later than 1 May each year”. It is realised that this deadline presents a challenge, and it is proposed to extend this to 15 May.

## **5 Summary and Conclusion**

Other than the minor change outlined above, no major improvements are proposed by the ESFA or NCC to the Scheme for Financing Schools for 2023/24. The format and the content of the Scheme for Financing Maintained Schools is largely dictated by the requirements of the ESFA, but we continue to work collaboratively with schools to identify and resolve any potential problems.

**B Parvin**  
**Education and Skills Business Manager**  
**07 July 2023**





# Northumberland County Council

**DRAFT**

**SCHEME FOR FINANCING MAINTAINED  
SCHOOLS**

**1 September 2023**

DRAFT

# CONTENTS

<b>1. INTRODUCTION</b>	<b>1</b>
1.1. The Funding Framework	1
1.3 Publication of the Scheme	3
1.4 Revision of the Scheme	3
1.6 Maintenance of Schools	4
<b>2. FINANCIAL CONTROLS</b>	<b>4</b>
2.1 General Procedures	4
2.2 Basis of Accounting	5
2.3 Submission of Budget Plans	5
2.4 School Resource Management	6
2.5 Virement	6
2.6 Audit - General	6
2.7 Separate External Audit	6
2.8 Voluntary & Private Funds	6
2.9 Register of Business Interests	7
2.10 Purchasing, Tendering and Contractual Requirements	7
2.11 Application of Contracts to Schools	7
2.12 Central Funds and Earmarking	8
2.13 Spending for the Purposes of the School	8
2.14 Capital Spending from Budget Shares	8
2.15 Notice of Concern	8
2.16 Schools Financial Value Standard (SFVS)	9
2.17 Fraud	9
<b>3 BANKING ARRANGEMENTS; INSTALMENTS OF BUDGET SHARE</b>	<b>10</b>
3.1 Frequency of Instalments	10
3.2 Proportion of Budget Share Payable at each Instalment	10
3.3 Interest Claw back	10
3.4 Budget Shares for Closing Schools	11

3.5	Bank and Building Society Accounts	11
3.6	Borrowing by Schools	12
3.7	Other Provisions	12
<b>4</b>	<b>THE TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES</b>	<b>12</b>
4.1	Right to Carry Forward Surplus Balances	12
4.2	Reporting on the Intended Use of Surplus Balances	13
4.3	Interest on Surplus Balances	13
4.4	Obligation to Carry Forward Deficit Balances	13
4.5	Planning for Deficit Budgets	14
4.6	Charging of Interest on Deficit Balances	14
4.7	Writing Off Deficits	14
4.8	Balances of Closing and Replacement Schools	14
4.9	Licensed Deficits	14
4.10	Loan Schemes	15
<b>5</b>	<b>INCOME</b>	<b>15</b>
5.1	Income from Lettings	15
5.2	Income from Fees and Charges	15
5.3	Income from Fund Raising Activities	15
5.4	Income from the Sale of Assets	16
5.5	Administrative Procedures for the Collection of Income	16
5.6	Purposes for which Income may be Used	16
<b>6</b>	<b>THE CHARGING OF SCHOOL BUDGET SHARES</b>	<b>16</b>
6.1	General Provision	16
6.2	Costs incurred in Securing the Termination of Employment Contracts	16
6.3	Other Circumstances in which Charges may be Made	18
<b>7</b>	<b>TAXATION</b>	<b>20</b>
7.1	Value Added Tax (VAT)	20
7.2	Construction Industry Taxation Scheme (CIS)	20
<b>8</b>	<b>THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY</b>	<b>20</b>

8.1	Provision of Services from Centrally Retained Budgets	20
8.2	Timescales for the Provision of Services bought from the Authority using Delegated Budgets	20
8.3	Service Level Agreements	21
8.4	Provision of Information under the Teachers' Pensions Regulations 1997	21
<b>9</b>	<b>PRIVATE FINANCE INITIATIVES (PFI)</b>	<b>21</b>
<b>10</b>	<b>INSURANCE</b>	<b>22</b>
<b>11</b>	<b>MISCELLANEOUS</b>	<b>22</b>
11.1	Right of Access to Information	22
11.2	Liability of Governors	22
11.3	Governors' Expenses	22
11.4	Responsibility for Legal Costs	22
11.5	Health and Safety	23
11.6	Right of Attendance for the Executive Director of Finance	23
11.7	Delegation to New Schools	23
11.8	Optional Items of Delegation	23
11.9	Special Educational Needs	23
11.10	Interest on Late Payments	23
11.11	Whistleblowing	23
11.12	Child Protection	23
11.13	School Meals	23
<b>12</b>	<b>RESPONSIBILITY FOR REPAIRS AND MAINTENANCE</b>	<b>23</b>
<b>13</b>	<b>COMMUNITY POWERS FACILITY</b>	<b>24</b>
13.1	Introduction	24
13.2	Consultation with the Authority: Financial Aspects	24
13.3	Funding Agreements: Local Authority Powers	25
13.4	Other Prohibitions, restrictions and limitations	25
13.5	Supply of Financial Information	26
13.6	Audit	26
13.7	Treatment of Income and Surpluses	26
13.8	Health and Safety Matters	26

<b>13.9 Insurance</b>	<b>27</b>
<b>13.10 Taxation</b>	<b>27</b>
<b>13.11 Banking</b>	<b>27</b>

**ANNEX A                      LIST OF SCHOOLS COVERED BY THE SCHEME**

## **1. INTRODUCTION**

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

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

Under this legislation, local authorities determine for themselves the size of their Schools Budget and their non-schools education budget - although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure that fall within the two budgets are prescribed under Regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on the Authority's maintained schools. Local Authorities may centrally retain funding in the Schools Budget for purposes defined in Regulations made by the Secretary of State under Section 45A of the School Standards and Framework Act 1998. The amounts retained centrally are decided by the Authority, and are subject to any limits or conditions (including gaining the approval of their Schools Forum or the Secretary of State in certain circumstances). The balance of the Schools Budget left after the deduction of centrally retained funds is termed the Individual Schools Budget (ISB), and it is this balance that is delegated to the Governing Bodies of schools. Expenditure items in the non-schools education budget must be centrally retained, although earmarked allocations may be devolved to schools.

Local Authorities must distribute the ISB amongst its maintained schools using a formula that accords with the 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 that has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with Section 51 of the School Standards and Framework Act 1998. The financial controls within which the delegation works are set out in a Scheme made by the Authority in accordance with Section 48 of the School Standards and Framework Act 1998. All proposals to revise the Scheme must be approved by the Schools Forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority. Furthermore, within the parameters set by this Scheme, the Governing Body's powers and responsibilities for the management of their delegated budget are subject to the general direction of the Executive Director of Finance as the statutory Section 151 Officer of the Authority. All revisions to the Scheme must also be approved by the Secretary of State, who has the power to modify Schemes or impose one.

Subject to the provisions of the Scheme, Governing Bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in Regulations made under Section 50 of the School Standards and Framework Act 1998.

Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (section 50(3A) of the act).

The 1998 Act also gives the Authority the power to suspend a school's right to a delegated budget if the provisions of this Scheme (or rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been

managed satisfactorily. The process by which this will be undertaken is set out in a four stage approach to enable a school the opportunity to take corrective action and prevent further escalation.

It is a requirement of the Department for Education that when a local authority send a letter to a School under the above stages 2 to 4, that both the DfE and the Regional Schools Commissioner (RSC) receive a copy of the notification.

### **Stage 1 Letter of Concern**

This is an initial letter from the Council to the School concerned, stating concerns in relation to the financial position of the school, and seeking information about the action being taken to address this.

### **Stage 2 – Warning Notice**

Once it has been determined that a local authority or RSC will issue a warning notice to a maintained school, they must give the notice in writing to the governing body of the school. The notice must set out:

- the matters on which their concerns are based;
- the action the governing body is required to take in order to address the concerns raised;
- the period within which the governing body must comply or secure compliance with that action (the compliance period); and
- the action the local authority or RSC is minded to take (under one or more of sections 63 to 69 of the Education and Inspections Act 2006 or otherwise) if the governing body does not take the required action.

In addition to giving the governing body a warning notice, the local authority or RSC must give a copy to the headteacher; and in the case of a Church of England school or a Roman Catholic Church school, the appropriate diocesan authority; and in the case of a foundation or voluntary school, the person who appoints the foundation governors<sup>19</sup>.

### **Stage 3 – Failure to Comply with Warning Notice letter**

When a governing body has failed to comply with a warning notice to the satisfaction of the RSC or local authority within the compliance period, and the issuing local authority or RSC has given reasonable written notice that they propose to intervene, a school is eligible for intervention and further action may be taken.

### **Stage 4 – Notice of Intervention**

Under section 60B of the Education and Inspection Act 2006, a maintained school becomes eligible for intervention where it :

- Fails to comply with a warning notice ; and / or
- Is judged inadequate by Ofsted

The range of statutory powers available under the 2006 Act include :

- Section 63 – power to require the governing body to enter into arrangements;
- Section 64 – power to appoint additional governors;
- Section 65 – power to appoint an interim executive board (IEB); and
- Section 66 – power to suspend the delegated budget.

A school's right to a delegated budget share may also be suspended for other reasons under Section 17 of the School Standards and Framework Act 1998.



The 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;
- the budget share for each school;
- the formula used to calculate those budget shares; and
- the detailed calculation for each school.

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 and for Schemes are set out in directions issued by the Secretary of State. Each school must receive:

- each year's budget and out-turn statements, as far as they relate to that school or central expenditure.

Regulations also require a local authority to publish their Scheme and any revisions to it on a website accessible to the 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**

The Scheme sets out the respective roles of both Northumberland's Schools and the Authority in relation to the funding of schools and the application of such funds. It is a framework that sets out the requirements relating to financial management and associated issues, and it is binding on both schools and the Authority.

To this end, the Authority has established various conditions and requirements that form the framework within which local management will operate. Although such rules are inevitably prescriptive, they are necessary to protect both Governing Bodies and Headteachers when exercising their delegated powers and responsibilities, and to ensure that the Authority is able to fulfil its statutory obligations in respect of education. They are designed to avoid unreasonably limiting the flexibility of schools in the control and deployment of their budgets whilst setting a background against which public moneys are properly accounted for and recorded.

### **1.2.1 Application of the Scheme to the Authority and Maintained Schools**

The Scheme applies to all schools maintained by the Authority, i.e. all Community, Voluntary, Foundation, Community Special, Foundation Special Schools and PRUs. Unless otherwise specifically stated, the provisions of this Scheme shall apply to any Nursery School maintained by the Authority. These schools are listed in Annex A to this Scheme.

## **1.3 Publication of the Scheme**

In accordance with the Regulations, a copy of Northumberland's Scheme for Financing Schools will be provided to both the Headteacher and Governing Body of each school covered by the Scheme. The Scheme will also be available for inspection at County Hall, as well as being published on the County Council's web site.

## **1.4 Revision of the Scheme**

All proposed revisions to the Scheme will be the subject of consultation with the Governing Body and Headteacher of every maintained school before they are submitted to the schools forum for approval by members of the forum representing maintained schools. Where a Schools Forum does not approve the 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. It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.

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

The provisions of the School Standards and Framework Act 1998 allow the Governing Body of a school with a delegated budget to delegate to the Headteacher the power and the responsibility for deploying resources, subject to the requirements of this Scheme. Governors are responsible for the sound financial administration of their school, and must consider the extent to which they wish to delegate their financial powers to the Headteacher, with the limits of any such delegation consistent with the needs of the school. Any delegated powers must be recorded in the Minutes of the Governing Body, and the Headteacher must report back to the next available meeting of the Governing Body any actions taken under that delegated responsibility. The Authority's "Financial Regulations for Schools" give details of the suggested maximum limit on the financial delegation to Headteachers.

### **1.6 Maintenance of Schools**

Northumberland County Council is responsible for maintaining the schools covered by the Scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a Voluntary School where some of the expenses are, by statute, payable by the Governing Body). Part of the way the Authority maintains schools is through the funding system put in place under Sections 45 to 53 of the School Standards and Framework Act 1998.

## **2. FINANCIAL CONTROLS**

### **2.1 General Procedures**

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

Schools with delegated budgets remain an integral part of the Authority and must ensure that financial control and monitoring procedures operate to the highest standard. While schools may determine the financial systems to be used, these are subject to the approval of the Executive Director of Finance. All financial procedures must be documented and comply with the requirements of the Authority's "Financial Regulations for Schools" and other guidance issued by the Executive Director of Finance or Executive Director of Adult Social Care and Children's Services (DCS).

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

The Authority is required to maintain its accounts, of which schools' accounts are part, in a prescribed form, and to enable it to comply with this requirement schools must make periodic financial returns to the Authority. Normally, such returns shall be quarterly, except where the Authority has notified the school in writing that it considers the school's financial position warrants more frequent returns. Where a school operates its accounts solely through the Authority's on-line accounting system, the 3 monthly interval will not apply.

Schools that decide to operate their own bank account are required to submit statements at least quarterly to the Executive Director of Finance. The format of the statement will be determined by the Executive Director of Finance, will be compatible with the Consistent Financial Reporting Framework and will include the school's current approved budget, a summary of actual income and expenditure, and give an explanation of any significant variations indicated by the figures from the planned profile.

Schools which decide not to operate their own bank account are required to submit at least quarterly returns of income collected by the school and expenditure paid

through the school's Local Account. However, reimbursement of Local Account expenditure will only be undertaken upon receipt of a return, and schools may prefer to continue to make monthly returns.

All statements and returns must be certified by the Headteacher and be sent to the Executive Director of Finance within two weeks of the quarter end.

### **2.1.3 Payment of Salaries and Bills**

Schools must follow the policies and procedures prescribed by the Authority for the payment of salaries and bills.

### **2.1.4 Control of Assets**

Schools are required to maintain a record of all moveable non-capital assets in a form to be determined by the authority and setting out the basic authorisation procedures for disposal of assets. However schools should be free to determine their own arrangements for keeping a register of assets worth less than £1,000 but they should keep a register in some form. The scheme should encourage schools to register anything that is portable and attractive, such as a camera.

Disposal of other assets owned by the Authority may only be undertaken with the written permission of the Authority.

### **2.1.5 Accounting Policies (including year end procedures)**

Schools must follow the detailed written guidelines and procedures issued by the Executive Director of Finance.

### **2.1.6 Writing off Debts**

Governors must follow the Authority's general procedures for debt collection, and may only write off debts in accordance with the Authority's "Financial Regulations for Schools". The Governors may authorise the Headteacher to write off debts up to a value of £50.

## **2.2 Basis of Accounting**

The Authority accounts for schools on a cash basis and any financial returns must be completed on the same basis. School may decide to maintain their own accounting records on an alternative basis if they wish.

## **2.3 Submission of Budget Plans**

Each school must submit to the Executive Director of Finance, no later than 4-May 15 May each year, a detailed budget plan for all the financial years within the multi-year budgeting period. The plan must take full account of estimated surplus/deficit at 31 March of that calendar year and be approved by either the full Governing Body or a Committee of the Governing Body with the specifically delegated power to set the initial budget. The plan must also be submitted electronically in the format prescribed by the Executive Director of Finance, include full details of the assumptions underpinning the plan and take account of and be compatible with the Consistent Financial Reporting framework.

Where a school with its own bank account fails to provide the required budget by 15 May, instalments will be limited to an amount only sufficient to cover direct pay costs. Schools without their own bank account that fail to provide a budget by 15 May will have their non-direct pay costs suspended.

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

Each school must submit by 1 December each year a revised budget plan for the financial year, taking into account the latest information about expenditure and income, as well as details of expected retrospective adjustments to their budget

share. Schools must also submit by the same date a revised indicative budget plan for the following two financial years.

#### **2.4 School Resource Management**

Schools must seek the effective management of resources 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 can be 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.

#### **2.5 Virement**

Once the annual budget is set, Governors may transfer amounts between various budget heads provided that the overall budget is not changed. Any movements should be in line with the School Improvement Plan, and the Executive Director of Finance must be notified of any changes. The Governors may delegate to the Headteacher the power to vire amounts up to £1,000, or 0.5% of the budget share, whichever is the greater.

#### **2.6 Audit - General**

The Accounts and Audit Regulations 2003 require that the Authority maintain "an adequate and effective system of internal audit of their accounting records and control systems". This requirement extends to all activities of the Authority including schools.

Internal Audit has the right to visit any school, to inspect all records and to receive the co-operation of Governors and employees. Governors are required to respond in writing stating how they propose to address any matters raised in the audit report. The Authority's external auditor will have the same rights of access and inspection as Internal Audit.

The auditors will also report to the Executive Director of Finance and the Executive Director of Adult Social Care and Childrens' Services on any matters of significance or where Governing Bodies fail to take appropriate remedial action.

#### **2.7 Separate External Audit**

The Governing Body may have their delegated accounts independently certified by an external auditor if they feel the need to do so. The audit fee for such additional external audit work will have to be met by the school and may be charged against the delegated budget. Only suitably qualified auditors may be appointed and a copy of the auditor's report and certification must be sent to the Executive Director of Finance. The cost of the audit of other school funds must be met by the school and cannot be charged to the delegated budget.

#### **2.8 Voluntary & Private Funds**

The Governors may approve the operation of funds outside of the accounts maintained for delegated moneys. Where such funds exist, Governors are required to ensure that accounting arrangements are no less rigorous than those required for official moneys. The accounts must be inspected and certified by a suitable independent person and an annual statement must be presented to the Governing Body within four months of the end of the accounting period, a copy of the certified statement must also be sent to the Executive Director of Finance. Where income or expenditure exceeds £50,000 during the accounting period the accounts must be audited and certified by a suitably qualified accountant.

## 2.9 Register of Business Interests

The scheme must contain a provision which requires the governing body of each maintained school to have a register which lists for each member of the governing body and the head teacher:

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

Governing bodies are also required to:

- keep the register up to date with notification of changes and through annual review of entries;
- make the register available for inspection by governors, staff and parents, and the authority, and
- to publish the register, for example on a publicly accessible website.

## 2.10 Purchasing, Tendering and Contractual Requirements

The school must abide by the Authority's "Financial Regulations for Schools" in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the Health and Safety competence of contractors, taking into account the Authority's policies and procedures. These regulations do not require a school to:

- do anything incompatible with the provisions of this Scheme, any statutory provision or any EU Procurement Directive;
- seek a countersignature from an officer of the Authority for any contract for goods or services below £60,000 per annum;
- select suppliers only from an approved list;

or would permit schools to seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

However, the Executive Director of Finance may agree specific financial limits with individual Governing Bodies.

Schools may seek advice from the DfE on a range of compliant deals via **Buying for schools**, available at: <https://www.gov.uk/guidance/buying-for-schools>

All orders must be placed using stationery approved by the Executive Director of Finance and must be signed by an authorised school employee. Contracts with suppliers which are not specifically recommended by the Authority and when there is a cost over more than one financial year may only be entered into after the terms and conditions have been approved by the school's legal adviser. Any contracts that involve services provided by specific staff may also only be entered into after the terms and conditions have been approved by the school's HR adviser. Contracts must be countersigned by the Chair of Governors, or by the Vice Chair in the absence of the Chair. Contracts that commit the school to expenditure of over £10,000, or are for a period of more than one year, must be specifically agreed in advance by the whole Governing Body.

## 2.11 Application of Contracts to Schools

Where responsibilities and the corresponding funding are delegated, schools are free to opt out of contracts arranged by the Authority, except where this Scheme provides otherwise. Before entering into any new contracts, schools are encouraged to seek and follow the advice and guidance of the Authority.

Where schools agree or have agreed to enter into a contract or service level agreement with the Authority for services paid for out of delegated budgets, irrespective of the date of delegation, schools may not make alternative arrangements until that contract or agreement expires, except with the specific written agreement of the Authority. Where a school agrees to be covered by contractual arrangements in respect of services for their school and where these are entered into by the Authority on their behalf, it may not make alternative arrangements until those contracts expire.

Under Paragraph 3 of Schedule 1 of the Education Act 2003 the Governing Body has the power to enter into contracts, but in most cases it does so on behalf of the Authority as maintainer of the school and the owner of the funds in the budget share. However, it is possible for the Governors to enter into a contract made solely on behalf of the Governing Body where it has clear statutory obligations, for example an Aided School offering a contract of employment.

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

Where the Authority provides schools with an additional allocation of funds from sources outside the scope of delegation, for example sums for SEN or other initiatives funded from the central expenditure of an authority's Schools Budget or other authority budget, they must ensure that any separate conditions and accounting requirements for such funds are followed. Unless otherwise specifically agreed in writing, such moneys cannot be applied to other purposes and must be returned if unspent at the end of the financial year or the appropriate accounting period.

The authority may not make any deduction in respect of interest costs to the authority from payments to schools of devolved specific grant.

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

Governors may not spend their delegated budget outside of the purposes for which the Authority allocated the funds. However from April 2011, section 50(3A) of the School Standards and Framework Act 1988, amounts spent by Governing Bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

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

Governors may spend part of their budget share to meet the cost of capital expenditure on the school premises. This includes expenditure by the Governors of Voluntary Aided Schools on work which is their responsibility under Paragraph 3 of Schedule 3 of the School Standards and Framework Act 1998.

Governors must notify the Authority of all capital expenditure, and if it is expected that the total for the year might exceed £15,000 the Governors should inform the Authority in advance and take account of any advice offered as to the merits of the proposed expenditure. In the case of a Voluntary Controlled School or if the Authority owns the land or premises, their consent must be obtained in advance for all capital works, but such consent will only be withheld on Health and Safety grounds.

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

The LA may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Executive Director of Finance and the Executive Director of Adult Social Care and Childrens' Services, 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 a local authority's financial management systems; and
- 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.

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

The SFVS replaced the Financial Management Standard in Schools (FMSIS), which was withdrawn by the Secretary of State with effect from 15 November 2010.

Governing Bodies have formal responsibility for the financial management of their schools. The SFVS has been designed to assist schools in managing their finances and to give assurance that they have secure financial management in place.

All local authority maintained schools, including the pupil referral unit (PRU), are required to complete and submit the SFVS annually, before the end of the financial year. The SFVS will not be externally assessed. It will be used by the local authority to inform their programme of financial assessment and audit.

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.

Schools should submit their SFVS to their local authority by no later than 31 March each year 2022. Local authorities should submit their assurance statement to DfE within 6 weeks, or by no later than 31 May.

## **2.17 Fraud**

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

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

### **3 BANKING ARRANGEMENTS; INSTALMENTS OF BUDGET SHARE**

Schools that choose not to operate their own independent bank account will have access to their entire budget share from 1 April each year. For the purpose of this section, Budget Share includes any place-led funding for Special schools or Pupil Referral Units. They will also have access to an imprest account (known as a Local Account), which enables bills to be paid by cheque and allows access to limited amounts of cash. All schools may operate their own independent bank account, and the provisions of the paragraphs below only apply to schools that choose to operate their own independent bank accounts.

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

Schools that request their full budget to be paid into a bank account will receive an instalment at the beginning of each month. Schools which request their budget net of pay costs to be paid into a bank account will receive an instalment at the beginning of each term. Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

#### **3.2 Proportion of Budget Share Payable at each Instalment**

Where a school chooses to operate a bank account for its full budget share it will receive one twelfth of its budget share at each instalment. Where a school requests to operate a bank account net of pay costs, the total to be put into that account will be

1 April	42%
1 September	33%
1 January	25%

of the proportion of the budget share less the pay costs calculated based upon the information sent to the Executive Director of Finance before 31 March each year. Where there is a delay, the initial instalment will be calculated by the Executive Director of Finance using the general profile for other schools of that type together with the individual school's profile for previous years, taking into account any global budget changes. Subsequent instalments will be modified to take into account the actual pay costs once they become known or any variation of pay costs as notified under paragraph 2.3.

Amounts included in school budget shares pursuant to Regulation 29(1) of the Financing of Maintained Schools (England) Regulations 2002, will be placed at the disposal of the Governing Body of each school by 15 May each year, irrespective of any instalment arrangement applicable to the remaining amount of the school's budget share. The making available of this sum will be irrespective of the existence of any deficit relating to expenditure of the school's budget share. No interest claw back is to be applied to the amount before it is made available.

#### **3.3 Interest Claw back**

Where a school opts to operate an independent bank account, the budget share instalments paid into the account will be net of an amount equal to the estimated interest lost by the Authority in making available the budget share in advance. The rate of deduction will be the 7-day deposit rate at the time of the instalment. In the case of termly advances, but not monthly advances, the claw back will be



recalculated only if the 7-day rate changes during the course of the term by more than 2 percentage points. In the event of any late payments, interest will be added on the same basis. Full details are given in the Authority's "Financial Regulation for Schools". Schools operating their own bank accounts will be credited with additional sums in respect of specific or special grants, at the time of receipt by the Authority, and no deduction of interest will be made.

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

Interest will be paid in respect of late payment of budget share instalments, where such payment is the fault of authority error. The interest rate used will be that used for claw back calculations.

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

For schools where approval for closure has been secured, the facility to have their full budget share paid into an independent bank account will not be available from 1 April in the year in which closure will occur. However, budget share net of estimated pay costs may still be paid into an independent bank account until closure.

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

Schools that operate independent bank accounts will retain all interest payable on the account and will be responsible for all bank charges. Only schools without a deficit balance will be able to operate an independent bank account and therefore schools wishing to change to an independent bank account must clear any deficit balance first. Any decision to operate an independent bank account should be made and notified to the Executive Director of Finance giving at least three month's advance notice in writing. A new independent bank account will only be able to operate from either the beginning of a financial year or the beginning of an academic year. Once opened, any estimated surplus balance will be transferred into the account, with any amendments effected at a later date.

#### **3.5.1 Restrictions on accounts**

Schools may operate a bank account with any of the following banks or building societies:

- Barclays
- Lloyds
- TSB
- National Westminster
- Co-operative
- HSBC
- Royal Bank of Scotland
- Bank of Scotland
- Halifax
- Nationwide

Any independent bank account relating to budget share expenditure can be in the name of the school or jointly in the name of the school and Northumberland County Council. All moneys in such an account remain the property of the Authority until spent; the Authority is entitled to receive statements and can take control of the account if the school's right to a delegated budget is suspended by the Authority. Any school using an account at a bank not on the above list prior to 1 April 2001 can continue to do so for as long as that account remains open, but any new account must be at a bank from the approved list.

Where a school operates a Local Account that is part of an authority contract, the school should not enter into any arrangements for the use of direct debits or standing

orders without the approval of the Executive Director of Finance (Cashiers and Income Management).

### **3.6 Borrowing by Schools**

Governing Bodies may borrow money from an external source (which includes finance leases) only with the written permission of the Secretary of State, which is likely to be granted only in exceptional circumstances. However, schools may use any scheme which the Secretary of State has said is available to schools without specific Secretary of State approval. The Executive Director of Finance must be notified in writing of a school's intent to seek such permission at least ten working days before a request is made to the Secretary of State. It should be noted that borrowing includes credit cards and overdrafts, although procurement (debit) cards may be used as a useful means of facilitating electronic purchase. Schemes may also wish to permit the use of credit or charge cards. However, no interest charges should be incurred by the school, with balances fully cleared on a monthly basis

These restrictions do not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. However, these debts may not be serviced directly from the delegated budget, 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.

These provisions do not apply to loan schemes run by the authority (see section 4.10).

### **3.7 Other Provisions**

All independent bank accounts must be operated in accordance with the Authority's "Financial Regulations for Schools". These do not contain provisions requiring cheques to be signed only by the Authority's employees nor do they bar the use of direct debits and standing orders.

## **4 THE TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES**

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

The governing body of the school will be allowed to carry forward from one financial year to the next any surplus balance relative to the school's budget share for the year, plus/minus any balance brought forward from the previous year. A school's surplus balance on 1 April will be equal to that at the previous 31 March. With effect from 1 April 2007, surplus balances held by schools at the previous 31 March (commencing 31 March 2008) as permitted under this Scheme are subject to the following restrictions:

- (a) The Authority will 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 recurrent balance category B01, as defined in the Consistent Financial Reporting (CFR) framework.
- (b) The Authority will deduct from the calculated balance any amounts for which the school has a prior-year commitment to pay from the surplus balance.
- (c) The Authority will then deduct from the resulting sum any amounts that the Governing Body of the school has declared to be assigned for specific purposes permitted by the Authority as listed below, and which the Authority is satisfied are properly assigned. To count as properly assigned, the area of expenditure must have been previously incorporated into the School

Improvement Plan (or equivalent) in sufficient detail to justify the proposed expenditure and amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned;

- Repair and maintenance projects for school buildings;
  - A revenue contribution towards a Capital building project;
  - School security, energy efficiency or Health and Safety projects;
  - Refurbishment of classrooms, library or resources areas;
  - Acquisition and installation of ICT and telephone systems;
  - The total cash value of unspent money or grants from external organisations given for a specific purpose or project, and this includes Pupil Premium Grant.
  - Provision for future falling rolls.
  - Specific projects within School Improvement Plan linked to raising standards
- (d) If the result of steps (a) to (c) is a sum in excess of 10% of the new financial year's budget share for High/Secondary and Middle Schools, or of 16% for First/Primary and Special Schools, or **£50,000 whichever is the larger** then the Authority will deduct from the current year's budget share an amount equal to the excess.

Funds paid into the budget share account of the school deriving from sources other than the Authority will be taken into account in this calculation, whether under provisions in this Scheme or otherwise. However, funds held in relation to a school exercising its powers under Section 27 of the Education Act 2002 (Community Powers Facility) will not be taken into account, unless added to the budget share surplus by the school as permitted by the Authority under paragraph 13.7 of this Scheme.

The total of any amounts deducted from schools' budget shares by the Authority under this provision will be applied to the Schools Budget of the Authority.

#### **4.2 Reporting on the Intended Use of Surplus Balances**

Governors are required to report to the Executive Director of Finance by 1st July each year on the use which they intend to make of any surplus balance which existed on the previous 31 March where that surplus is in excess of 10% of the school's budget share for High/Secondary and Middle schools or 16% in the case of First/Primary and Special schools. Such a report must include evidence from e.g. the relevant School Improvement Plan demonstrating that the commitment was made well before the end of the financial year.

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

If schools decide to continue with the existing Local Account system where the Authority holds balances on behalf of schools then interest will be paid. The basis of the calculation of interest is included in the Authority's "Financial Regulations for Schools".

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

Although schools should not normally have a deficit balance at the end of the year, if a deficit occurs it will be carried forward and deducted from the following year's budget share.

#### **4.5 Planning for Deficit Budgets**

Schools can plan for deficits only in certain approved circumstances. The Governors are required to obtain the written approval of the Executive Director of Finance prior to the setting of their budget to an amount higher than their budget share plus any balances brought forward (surplus or deficit) from the previous financial year. In the event of approval being given the deficit will be deducted from the following year's budget share unless other arrangements are agreed with the Executive Director of Finance.

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

Deficit balances held by schools that are not approved by the Executive Director of Finance as licensed deficits will incur interest charges. The method of calculation of interest charges is detailed in the Authority's "Financial Regulations for Schools".

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

The Secretary of State will not allow a school's deficit balance to be written off by the Authority

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

When a school closes the balance (whether surplus or deficit) reverts to the Authority. The balance cannot be transferred to any other school, even where the school is a successor to the closing school. However, where a new school is a successor to a school that closes with a deficit, any additional funding allocated to the new school may be abated by an amount up to the deficit balance from the old school, although not against any normal funding of the new school.

#### **4.9 Licensed Deficits**

Schools should contain their annual spending within the total resources available to them, but where this is impossible the Governors may seek the approval of the Authority to plan for a deficit. Schools wishing to avail themselves of this facility should write to the Executive Director of Adult Social Care and Childrens' Services at the earliest possible opportunity, giving details of how the deficit has arisen and how they plan to eliminate the deficit and over what timescale. The Executive Director of Adult Social Care and Childrens' Services will liaise with the Executive Director of Finance before requesting that the Executive Director of Finance approve the deficit.

Approval for a deficit will only be given where a Governing Body produces firm and realistic proposals to bring its spending into line with available resources and remove any deficit within two financial years. It may be agreed that this period can be up to three financial years, or in exceptional circumstances, an alternative period as agreed by the Executive Director of Finance and Executive Director of Adult Social Care and Childrens' Services.

Deficits will normally only be agreed for schools where there has been an unexpected and significant reduction in pupil numbers resulting in a deficit balance carried forward from the previous financial year. However, in exceptional circumstances, deficits may be agreed for other reasons, for example where not to do so would incur greater costs to the school or the Authority.

The maximum deficit that will normally be approved will be the lesser of 8% of the school budget share, or the following figures according to the phase of the school:

- First / Primary : £75,000
- Middle : £150,000 or
- Secondary/High : £300,000

In exceptional circumstances a higher amount may be approved, with the agreement of the Executive Director of Finance and Executive Director of Adult Social Care and

Childrens' Services. The total of all approved deficits will not be more than 40% of the collective school surplus balances held by the Authority. Schools' balances held in independent bank accounts will be excluded from this calculation, unless invested with the Authority.

In circumstances where a school requires a budget share advance in order not to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements.

#### **4.10 Loan Schemes**

The Authority makes available to schools a Loans Scheme to support school capital improvement, which will be funded by the collective use of all the schools' balances that are lodged with the Authority. The total of all approved loans and licensed deficits will not exceed 40% of the collective school surplus balances held by the Authority. Schools' balances held in independent bank accounts will be excluded from this calculation, unless invested with the Authority. Schools wishing to avail themselves of this facility should apply to the Executive Director of Finance in accordance with the procedure specified in the Scheme.

From 22 March 2018 the Secretary of State for Education has directed that the following text be incorporated into the schemes of all local authorities in England:

*“Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.”*

## **5 INCOME**

### **5.1 Income from Lettings**

Schools will retain any income generated from the letting of the school premises, subject to alternative provisions arising from any joint use or PFI agreements. Charges for lettings should cover the costs of the letting, although income from community and voluntary lettings can be cross subsidised with income from other lettings to ensure that there is overall no net cost to the budget share. Any income from lettings must not be paid into voluntary or private funds held by the school. Schools are required to have regard to directions issued by the Authority as to the use of school premises as permitted under the School Standards and Framework Act 1998 for various categories of schools. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land

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

Schools are allowed to retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. When determining fees and charges, schools must have regard to any policy statements on charging produced by the Authority.

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

Income from fund raising activities will be retained by schools.

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

The proceeds from the sale of assets owned by the school or the Authority will be retained by the school except where the asset was purchased with funds that were not delegated at the time of the sale. In such cases, the Authority will decide whether or not the school should retain the proceeds. Where the asset concerned is land or buildings forming part of the school premises and is owned by the Authority, the Authority shall retain the income. Any retention of funds from the sale of land assets is subject to the consent of the Secretary of State, and any conditions the Secretary may attach to that consent relating to the use of proceeds.

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

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

All income due to the school for the supply of goods and services should be collected promptly, ideally in advance of the provision of those goods or services. Notes of guidance on the collection of income will be issued to schools and updated on a regular basis.

#### **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.

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

#### **6.1 General Provision**

**6.1.1** The Authority needs to protect its financial position from liabilities caused by the action or inaction of Governing Bodies. In exceptional circumstances, therefore, it may be necessary for school budget shares to be directly charged without the consent of the Governing Body. The Authority does not wish to act unreasonably in exercising this power, and schools are encouraged to seek the Authority's advice before taking decisions about any of the matters listed in paragraphs 6.2 and 6.3. If direct charging becomes necessary, the Authority will notify schools of the intention to make a charge as well as when that charge has been processed. If a school disputes the charge the matter will be referred to the Council's Monitoring Officer who will arrange an arbitration service which will be binding on all parties. 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 of the Schools Forum.

**6.1.2** The Authority must charge the salaries of school based staff to school budget shares at actual cost including National Insurance, pension contributions and any other directly attributable costs.

#### **6.2 Costs Incurred in Securing the Termination of Employment Contracts**

Any school considering the termination of the employment contract of a member of staff employed to work at the school must seek the specific advice of the Authority before making any formal commitment to terminate the employment contract whether or not the school has access to any other source of relevant advice.

Costs incurred in respect of the premature retirement (including ill-health retirement) of any member of staff of a maintained school shall be met from the budget share of the school, unless in the most exceptional circumstances the Authority has agreed in writing before the retirement occurs that it will meet all or part of the cost. It should be noted that early release of pension with or without enhancement gives rise to long term

commitments which must be honoured by the school until the pension ceases to be payable, although this can be discharged by a lump sum payment to the pension provider and in some cases there is a requirement to do so.

Costs incurred in securing the termination of employment of any member of school staff employed for community purposes shall be met by the Governing Body of the school, unless in the most exceptional circumstances the Authority has agreed in writing before the termination occurs that it will meet all or part of the cost.

From 1 April 2013, the budget for the costs of school redundancies and terminations of employment was delegated to schools as part of their budget shares. The costs arising from any termination of employment determined by Governing Bodies will be met from the delegated budget share, spread if necessary over a number of years.

The Authority may offer a contribution to any redundancy cost at its sole discretion where it deems that it would be unreasonable in all the circumstances to expect the school budget share and other income of the school to meet the whole cost of a particular redundancy.

Where a partnership agreement relevant to the particular employment is in force, the termination costs will be charged proportionately against the budget shares of the partner schools as specified by the partnership agreement or in the absence of such a specification in proportion to the respective numbers of pupils at the schools.

School budget shares will be charged for the costs arising from any termination of employment, including costs awarded by Courts and Employment Tribunals or out of court settlements, where one or more of the circumstances set out below are applicable:

- (a) any expenditure incurred to secure an agreement with the employee to terminate their contract of employment (usually known as a Settlement Agreement);
- (b) any expenditure associated with the termination of employment where the school has not sought and followed the Authority's advice in a timely manner;
- (c) an offer intended to secure the termination of employment has been made by the school at terms which vary from the Authority's current policy;
- (d) it appears to the Authority that the proposed termination is aimed at avoiding the need to deal with a performance, capability or ill-health issue which should be or should have been managed through other processes;
- (e) the school has not informed the authority in writing at the earliest practicable opportunity of changed circumstances which give rise to the need to reduce employee numbers and the proposed change in employee numbers;
- (f) staffing reductions arising from a deficit caused by, or made worse by, factors mainly or wholly within the school's control;
- (g) excessive staffing reductions arising from a failure to respond to changes to the funding or cost context of the school in a timely fashion;
- (h) where the termination of the employment of staff is associated with the reduction or cessation of activities supported by an income stream from a grant making body;
- (i) the post is, has been in the past, or should be supported by the generation of traded income or income generated from a source other than the Authority's budget allocations to the school;
- (j) the post deleted is one within the Authority's staffing structures where the postholder works exclusively at the school through an SLA or other trading agreement and the termination of employment is a consequence of a decision taken by the school;

- (k) the school has not actively engaged with the Authority's redeployment policy and redeployment processes;
- (l) the school held a surplus revenue balance at the previous financial year end;
- (m) staffing reductions which the local authority does not believe are necessary to set a balanced budget or to meet the conditions of a licensed deficit;
- (n) the school reached the end of the previous financial year with an unlicensed deficit which arose during the year, or a deficit that exceeded a licensed deficit;
- (o) the school has a licensed deficit and the termination of employment has not been identified as necessary within the agreed deficit recovery plan;
- (p) the school has a licensed deficit but has failed to achieve the outcomes specified by the license or otherwise failed to act in accordance with the terms of the license;
- (q) the school's budget per pupil for the new financial year has increased in real terms over the budget per pupil for the previous year;
- (r) the school's pupil roll at the most recent annual census count has increased over the census count for the preceding year;
- (s) the school receives an allocation within its budget share to bring the budget share up to the government's guaranteed minimum funding level;
- (t) the school receives any additional funding allocation from the Authority above the budget share generated by the funding formula, other than in respect of Statemented pupils or other pupils with High Needs;
- (u) the revenue savings anticipated to be achieved within the two full academic years following the termination of employment are equal to or greater than the costs incurred;
- (v) the school has appointed to a permanent post with broadly similar responsibilities within the three years prior to the date of termination of employment;
- (w) the school appoints to a post with broadly similar responsibilities within one year after the termination;
- (x) the school has not over time effectively managed and reviewed the structure of Teaching and Learning Responsibility allowances and/or the leadership structure of the school;
- (y) the approach undertaken by the Governing Body appears to the Authority not to select the most appropriate post(s) for termination;
- (z) the selection criteria do not appropriately take into account the relative severance costs of the individuals in the "pool" from whom selection is being made;
- (aa) the Authority determines that the school has not made all practicable efforts to avoid the need for termination of an employment contract;
- (bb) the staffing reduction is an element of a package of changes which taken as a whole would be likely to increase the costs of operating the school;
- (cc) the postholder appointed to the post proposed for deletion by the school took up post within the three years prior to the date of termination of employment;

although when none of the above circumstances apply the Authority may at its sole discretion offer a contribution from its own budget to any redundancy cost where it deems that it would be unreasonable in all the circumstances to expect the school budget share and other income of the school to meet the whole cost of a particular redundancy. Due notice of the charge and details of any calculation made will be given by the Authority. However, in the event of any error, a correction will be made and the Governing Body will not be entitled to reject the charge.



### 6.3 Other Circumstances in which Charges may be Made

- (a) Awards by Courts and Employment Tribunals against the Authority, or out of court settlements, arising from action or inaction by the Governing Body contrary to the advice of the Authority which must have been sought in a timely manner.
- (b) Expenditure incurred by the Authority in carrying out Health and Safety work, or capital expenditure for which the Authority is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work.
- (c) Expenditure by the Authority incurred in making good defects in building work funded by capital spending from budget shares or other devolved or delegated budgets, where the premises are owned by the Authority or the school has Voluntary Controlled status.
- (d) Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority.
- (e) Recovery of monies due from a school for services set out in a service agreement, where a dispute over the moneys due has been referred to the disputes procedure set out within the terms of the agreement, and the result is that monies are owed by the school to the Authority.
- (f) Recovery of penalties imposed on the Authority by the Board of Inland Revenue, the Contributions Agency, HM Customs and Excise, Teachers Pensions or regulatory authorities as a result of school negligence or failure to comply with the appropriate regulations.
- (g) Correction of the Authority's errors in calculating charges to a budget share, for example pension deductions.
- (h) Additional transport costs incurred by the Authority arising from decisions by the Governing Body on the length of the school day, and failure to notify the Authority of non-pupil days resulting in unnecessary home to school transport costs.
- (i) Legal costs that are incurred by the Authority because the Governing Body did not seek and follow the advice of the Authority in a timely manner (see also section 11.4).
- (j) Costs of necessary Health and Safety and Child Protection training for staff employed by the Authority, where the funding for the training has been delegated but the necessary training has not been carried out.
- (k) 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.
- (l) Expenditure necessarily incurred by the Authority to rectify a failure by the school to carry out its financial responsibilities.
- (m) Cost of work done in respect of teacher pension remittance and records for schools using non-Local Authority payroll contractors, the charge to be the minimum needed to meet the costs of the Authority's compliance with its statutory obligations.
- (n) Costs of providing the provision specified in a pupil's Statement of Special Educational Need or Education Health and Care (EHC) Plan, where the responsibility for that provision has been delegated but the necessary provision has not been put into place.
- (o) Additional costs awarded against the Authority arising from the decision of an Appeal Panel, Local Ombudsman, Courts or SEN Tribunals in relation to the Special Educational Needs of a pupil with a Statement where the Governing Body has failed to make the appropriate provision as specified in the pupil's Statement or EHC Plan.

- (p) Costs incurred by the Authority due to the submission by the school of incorrect or late data.
- (q) Recovery of amounts spent from specific grants on ineligible purposes.
- (r) Costs incurred by the Authority as a result of the Governing Body being in breach of the terms of a contract or failing to seek in advance of letting a contract the necessary approvals as set out in paragraph 2.10 above.
- (s) Cost incurred by the Authority or another school as a result of the school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- (t) Agreed contribution relating to any PFI project at a school, as set out in the PFI revenue agreement (see Section 9).
- (u) Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.
- (v) A £5,000 minimum charge to schools converting to academy status in order to recoup the costs to the local authority in relation to the academy conversion process.

## **7. TAXATION**

### **7.1 Value Added Tax (VAT)**

The Authority is able to reclaim from H.M. Customs and Excise on behalf of schools the net cost of any VAT incurred by schools on non-business activities. However, this does not include expenditure by the Governors of a Voluntary Aided School when carrying out their statutory responsibilities to maintain the external fabric of their buildings

In relation to the funding made available by the Authority, schools act as an agent of the Authority. All schools are required to provide returns to the Executive Director of Finance in order that VAT can be reclaimed and the school can be reimbursed.

### **7.2 Construction Industry Taxation Scheme (CIS)**

All schools are required to abide by the procedures issued by the Executive Director of Finance in relation to CIS.

## **8 THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY**

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

In accordance with Section 48 of the School Standards and Framework Act 1998, it is for the Authority to determine on what basis services from centrally retained funds will be provided, and this includes termination of employment costs. In providing services, the Authority will not discriminate on the basis of category of school, except in cases where this would be allowable under the school and early years finance regulations or the dedicated schools grant (DSG) conditions of grant

### **8.2 Timescales for the Provision of Services bought from the Authority using Delegated Budgets**

Any service level agreements offered will be for a maximum duration of three years and a minimum duration of one year. Any subsequent agreement relating to the

same services will not exceed five years. For service level agreements relating to catering services, the maximum periods will be five years.

### **8.2.1 Packaging**

When offering schools the opportunity to buy services from their delegated budgets, the Authority will not package those services in such a way that unreasonably restricts schools freedom of choice, and where practicable provision will be offered on a service by service basis.

### **8.3 Service Level Agreements**

The terms of any services or facilities offered by the Authority, whether free or on a buy-back basis, will be reviewed at least once every three years. However, centrally funded premises and liability insurances are specifically excluded from this requirement. Schools will be given a minimum of one month to consider the terms of any new agreement before the date of operation. Where practicable, the Authority will provide services on a pay as you use basis. The prices for each service level agreement will be set at a level that ensures that the total income generated is at least equal to the cost of providing that service.

### **8.4 Provision of Information under the Teachers' Pensions Regulations 1997**

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 and came into effect on 1 November 2002. These 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 an agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require the person to supply the 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 the consequential costs from the school's budget share.

A Governing Body of any maintained school which directly administers its payroll shall supply the 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 Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The Governing Body shall meet the consequential costs from the school's budget share.

## **9 PRIVATE FINANCE INITIATIVES (PFI)**

Should the Authority propose to enter into a contract for a PFI project in the future, the Governing Body of the school(s) concerned will be consulted about the terms of any financial implications that the project may incur.

The agreement will formally set out the power of the LA to charge to the school's budget share amounts agreed under the PFI agreement entered into by the governing body of the school(s). See paragraph 6.3 (t).

## **10 INSURANCE**

If a school requests the delegation of the insurance budget relating to their school, the Authority will require the school to demonstrate that cover relevant to the Authority's insurable interests, under a policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the Authority. The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.

Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. The scheme should contain a provision which allows schools to join the RPA after 1st April 2020. Schools may do this individually when any insurance contract of which they are part expires.

The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.

## **11 MISCELLANEOUS**

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

Schools are required to provide the Authority with all financial and other information that might reasonably be required to enable the Authority to satisfy itself as to the school's management of its budget share or the use made of any centrally retained funds which are allocated to the school.

### **11.2 Liability of Governors**

The Governing Body is a corporate body, and under Section 50 paragraph 7 of the School Standards and Framework Act 1998, individual Governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided that they act in good faith.

### **11.3 Governors' Expenses**

Under Section 11 of the School Standards and Framework Act 1998, only allowances specified in Regulations may be paid to Governors from the school's delegated budget share. Where the Secretary of State makes payment to any additional Governors appointed to any school under Special Measures, schools may not make any payments which duplicates those payments.

Where a school has yet to receive a delegated budget, the Authority may delegate to the Governing Body funds to meet Governors' expenses, to be paid at rates prescribed by the Authority.

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

Any costs arising from legal action incurred by a Governing Body (although the responsibility of the Authority as part of the cost of maintaining the school unless they relate to the statutory responsibility of the Governors of an Aided School for buildings) may be charged to the school's budget share unless the Governing Body has sought and acted in accordance with the advice of the Authority in a timely manner.

Where there is a conflict of interest between a school and the Authority, Governors should ensure that they make their own independent arrangements for legal advice.

#### **11.5 Health and Safety**

In expending their budget share, Governing Bodies must have due regard to the duties placed on the Authority in relation to Health and Safety and to the Authority's policy on Health and Safety matters.

#### **11.6 Right of Attendance for the Executive Director of Finance**

Governing Bodies shall permit the Executive Director of Finance, or any officer nominated by the Executive Director of Finance, to attend any meeting of the Governing Body at which an agenda item is relevant to the exercise of his/her responsibilities. Prior notice of attendance will be given wherever possible.

#### **11.7 Delegation to New Schools**

The Authority will delegate powers, selectively and optionally, to the Governing Body of schools that are yet to receive a delegated budget.

#### **11.8 Optional Items of Delegation**

Where a school opts to have delegated or devolved any responsibility that is not delegated to all schools of that type or phase that option may only be exercised by giving three months' notice with the delegation to take effect from the beginning of the financial year.

#### **11.9 Special Educational Needs**

By virtue of Section 317 of the Education Act 1996, in expending their budget share, Governors are under a duty to use their best endeavours to secure that any educational provision needed by a pupil with Special Educational Needs is made.

#### **11.10 Interest on Late Payments**

Governors should note that any interest charged by a supplier for the late payment of an invoice falls to be met from the school budget share unless met by the provider of an invoice paying service.

#### **11.11 Whistleblowing**

Governors must ensure that they adopt and follow the Authority's policy that safeguards the interests of whistleblowers.

#### **11.12 Child Protection**

In expending their budget share, Governing Bodies must have due regard to the agreed Child Protection guidelines and the obligations these place on both the school and the Authority.

#### **11.13 School Meals**

In any school that has delegated to it the responsibility for the provision of school meals, in expending its budget share the Governing Body must have regard to any policy statement of the Authority on school meals.

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

In line with the Authority's custom and practice and also its interpretation of the CIPFA code of practice, all new build will be funded from centrally held or devolved capital budgets. Similarly, all repair and maintenance costs relating to existing buildings will have to be met by Governing Bodies from their budget shares or from devolved formula capital, except where the Local Authority agrees to make a contribution from its limited central capital budget. 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, and if the value of work is below this limit then the financial liability rests with the Governing Body.

## **13 COMMUNITY POWERS FACILITY**

### **13.1 Introduction**

Any school that chooses to exercise the power conferred by Section 27(1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. Firstly, Regulations made under Section 28(2), if made, can specify activities that may not be undertaken at all under the main enabling power. Secondly, schools are obliged to consult the Authority and have regard to its advice. Thirdly, the Secretary of State will issue guidance to Governing Bodies about a range of issues connected with exercise of the power, and schools must also have regard to that advice.

However, under Section 28(1), the main limitations and restrictions on the power will be those contained in the Northumberland's Scheme for Financing Schools made under Section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of Schemes to include the exercise of the powers to provide community facilities.

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

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

Schools are reminded that mismanagement of community facilities can be grounds for suspension of the right to a delegated budget.

### **13.2 Consultation with the Authority: Financial Aspects**

In accordance with Section 28(4) of the Education Act 2002, before exercising the community facilities power, the Governing Body must consult the Authority regarding its proposals and have regard to its advice. In addition, where the proposed facility relates to Early Years or to Childcare provision, the Governing Body must consult the Commissioner for Primary and Early Years and also have regard to their advice.

Schools are encouraged to seek the Authority's advice and submit their proposals as soon as possible, but no later than 2 months before the intended start date. When submitting their proposals formally, schools must include a detailed business plan containing the following information:

- the school's vision and a detailed description of the service
- details of any capital expenditure and the sources of income to fund it
- a detailed profile of projected income and revenue expenditure over the first 12 months of operation of the project. In particular, this should include:
  - one-off start-up costs
  - details of staffing and associated costs (pay, on-costs, payroll and personnel overheads, etc.)
  - sources of revenue income and the assumptions underlying it

- an outline profile of the projected income and revenue expenditure in years 2 to 5 of the project
- the time it will take for the project to break-even and come into surplus, and if this is not expected within 12 months of starting, an explanation of why this cannot be achieved within this timescale
- how the Governing Body will cover any shortfall if the project fails and leaves a deficit
- details of the cash flow of the business, and how any shortfall will be met given that schools cannot borrow from external sources
- proposed banking arrangements
- proposed audit arrangements
- details of the Health and Safety arrangements and of the risk assessments the school has undertaken
- details of the analysis of insurance requirements for the venture and of any additional cover that is to be arranged
- whether or not VAT is to be reclaimed, the justification for this and what consultation there has been with the local VAT office.

Schools are encouraged to seek professional advice as they develop their plans and to ensure that any submission is complete before formally seeking the Authority's advice about their proposals.

The Authority will respond to the school's proposals as soon as practically possible, in most circumstances within 6 school weeks of receipt of complete information. Where the Authority offers advice to a school, the school must inform the Authority of the action it has taken in response to that advice before embarking upon the Scheme.

### **13.3 Funding Agreements: Local Authority Powers**

Where the provision of community facilities in a school is dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision, the school shall not enter into such an agreement until it has submitted the proposed agreement to the Authority and taken proper account of its advice and comments. Proposed agreements should be submitted to the Authority as soon as possible, but no later than 3 months prior to the proposed date of signing. The Authority will not be a signatory to any such agreement, unless this is a requirement imposed by the third party or by the Governing Body itself.

If such an agreement has been or is to be concluded against the wishes of the Authority, or has been concluded without informing the Authority, and in the view of the Authority the agreement is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

### **13.4 Other Prohibitions, restrictions and limitations**

Whereas the Authority does not have the right of veto to either funding agreements with third parties or other proposed uses of the community powers facility, the Authority reserves the right in specific instances to require that the Governing Body shall protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for the risks associated with the project, as specified by the Authority.

The Authority does not intend to impose any additional prohibitions, restrictions or limitations on the use of the community facilities power.

### **13.5 Supply of Financial Information**

Schools that exercise the community facilities power are required to submit a budget plan to the Executive Director of Finance no later than 1 May each year. The format of the statement will be determined by the Executive Director of Finance.

Should the Authority have reason to give notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, the school will be required to submit financial statements at quarterly intervals, and if necessary to provide the Authority with a recovery plan for the activity in question.

All statements and returns must be certified by the Headteacher and be sent to the Executive Director of Finance.

All income and expenditure relating to the community powers facility must be included within the Consistent Financial Reporting Framework returns of the school.

Schools should note that Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the School Standards and Framework Act 1998 to make mismanagement of funds received for community facilities the basis for suspension of the right to delegation of the budget share.

### **13.6 Audit**

Internal Audit has the right to visit any school, to inspect all records relating to the exercise of the community powers facility and to receive the co-operation of Governors and employees. Governors are required to respond in writing stating how they propose to address any matters raised in the audit report. The Authority's external auditor will have the same rights of access and inspection as Internal Audit. Auditors will also report to the Executive Director of Finance on any matters of significance or where Governing Bodies fail to take appropriate remedial action.

Where schools enter into agreements with other persons or bodies pursuant to the exercise of the community facilities power, they shall ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

### **13.7 Treatment of Income and Surpluses**

Schools will retain all income derived from community facilities except where otherwise agreed with a funding provider, whether that be the Local Authority or some other person. Any surplus income over expenditure generated during the financial year will be carried forward over into the following financial year in the community facilities account. Similarly, any deficit accrued during the financial year will be carried forward over into the following financial year in the community facilities account. Where a school wishes to transfer all or part of any accumulated surplus and add it to the budget share balance, the school should seek the agreement of the Authority before doing so.

Where 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 third party funding provider.

### **13.8 Health and Safety Matters**

When exercising the community facilities power, the Governing Body must discharge its Health and Safety responsibilities in the same way as it does in relation to the



budget share. All the Health and Safety provisions of the main Scheme apply to the community facilities power.

When exercising the community facilities power, the Governing Body are responsible for securing and meeting the costs of any necessary Criminal Records Bureau clearance for those involved in the activity.

### **13.9 Insurance**

When exercising the community power facility, the Governing Body must undertake an assessment of the insurance implications and costs, seeking professional advice if necessary, and demonstrate that it has made adequate arrangements for insurance cover. The school must seek the Authority's advice before finalising any insurance arrangements.

The Authority will undertake its own assessment of the insurance arrangements made by a school in respect of community power facilities, and if it judges those arrangements are inadequate, it will make the necessary arrangements itself and charge the resultant cost to the school.

The Governing Body of the school will be responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing Bodies will be free to pass on such costs to a funding partner as part of an agreement with that partner.

### **13.10 Taxation**

Schools must seek the advice of both the Authority and the local VAT office on any issues relating to the possible imposition of VAT on expenditure in connection with any community powers facility, including the use of the Authority's VAT reclaim facility.

Schools are also reminded that if any member of staff employed by the school or the Authority in connection with community facilities at the school is paid from funds held in the school's own bank account set up for the purpose (see section 11), the school will be liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

Schools are reminded that they are required to follow the Authority's advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

### **13.11 Banking**

Where a school exercises the community power facility and the school already operates an independent bank account for its budget share, it shall open a separate independent bank account for transactions relating to community facilities. Where a school exercises the community power facility and the school uses the Authority's banking facilities account for its budget share, it shall either open an independent bank account for transactions relating to community facilities or use the Authority's banking facilities but ensure that all transactions are kept separate from budget share transactions.

Any independent bank account relating to community facilities expenditure can be in the name of the school or jointly in the name of the school and Northumberland County Council, and must be opened with one of the banks listed in paragraph 3.5.1 of the main Scheme.

All financial transactions must be undertaken in accordance with the Authority's "Financial Regulations for Schools".

Governing Bodies are reminded that they may borrow money from an external source only with the written permission of the Secretary of State. The Executive Director of Finance must be notified in writing of a school's intent to seek such permission at last ten working days before a request is made to the Secretary of State.

## LIST OF SCHOOLS COVERED BY THE SCHEME

**FIRST/PRIMARY SCHOOLS**

Acomb First School  
 Allendale Primary School  
 Amble First School  
 Amble Links First School  
 Beaconhill Primary School  
 Beaufront First School  
 Bedlington Station Primary School  
 Bedlington Stead Lane Primary School  
 Bedlington West End First School  
 Bedlington Whitley Memorial Church of England Aided First School  
 Belford Primary School  
 Bellingham Primary School  
 Berwick St Mary's Church of England First School  
 Blyth Horton Grange Primary School  
 Blyth New Delaval Primary School  
 Blyth Newsham Primary School  
 Bothal Primary School  
 Branton Primary School  
 Broomhaugh Church of England Aided First School  
 Broomhill First School  
 Cambo First School  
 Cambois Primary School  
 Central Primary School  
 Chollerton Church of England Aided First School  
 Choppington Primary School  
 Corbridge Church of England Aided First School  
 Cragside Church of England Primary School  
 Cramlington Burnside Primary School  
 Cramlington Eastlea Primary School  
 Cramlington Northburn Primary School  
 Cramlington Shanklea Primary School  
 Ellingham Church of England Aided Primary School  
 Ellington Primary School  
 Embleton Vincent Edwards Church of England Aided Primary School  
 Felton Church of England Primary School  
 Grange View First School  
 Greenhaugh Primary School  
 Greenhead Church of England Aided Primary School  
 Guide Post Ringway Primary School  
 Hareside Primary School  
 Henshaw Church of England Aided Primary School  
 Hexham First School  
 Hipsburn Primary School  
 Holy Island Church of England Aided First School  
 Holy Trinity Church of England Aided First School, Berwick  
 Holywell Village First School  
 Hugh Joicey Church of England Aided First School  
 Humshaugh Church of England Aided First School  
 Kielder Primary School and Nursery  
 Linton Primary School  
 Longhorsley St Helen's Church of England Aided First School  
 Longhoughton Church of England Primary School  
 Lowick Church of England First School  
 Morpeth All Saints Church of England Aided First School (academised 01 April 2023)

Morpeth First School  
Mowbray Primary School  
New Hartley First School  
~~Newbrough Church of England Aided Primary School (academised 01 April 2023)~~  
Norham St Ceolwulfs Church of England First School  
Otterburn First School  
Pegswood Primary School  
Red Row First School  
Rothbury First School  
Scremerston First School  
Seahouses Primary School  
Seaton Delaval First School  
Seaton Sluice First School  
Seghill First School  
Shilbottle Primary School  
Slaley First School  
Spittal First School  
~~St Michael's Church of England Aided Primary School (academised 01 July 2023)~~  
Stakeford Primary School  
Stamfordham Primary School  
Stannington First School  
Swansfield Park Primary School  
Swarland Primary School  
The Sele First School  
Tritlington Church of England Aided First School  
Tweedmouth Prior Park First School  
Tweedmouth West First School  
Wark Church of England Aided Primary School (due to academise 01 Aug 2023)  
Whalton Church of England Aided Primary School  
Whitley Chapel Church of England Aided First School  
Whittingham Church of England Primary School  
Wooler First School

### **MIDDLE SCHOOLS**

Bellingham Middle School and Sports College  
Berwick Middle School  
Corbridge Middle School  
Glendale Middle School  
Seaton Sluice Middle School  
Tweedmouth Community Middle School  
Whytrig Community Middle School

### **HIGH/SECONDARY SCHOOLS**

Astley Community High School  
Haydon Bridge Community High School and Sports College  
James Calvert Spence College  
The Duchess's Community High School

### **SPECIAL SCHOOLS**

Emily Wilding Davison School  
Barndale House School  
Cleaswell Hill School  
Cramlington Hillcrest School  
Morpeth Collingwood School  
The Dales School  
The Grove Special School

Pupil Referral Unit



## Northumberland County Council SCHOOLS' FORUM

### Agenda Item 10

17 July 2023

#### 2023/24 WORK PROGRAMME AND MEETING DATES

**Wednesday 19 July 2023: 9.30-12.00 (Face to Face Meeting, Council Chamber, County Hall Morpeth)**

DSG Provisional Outturn  
Scheme for Financing Schools  
Analysis of School Balances

**Wednesday 27 September 2022 : 9.30-12.00 (Virtual Meeting)**

DSG Final Outturn  
Analysis of School Balances  
Review of Schools Forum Membership

**Wednesday 22 November 2023 : 9.30-12.00 (Virtual Meeting)**

National Funding Formula Update & Consultation for 2023/24  
SEN Update

**Wednesday 17 January 2024: 9.30-12.00 (Provisional)**

Setting the DSG for 2022/23 – overall allocations  
De-delegation decisions for 2022/23

**Wednesday 14 February 2024: 9.30-12.00 (Provisional)**

Setting the DSG budget for 2022/23 – individual budgets

This page is intentionally left blank