



Northumberland County Council

	<p>Your Ref:</p> <p>Our Ref: AT</p> <p>Enquiries to: Andrea Todd</p> <p>Direct Line: (01670) 622606</p> <p>E-mail: Andrea.Todd@northumberland.gov.uk</p> <p>Date: 10 July 2024</p>	
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Dear Sir or Madam,

A meeting of the **SCHOOLS' FORUM** will be held on **Wednesday 17 July 2023** at **9.30 a.m. for 10.00 a.m.** 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 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 the members' of the Schools Forum

Copy to Audrey Kingham, Executive Director, Children, Young People and Education and Councillor Guy Renner-Thompson

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.	MEMBERSHIP AND MEMBERSHIP UPDATE	Information
2.	APOLOGIES FOR ABSENCE	Information
3.	DISCLOSURE OF INTERESTS (if any)	Information
4.	MINUTES AND MATTERS ARISING Minutes of the meeting of the Schools' Forum held on Wednesday 14 February 2024, as circulated, to be confirmed as a true record, and signed by the Chairman.	Action
5.	COMMUNICATION: Schools Week Article Reforms to Place Funding	Information
6.	DSG PROVISIONAL OUTTURN 2023/24	Information
7.	USE OF THE DSG CONTINGENCY	Information
8.	MAINTAINED SCHOOL BALANCES AS AT 31 MARCH 2024 (attached)	Information
9.	HIGH NEEDS BLOCK SUGGESTED ACTIONS	Information/ Consultation
10.	SCHEME FOR FINANCING MAINTAINED SCHOOLS 2023/24 (attached)	Information/Consultation
11.	2024/25 WORK PROGRAMME AND MEETING DATES	Information
12.	AOB	Information / Action
13.	DATE OF NEXT MEETING The next scheduled meeting of the Schools' Forum is Wednesday 25 September 2024	Information

NORTHUMBERLAND COUNTY COUNCIL

SCHOOLS' FORUM

At a meeting of the Schools' Forum on Wednesday, 14 February 2024 at 9.30 a.m. held virtually.

PRESENT

G. Wilkins, St Wilfrid's RC Primary School
(Vice-Chair, in the Chair)

Headteacher Representatives

A. Crawley, James Calvert Spence College (substitute for N. Rodgers)	A. Mead, Cramlington Hillcrest School
M. Deane-Hall, Wooler and Glendale Middle School	

Governor Representatives

K. Faulkner, Collingwood School	B. Watson, St Robert's RC First School
B. Mansfield, Newbrough CE Primary School	

Academies Representatives

G Atkins, Hadrian Learning Trust	J. Wilson, The Duchess's Community High School
J. Holmes, Malvins Close Academy (part of Wise Academies Trust)	

Roman Catholic Diocese – Vacant Post

Church of England Diocese – N. Threlfall

EYDCP-PVI – K. Dickinson

Pupil Referral Unit Representative – R. Carr

19-19 Provider of Education Representative –

Trades Union Representative – Vacant Post

Ch.'s Initials.....

Councillor R. Wearmouth (observer)

OFFICERS IN ATTENDANCE

S. Aviston	Head of School Organisation and Resources
M. Finlay	Head of Inclusive Education Services
A. Kingham	Executive Director - Children, Young People and Education
B. Parvin	Education and Skills Business Manager
C. Ponting	Senior Manager - Schools HR
A. Russell	Principal Accountant – Non-Team Leader
D. Street	Director of Education, SEND and Skills
A. Todd	Democratic Services Officer

39. MEMBERSHIP AND MEMBERSHIP DETAIL

- 39.1 It was noted that a communication had been sent to schools inviting expressions of interest to join Schools' Forum via e-courier.

40. APOLOGIES

- 40.1 Apologies were received from A. Hardie, W. Stephenson, N. Rodgers and Councillor G. Renner-Thompson.

41. MINUTES AND MATTERS ARISING

RESOLVED that the minutes of the meeting of the Schools' Forum held on Wednesday, 17 January 2024, as circulated, be confirmed as a true record and signed by the Chair.

42. COMMUNICATIONS

There was nothing to be shared.

43. SETTING THE 2024/25 DEDICATED SCHOOLS GRANT

- 43.1 B. Parvin, Education and Skills Business Manager introduced the report which provided the Schools' Forum of the estimated overall DSG for 2024/25 as notified to Northumberland by the Education and Skills Funding Agency (ESFA) and the proposed allocation of funds within the 4 DSG Blocks. (A copy of the report has been filed with the signed minutes).

Ch.'s Initials.....

Schools Block

- 43.2 A final transfer of £1,125,004 had been agreed to the High Needs Block. This enabled the payment of the full NFF values across all factors after capping and scaling reductions. It was noted that the transfer was being funded by a combination of the local authority's growth funding combined with additional funding generated via capping and scaling.
- 43.3 Members raised concerns about the sustainability of continuing to use capping and scaling and the growth fund to help supplement the transfer to the High Needs Block. It was agreed that this issue needed to be brought to the attention of the F40 Group and for it to be placed on the work programme for the Formula Funding Committee.
- 43.4 **Sparsity Funding**
Sparsity Funding had been increased marginally (2.2%) for 2024/25. Final funding for schools in relation to National Funding Formula sparsity payments had now been finalised as £2.735 million up by £61,000 on the current year's figures.
- 43.5 No additional funding had been set aside from the Schools Block in relation to the existing Falling Rolls or Growth Funds.
- 43.6 At the time of writing, Final ESFA agreement had not yet been received in relation to the submitted Authority Pro forma Tool (APT). Subject to this agreement, the final 2024/25 Formula Funding values used were shown in Table 1 of the report.
- 43.7 Schools' Forum noted the formula funding values reflected in Table 1 for the distribution of the Schools Block DSG for 2024/25.

High Needs Block

- 43.8 At the last meeting on 17 January 2024 Schools' Forum were informed that the indicative High Needs Block allocation for 2024/25 was £53,831,547 before any deductions as outlined in Appendix 1 of the report.
- 43.9 As reported in section 4.1 of the report the transfer from the Schools Block to the High Needs Block had been set at £414,135.
- 43.10 A detailed breakdown for services within the proposed budget had been attached as Appendix B to the report.
- 43.11 It was anticipated that there would be no High Needs Block reserve remaining by the end of 2023/24. This, together with increasing numbers, particularly in relation to Top Up payments, and other inflationary pressures meant that, at this point in the year, a savings requirement of £4.045 million had been identified in order to balance income and expenditure within the High Needs Block. The High Needs

Ch.'s Initials.....

Committee, Schools' Forum and the wider Education Committee would continue to monitor the situation.

- 43.12 Schools' Forum noted the 2024/25 High Needs Block budget of £51,510,551, including a savings requirement of £4,044,769, as set out at Appendix B of the report.

Early Years Block

- 43.13 Schools' Forum noted the rates for the Early Year Block as detailed within the report and considered at the January 2024 meeting of Schools' Forum. It had been agreed with Corporate Finance that this could be funded from within the overall EY DSG budget.

Central Schools Services Block

- 43.14 Schools' Forum noted the budget for the Central Schools Services Block will be set at £2,157,405 as set out in Appendix C of the report.

RESOLVED that Schools' Forum notes:

- (a) the proposal for the Schools Block formula values and the resulting 2024/25 School Budget Shares, in line with the Cabinet decision of 16 January 2024 including the delegation of the approval of the final formula values to the Executive Director of Children Services and the Cabinet Member for Children's Services and Deputy Leader of the Council in line with the principles agreed at Schools' Forum on 22 November 2023.
- (b) the 2024/25 High Needs Block Budget including the final transfer from the Schools Block to the High Needs Block.
- (c) the 2024/25 Early Years Block rates.
- (d) the 2024/25 Central Schools Services Budget.

44. HIGH NEEDS FUNDING CONSULTATION FEEDBACK

- 44.1 S. Aviston, Head of School Organisation and Resources drew members' attention to the main points of the report which sought to provide an update on the initial outcomes of the consultation exercise with schools on SEN funding. (A copy of the report has been filed with the signed minutes).
- 44.2 It was reported that the annual consultation with schools in Northumberland on the funding had been extended this year to ask schools a number of questions relating to SEN funding in order to develop new principles and guidance to reduce the predicted overspend within the High Needs Funding Block. It was noted that the results of the consultation would help shape the format and ideas for further discussions with all schools.

Ch.'s Initials.....

- 44.3 It was advised that the report detailed the feedback from the consultation with the aim of the High Needs sub group applying this feedback to launch a wider consultation in the form of workshops around the county in order to fully engage schools developing solutions to the challenges faced in meeting the changing needs of children and young people across the county.

RESOLVED that Schools' Forum notes:

- (a) the report and agree to wider consultation in order to seek as many views as possible prior to making any formal proposals/changes in order to address the financial challenges and pressures on the High Needs Block.
- (b) the format and areas for consultation will be delegated to the High Needs sub group with the finding from the wider consultation being reported back to schools forum in the summer term.

45. ESFA FUNDING FOR SCHOOLS IN FINANCIAL DIFFICULTIES

- 45.1 B. Parvin, Education and Skills Business Manager introduced the report which updated Schools' Forum regarding Northumberland's allocation from the ESFA funding for distribution for schools in financial difficulty. (A copy of the report has been filed with the signed minutes).
- 45.2 It was noted that the ESFA had stated that this funding for schools in financial difficulty was very much one-off funding and "the department had no plans for similar additional funding in 2024 to 2025". It was therefore felt that the funding should be used on a very targeted basis as outlined in the report, in line with other support measures to maintained schools.
- 45.3 Members discussed the difficulties faced by schools regarding budgets and gave their personal accounts from the schools they represent. It was noted that there were schools already with deficit balances. Schools were finding it increasingly challenging from year to year and felt unable to do any medium-term financial planning. Funding available was not meeting demand. There was an issue of surplus places and dropping birth rates which further exacerbated the problem. It was suggested Schools' Forum scrutinise this issue in more detail as a future meeting.
- 45.4 It was also suggested that a report could be brought to Schools' Forum on school organisation along with SEN and the AP Strategy to examine where there was growth and report on the measures that might help schools with their longer-term budget setting.

RESOLVED that Schools' Forum notes the report.

46. 2024 WORK PROGRAMME AND MEETING DATES

Ch.'s Initials.....

- 46.1 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.

47. DATE OF NEXT MEETING

RESOLVED that the next scheduled meeting of the Schools' Forum will be Wednesday, 17 July 2024 at County Hal, Morpeth.

CHAIR_____

DATE_____

Ch.'s Initials.....

DfE 'actively looking' at reforms to £10k special schools place funding



Deputy director Tom Goldman tells conference funding should 'probably' change over time

The government is “actively looking” at reforming the £10,000 place funding special schools receive for each child, which hasn’t risen once since being introduced 10 years ago.

Tom Goldman, deputy director at the Department for Education funding policy unit, told the [National Network of Special Schools \(https://www.nnoss.co.uk/nnoss-conference\)](https://www.nnoss.co.uk/nnoss-conference) conference today that funding should “probably” change over time.

Special schools receive £10,000 for each commissioned place and then top-up funding from their council (https://schoolsweek.co.uk/special-school-funding-is-in-crisis-but-does-westminster-get-it/), based on the child’s needs.

Special school business leaders told Goldman and David Withey, chief executive at the Education and Skills Funding Agency, their budgets were stretched or in deficit.

On the logic behind place funding, Goldman said it was thought to give “a position of certainty” compared to “variable and volatile” top-up funding.

But he said the failure to increase the £10,000 with inflation has “shifted the balance away from the certainty” for budgets.

“Should the £10,000 change over time? Probably,” he said.

While he said increasing it might create “further complexities” around how top-up funding is set, he added: “It does create the very odd situation of £10,000 having been chosen back in 2013 and not changing, so that is something we are actively looking at the moment.”

DfE has said before that the £10,000 funding is “not intended to reflect schools’ cost increases”, which instead should fall to increased top-up rates.

But analysis by Special Needs Jungle revealed top-up funding levels had remained stagnant in a third of councils between 2018 and last year.

‘Aim is to avoid’ bankruptcy

They estimated the static £10,000 funding means schools have faced an estimated real-terms cut of £1.3 billion.

Goldman said some had proposed to the DfE the “more radical step” of removing place funding, and instead use the national funding formula “and you build on that obviously because that’s not going to be adequate for these children”.

“That is something again we will think about going forward, we need to think about that in the context of the wider SEND policy reforms.

“I don’t want to design a funding system which might be a better fit for today and introduce it at a time when it’s not a better fit for the system that’s actually coming into place.”

The DfE plans to introduce a national approach to delivering funding bands and tariffs for more “consistent funding” across the country after 2025 as part of its SEND and alternative provision improvement plan.

Several councils have issued section 114 notices – declaring effective bankruptcy – in recent years. Goldman said while none of these relate to high needs deficits now, “there could be and our aim obviously is to avoid that happening.”

Thirty-eight councils current have safety valve deals with government, where they agreed sweeping reforms in exchange for bailouts.

(Schoolsweek 07 May 2024)





Northumberland County Council

Wellbeing and Community Health Services Group
Education and Skills Service

SCHOOLS' FORUM

17 July 2024

Dedicated Schools Grant (DSG) Outturn 2023-24

1. Purpose of the Report

This report presents the Dedicated Schools Grant (DSG) outturn position for 2023-24 to the Schools' Forum, along with the implications of the outturn and anticipated future pressures.

2. Recommendations

Schools' Forum is asked to:

- Approve the carry forward of the 2023-24 Trade Union Facility surplus of £126,389 in line with the request attached at Appendix A.
- Approve the carry forward of the 2023-24 English as an Additional Language (EAL) surplus of £74,913 in line with the report attached at Appendix A.
- Note the intention to carry forward the respective DSG blocks (Central Services Schools, Early Years, High Needs and Schools Block) on a ringfenced basis into 2024-25.

3. Background

During the Schools Forum meetings in January and February 2023, the budgets for each block within the Dedicated Schools Grant (DSG) were discussed and finalised. The DSG allocation was then updated by the Department for Education (DfE) over the course of the year to account for school academy conversions, changes to high needs place funding, and updated early years census data. The final school budget reflects the latest DSG allocation issued by the DfE in March 2024.

The Early Years block is funded in arrears based upon census returns with a final settlement for Spring term 2024 due in July 2024. In accordance with the grant conditions, the service has estimated the final 2023-24 settlement, which is reflected in the 2023-24 budget. If the actual settlement differs from the estimate, it will impact the 2024-25 budget position.

The overall DSG reserve of surplus balances carried forward from 2022-23 is £4.501 million. £2.434 million was withdrawn from the reserve into the budget position for 2023-24, leaving a balance of £2.067 million in the DSG reserve to meet pressures in future years. However, as outlined below, the in-year overspend across the DSG was £0.908 million, allowing only £1.159 million available.

4. Outturn Position 2023-24

For the 2023-24 financial year, there was an overall overspend of £0.908 million. This consisted of underspends in the Central, Early Years, and Schools blocks, but a significant overspend of £1.847 million in the High Needs Block. The main variances are discussed in detail in Section 5, with a full breakdown provided in Appendix B.

Dedicated School Grant	2023-24 Budget (£m)	2023-24 expenditure (£m)	Out-turn Over/(Under) spend (£m)
	£m	£m	£m
Central Schools block	2.347	2.204	(0.143)
Early Years block	18.759	18.708	(0.051)
High Needs block	50.737	52.584	1.847
Schools block	86.211	85.465	(0.746)
Overall	158.053	158.962	0.908

The budget figures above include any agreed draw down from reserves and transfers between blocks.

5. Detailed Financial Performance update

The significant variations to budget have been identified below for each block.

5.1 Central Schools Block: Underspend £0.143 million

The underspend was due to the following factors:

- An underspend of £0.089 million on independent school placements for children without an Education Health and Care Plan (EHCP). By the end of the year, there were 3 residential placements for Looked After Children and 3 additional placements for residents of Holy Island.
- The Admissions team underspent by £0.033 million due to a vacant post and a contribution towards staffing costs from the Homes for Ukraine grant.
- Working with Schools had a £0.020 million underspend, as consultant works were reduced as part of school redevelopment projects.

5.2 Early Years Block: Underspend £0.051 million

The underspend is due to:

- The Early years team underspent on staffing vacancies through the year by £0.033 million and received an additional experts and mentors grant as part of a pilot scheme of £0.024 million.

5.3 High Needs Block: Overspend £1.847 million

The overspend was due to several factors:

- The Education Other Than at School (EOTAS) service had a £0.029 million overspend, driven by £0.146 million more in pupil travel costs than budgeted. This was partially offset by a £0.152 million underspend on staffing and facility hire, as well as a £0.035 million underachievement in income.
- There was a £0.144 million underspend across the Low Incidence Needs Team and High Incidence Needs Team, mainly from staffing vacancies through the year.

- The Independent Schools budget overspent by £0.676 million, with 3 additional jointly commissioned placements since January.
- There was a significant £2.137 million overspend on SEN top-ups, stemming from 30% growth in the 2023-24 academic year across mainstream and special schools.
- An overspend of £0.200 million on notional SEN payments, linked to more children with EHCPs in mainstream schools.
- A £0.115 million overspend on Direct Payments, due to increased demand for services parents purchased directly, offset by £0.102 million in underspend on specialist equipment and interest earned on block balances.
- A £0.837 million underspend in the Education Welfare Service and Central Services, mainly from held vacancies.
- A £0.109 million underspend in the Inclusion Budget, with transport overspending by £0.164 million but offset by underspends in alternative provision and higher AWPU recovery.

5.4 Schools Block: Underspend £0.746 million

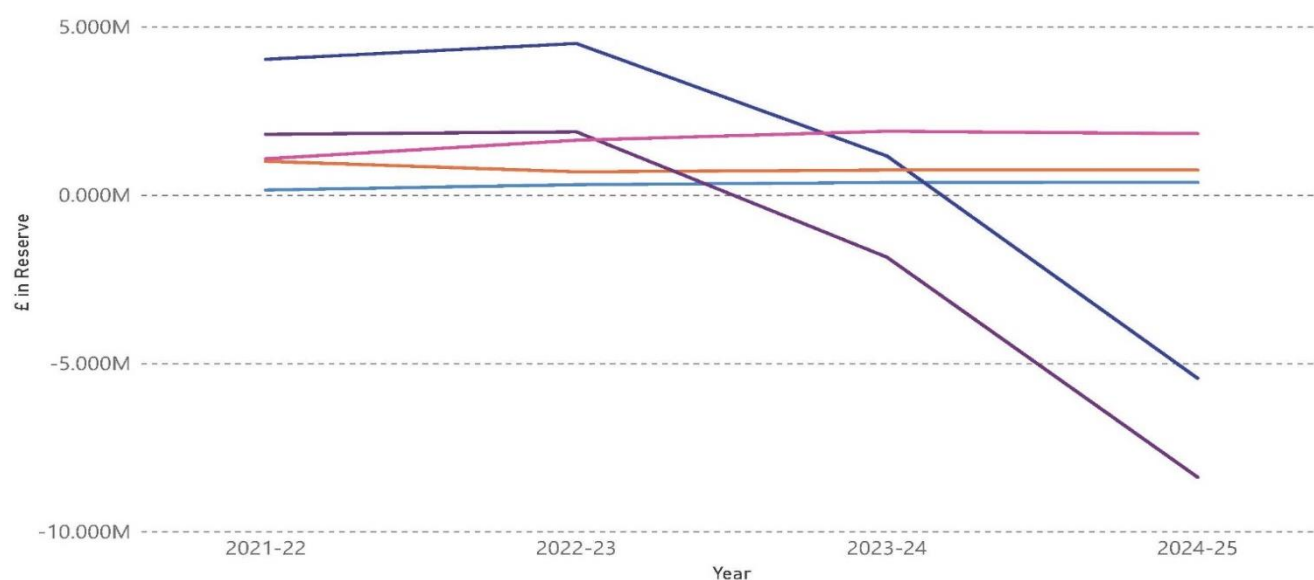
The Schools block underspend is due to the following factors:

- An underspend of £0.126 million on the Trade Union Facility Time balance. This underspend is subject to a separate request to carry it forward, which is attached at Appendix A.
- An underspend of £0.075 million on the English as an Additional Language (EAL) service. This underspend is also subject to a separate request to carry it forward, which is attached at Appendix A.
- An underspend of £0.321 million in the school contingency budget, as there were no demands on this budget this year. This budget will be carried forward and used to support the ongoing school re-organisation in the Berwick and Coquet partnerships during 2024-25.

6 Summary and Conclusions

The overall DSG reserve has significantly decreased from a surplus of £4.501 million at the end of 2022-23 to £1.159 million at the end of 2023-24, as shown below.

Dedicated Schools Grant	2023-24 Opening Reserve (£m)	2023-24 Closing Reserve (£m)	Planned use in 2024-25 (£m)	Forecast Year End Balances (£m)
	£m	£m	£m	£m
Central Schools block	0.307	0.372	0.004	0.376
Early Years block	0.690	0.741	0.000	0.741
High Needs block	1.876	(1.847)	(6.546)	(8.393)
Schools block	1.628	1.894	(0.071)	1.823
Overall	4.501	1.159	(6.613)	(5.462)



Three of the reserves have risen slightly across the year, but this can be attributed to factors that are not recurrent and therefore unlikely to occur in future years:

- staff vacancies (majority of posts now filled),
- surplus on historic commitments funding (funding decreases by 20% each year),
- Schools contingency (upcoming pressures once school re-organisations progress)

The High Needs block has experienced significant, rapid growth, reducing the reserve by £3.723 million over the year with an in-year overspend of £1.847 million. This has pushed the reserve into a deficit position of £1.847 million, and the growth is expected to continue through 2024-25. It's worth noting that this includes a £0.485 million budget transfer from the schools block and a £1.876 million draw on the DSG reserve. Without this additional funding, the High Needs Block would have resulted in an even larger overspend of £4.208 million.

The budgetary pressures building since 2021-22 have increased significantly for 2023-24, particularly in relation to demand for SEN places, top-ups (both in-house and in the independent sector), and Alternative Provision. The continued rise in numbers, combined with the impact of inflation, indicates the deficit on the High Needs block reserve will rise to £8.393 million by the end of 2024-25.

It is the intention to ring-fence the year end position on each block this year to ensure that funds carried forward can be utilised effectively and to provide services with additional resource to meet the emerging priorities within the specific areas of the DSG.

Callum Street
Principal Accountant
Corporate Finance
Callum.Street@northumberland.gov.uk

SCHOOLS FORUM**17 July 2024****English as an Additional Language Service****1. PURPOSE OF THE REPORT**

To seek approval from Schools Forum for the EAL team to carry forward the budget balance from 2023/24 to 2024/25.

2. RECOMMENDATIONS

Schools Forum members are recommended to read the report prior to the meeting and table any questions, preferably on advance or at the meeting. School Forum members are requested to support the proposal to carry forward the budget surplus of £74,913.

3. BACKGROUND

This is the fourth request to Schools Forum for carry over, following the Forum's agreement in July 2023 and this is primarily due to:

- Ongoing exceptional circumstances following increased demand to support refugees and unaccompanied minors;
- the continuing decrease in de-delegated funding as schools convert to academies;
- the small size of the service; and
- increased demand for continued support particularly for the number of Ukrainian refugees resettling in the area. These individuals are spread across Northumberland which means the very small team are travelling across the county to ensure families and pupils get the right level of support.
- The fund will also support a part-time Dari speaking teacher which will support the Afghan families – this will include translating and the introduction of the Persian GCSE.

We would like to continue to provide the Education helpline service created during the pandemic. This continues to be popular with families and will be possible if the carryover is agreed.

4. CURRENT POSITION

The budget for the EAL team is managed by the Low Incidence Needs Team Service Manager working in conjunction with the Head of Service. Income generated by SLAs has been minimal and demand for support is increasing. In addition, further academisation has resulted in a continuing reduction to the de-delegated budget simultaneously with an increasing demand from schools for the teams' support to assist them with pupils from both the Voluntary Persons Resettlement Scheme and asylum seeker families. This position is exacerbated currently with ongoing uncertainty due to the conflict in Ukraine, combined with a steady flow of refugees from Afghanistan.

For these reasons, the request is made to Schools Forum to consider that the balance of £74,913 to be carried forward to 2024/25 for the use by the EAL team.

Mike Finlay
Head of SEND

Mike.Finlay@northumberland.gov.uk

SCHOOLS FORUM

17 July 2024

Trade Union Facility Time

1. PURPOSE OF THE REPORT

To seek approval from Schools Forum to carry forward the budget balance from 2023/24 to 2024/25.

2. RECOMMENDATIONS

Schools Forum members are requested to support the proposal to carry forward the budget surplus of £130,015 as at the 31 March 2024. This figure is line with the previous year's figure.

3. BACKGROUND

Schools Forum has previously agreed that the money for Trade Union Facility Time (TUFT) arrangement for the de-delegated budget element only relating to maintained Schools from one operational year to another. The TUFT is underpinned by an SLA, operates on an academic year from September to August and receives funds via different sources:

- a) de-delegated decision via Schools Forum for maintained schools – funds allocation on an April to March basis, therefore providing funding into the SLA in arrears/advance;
- b) a direct payment/ journal-transfer from maintained special schools including the PRU – funds allocated on an April to March basis, therefore providing funding into the SLA in arrears/advance, and
- c) direct payment made from academies/free schools (e.g. non-maintained schools) – funds paid on a September to August basis, providing funding the SLA for the full-year of its operation.

4. CURRENT POSITION

The TUFT SLA is self-funding, meaning it can only spend/allocate the funds allocated; if it was found that there were not sufficient funds available to fund current/ proposed arrangements the TU/PA TUFT time allocated would need to be reviewed to ensure that the funds/arrangements were aligned.

Annually Schools Forum review the 'buy-in' rate and determine if this needs to stay at the current fixed price per pupil (at 1st April 2023 this was again held at £3.25 per pupil) or if this needs to be reviewed, (e.g. due to base-line salaries/ employers costs (including pensions) increasing, more schools joining / leaving the SLA, TU/PA's asking for more time to be allocated).

The SLA has been held for some time, however, arrangements for respective TU/PA's are changing, the aim is to hold the de-delegated rate at £3.25 per pupil for 2025/26 (effective from 1st April 2025) however, a further report on use including future predictions, will be provided to Schools Forum in the future.

Christina Ponting

Schools HR Lead

Human Resources and Organisational Development Directorate

email: christina.ponting@northumberland.gov.uk

Final budget position for the Dedicated Schools Grant for 2023-24

Dedicated Schools Grant	Final Budget 2023-24 (£m)	Expenditure 2023-24 (£m)	Over/(Under) spend (£m)
Central Schools block	2.347	2.204	(0.143)
Statutory retained duties	2.126	2.016	(0.110)
Admissions and Supply of School places	0.215	0.182	(0.033)
Schools forum	0.006	0.006	-
Early Years block	18.759	18.708	(0.051)
Early Years Team	0.807	0.728	(0.079)
2/3/4 Nursery provision	15.587	15.052	(0.535)
Disabled Access Funding	0.215	0.215	-
Early Years Pupil Premium	2.150	2.512	0.362
Inclusion Fund	-	0.201	0.201
High Needs block	50.737	52.584	1.847
Special School Places	11.367	11.202	(0.165)
Independent Special Schools and top-up funding	6.460	7.136	0.676
Virtual School Services	2.430	1.593	(0.837)
SEN Notional and Top-Ups	21.373	23.710	2.337
SEN Support Services	3.517	3.373	(0.144)
SEN transport (fixed contribution)	1.147	1.147	-
SEN Other	1.114	1.128	0.014
Inclusion Team	2.905	2.796	(0.109)
Primary Support Base	0.425	0.500	0.075
Schools block	86.211	85.465	(0.746)
Mainstream Schools	85.282	85.420	0.138
Union Supply	0.182	0.056	(0.126)
Free School Meals	0.023	0.018	(0.004)
EAL	0.126	0.051	(0.075)
Contingency, Falling Roles and Interest	0.598	0.057	(0.542)
Other Schools Block expenditure	-	(0.137)	(0.137)
Overall	158.053	158.962	0.908



Northumberland County Council

Wellbeing and Community Health

Agenda Item: 7

SCHOOLS FORUM

17 July 2024

Use of the DSG contingency

1. PURPOSE OF REPORT

To inform Schools Forum of the proposed use of the DSG contingency to support the ongoing schools' reorganisation projects in Coquet and Berwick Partnerships.

2. RECOMMENDATIONS

Schools Forum members representing LA maintained schools are recommended to:

- Note there will be a requirement to access the contingency fund closing school deficits as a result of school reorganisations in Coquet and Berwick within the financial years 2025/26 & 2026/27.
- Note the aim of the staffing protocols that are in place within both partnerships is to mitigate the need for redundancies, and therefore minimising the financial burden on the closing and reorganising school budgets.
- Agree to receive an annual report on the level of financial support given to schools in the Coquet and Berwick partnerships.

3. BACKGROUND

In 2017 a contingency fund was created to support school closures both as standalone closures as well as those closing through whole scale reorganisations. Schools Forum have continued to support the setting aside of the contingency every year since. In 2021 as the funds hadn't been required all maintained schools received a one-off payment, totalling £344,538. However since this time we have been aware of the potential school closures as a result of school reorganisation projects so have built the contingency fund up to £1.3m in order to fund the closing schools deficit budgets, and ultimately support the salary safeguards and ongoing employment of those staff deemed at risk as a result of changes in school structures.

4. CURRENT POSITION

Timeline

Reorganisation within the Coquet Partnership will be complete by 31 August 2025, so the financial implications through the reduced staffing requirement will be fully understood and reported to school's forum within the financial year 2025/26.

Reorganisation in the Berwick Partnership will be complete by 31 August 2026 and therefore the closing school budget positions will be reported to school's forum during the financial year 2026/27.

Staffing Protocol

In order to support the ongoing employment of the good and outstanding staff in our schools we have operated a voluntary agreement called a staffing protocol for all school reorganisation projects for the last 18 years, although each protocol is bespoke to each partnership. The protocol sets out a principle of a guaranteed interview for any post that becomes available for the duration of the reorganisation process usually this is around 2/3 years. The spirit of the protocol is to ensure the retention of staff in order to provide stability and excellent transition for pupils as the partnership of the schools are reorganised.

As with any restructure there will be individuals that are successful in getting redeployed into post that do not have the same level of responsibility and therefore are paid at a lower salary. In order to support the employing school, we would like to use the contingency to fund the difference in salary and protect the TLR payments for up to 3 years, which would be charged back to the closing school budget.

Previous reorganisations have provided 3 years of salary protection which has reduced the burden on the employing school budget but has provided the salary safeguards as set out in the teacher terms and conditions and reduced the redundancy costs and therefore the strain on the closing school budget.

5. SUMMARY AND CONCLUSIONS:

School Forum members that represent Local Authority maintained schools are asked to approve the following recommendations:

- Note there will be a requirement to access the contingency fund closing school deficits as a result of school reorganisations in Coquet and Berwick within the financial years 2025/26 & 2026/27.
- Note the aim of the staffing protocols that are in place within both partnerships is to mitigate the need for redundancies, and therefore minimising the financial burden on the closing and reorganising school budgets.
- Agree to receive an annual report on the level of financial support given to schools in the Coquet and Berwick partnerships.

Sue Aviston

Head of School Organisation and Resources



Northumberland County Council

Wellbeing and Community Health

Agenda Item: 8

SCHOOLS FORUM

19 July 2024

Maintained School Balances as at 31 March 2024

1. PURPOSE OF REPORT

To inform Schools Forum of the position regarding Maintained School Balances as at 31 March 2024.

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 2023-24 by 1st July 2024. 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 £8.652m (as at 1 April 2023), as reported to Schools Forum in July 2022. This represented 105 schools. However, this figure has been reduced by £0.676m to reflect the 5 schools that academised during the period. The adjusted balances therefore reflect those 100 schools reflected in both the 2023/34 opening and closing balances.

Of the 100 schools that remained maintained throughout 2023/24, overall balances fell by £86,698 (91.1%), from £7.976 million to £7.888 million. This of course masks significant differences between both individual schools, and the different phases are shown below:

Total Balances - All Maintained Schools as at 31 March 2024, and movement in 2023/24					
Total Balances	No. of Schools	2022-23	2023-24	Change (£)	Change (%)
First/Primary	82	3,775,751	4,387,905	612,154	16.2%
Middle	7	1,302,742	1,115,904	-186,838	-14.3%
High/Secondary	3	321,327	403,670	82,343	25.6%
Special	8	2,575,709	1,981,356	-594,353	-23.1%
	100	7,975,529	7,888,835	-86,694	-1.1%

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

- At first / primary, 63 (77%) of the 82 Schools have surplus or positive balances at March 2023, with an average balance of £93,888, up £9,934 on the previous March.
- 19 are in deficit, with an average balance of -£80,837. For comparison, at 31 March 2023 there were 18 schools in deficit, 13 of these schools have remained in deficit, but 5 are now in surplus replaced by a different 6 schools now in deficit, having been in surplus at March 2023. Furthermore, 43 (52%) first / primary schools recorded an “in-year” surplus.
- All 7 Middle Schools continue to hold surplus balances, though the average had fallen from £186,106 to £159,415. 3 of the 7 schools saw an increase in balances during 2023/24.
- There has been an improvement in the aggregated balances for the 3 remaining High / Secondary schools, with 2 (75%) holding a surplus balance. 1 of the 3 had a in year surplus.
- Taken as a group including the PRU, the 8 Special Schools so the largest overall fall in their level of balance from £2.576 million to £1.981 million. 5 of the 8 have a surplus balance, totalling £3.447 million; the average balance of these schools is £0.673m. 5 of the 8 Schools recorded in year deficits in 2023/24.

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. There can also be significant variation between schools in the same phase which is “masked” when looking at overall averages. 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 a marginal drop in 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, and will do so again in 2024/25 with no additional grant as was the case previously.

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 2022/23 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 2023/24 will be published via the Schools Financial Benchmarking service in late 2024.

Bruce Parvin
Education and Skills Business Manager

Callum Street
Principal Accountant. Corporate Finance

07 July 2024

ANALYSIS OF MOVEMENT IN MAINTAINED SCHOOL BALANCES 2023/24

Number of Schools with Deficits	2022-23	2023-24	Change
First/Primary	18	19	1
Middle	0	0	0
High/Secondary	2	1	-1
Special	3	3	0
	23	23	0
Number of Schools with Surpluses	2022-23	2023-24	Change
First/Primary	64	63	-1
Middle	7	7	0
High/Secondary	1	2	1
Special	5	5	0
	77	77	0
Total Balances of Schools with Deficits	2022-23	2023-24	Change
First/Primary	-1,597,261	-1,527,007	70,254
Middle	0	0	0
High/Secondary	-239,869	-186,016	53,853
Special	-870,908	-1,384,336	-513,428
	-2,708,038	-3,097,359	-389,321
Total Balances of Schools with Surpluses	2022-23	2023-24	Change
First/Primary	5,373,013	5,914,913	541,900
Middle	1,302,742	1,115,905	-186,837
High/Secondary	561,197	589,686	28,489
Special	3,446,617	3,365,691	-80,926
	10,683,569	10,986,195	302,626
Average Balances of Schools with Deficits	2022-23	2023-24	Change
First/Primary	-88,737	-80,369	8,368
Middle	-	-	-
High/Secondary	-119,935	-186,016	-66,082
Special	-290,303	-461,445	-171,143
	-117,741	-134,668	-16,927
Average Balances of Schools with Surpluses	2022-23	2023-24	Change
First/Primary	83,953	93,888	9,934
Middle	186,106	159,415	-26,691
High/Secondary	561,197	294,843	-266,354
Special	689,323	673,138	-16,185
	138,748	142,678	3,930



Northumberland County Council

Wellbeing and Community Health

Agenda Item: 9

SCHOOLS FORUM

17 July 2024

High Needs Block Suggested Actions

1. PURPOSE OF REPORT

To inform Schools Forum of the work carried out since the February 2024 Schools Forum Meeting in relation to the High Needs Block and share proposals for potential savings in relation to the budget pressures identified.

2. RECOMMENDATIONS

Schools Forum members representing LA maintained schools are recommended to consider the following recommended actions in order to mitigate the pressures identified in High Needs budgets:

- Advocate the Northumberland 'Ordinarily Available Provision' Guidance as the mandatory baseline for SEND provision in all schools and settings;
- All options for development of 'in house' SEND provision (SSB's and AP's) are implemented in line with the SEND and AP Place Planning Strategy;
- Introduction of Northumberland Education Support Plan option, via a pilot in Early Years and KS1;
- Develop policy and practice for the proposed new banding system (Officers to produce a model for application by Sept Forum);
- Consider whole school/Trust financial position when considering any growth in top ups;
- Apply the payment timelines;
- Monitor and report performance outcomes of these actions to Forum termly;
- Increase Schools Block contribution for 25/26 to 1%.

3. BACKGROUND

Schools Forum has received various reports and information highlighting the increasing pressures on the High Needs block, essentially arising because of the large increase in the number of Education, Health and Care Plans (EHCPs) over the last few years.

4. CURRENT POSITION

The budget presented in February 2024 identified a potential savings requirement of over £4million, and a series of 3 workshops were subsequently conducted across

Northumberland to seek Schools' opinions in relation to this. The proposals contained in the accompanying presentation have arisen from discussions in these workshops, including the 7 recommendations made at paragraph 2.

5. SUMMARY AND CONCLUSIONS:

School Forum members are requested to consider the proposals for savings outlined in the presentation. While these are insufficient to balance the budget without additional resources, or further savings, this should be seen as an important first step towards bringing the High Needs Block back into balance.

David Street
Director of Education, Skills and SEND



Northumberland
County Council

A SEND Finance Update

‘Growth, growth and more
growth’

www.northumberland.gov.uk

High Needs Block Budget 23/24 breakdown (basic)

- Top ups £20m or 40%
- Northumberland Special School placements £15m or 30%
- Out of county and in county private provisions £6.5m or 13%
- Central teams £5.65m or 11%
- Transport, AP for PEX, PSB and SSB's set up £2.5m or 5%

High Needs Block and Capacity Summary

- Continuous growth in EHCP's (99% in last 4 years, now 11th highest out of 152 LAs),
Continuous growth in top ups payment budget (£13m 21-22, £20m 23-24)
- Growth in special school places (circa 11% annually)
- Growth in HNB (50% in last 4 years, estimate 24-25 5%)
- Gap in funding growth and demand of 49%
- HNB 23-24 in year deficit of £3.7m and final balance of -£1.8m
- 24-25 estimates modelled on 10% growth of EHCP's, schools block contribution of 0.5% and limited additional specialist placements -£6.5m in year over spend and -£8.3m combined final balance (-15%)



Northumberland
County Council

SEND Finances Update- HNB Suggested Actions

‘Thinking differently and doing
differently’

www.northumberland.gov.uk

Solutions to overspend

- Bring EHCP practice in line with national averages
- Reduce the growth/cut top up values
- Meet needs as close to home as possible

Without an increase in exclusions and still meet our statutory requirements...

- Increase income/funding?

Bring EHCP practice in line with national average

1. Continue and extend robust challenge of COSA applications
2. Offer a credible and appropriate 'Northumberland Education Support Plan' to support meeting needs in schools close to home (with a lower average banding)

Manage the growth in top up spend

1. Introduce a new banding model- bands 1-18 (up to 24 for special schools), valued at £1k to £18K for EHCP's and NESP's
2. Any future banding increase requests will require a breakdown of costs for the individual and whole school SEND spend (templates to be provided)
3. Schools/Trusts with overall revenue balances above 10% (secondary) and 16% (primary) in the previous financial year will not be eligible for increased banding requests (25% of schools)
4. Any increased top ups to start at the beginning of the next term
5. Additional notional paid at the start (rather than the end) of the term

Meeting needs as close to home as possible

1. Support all schools to deliver 'Ordinarily Available Provision'
2. Share expectation that learners with NESP's will have needs met in their local school
3. Deliver further specialist training and support in mainstream schools
4. Further reduce out of county placements by increasing highest need capacity in Northumberland Special Schools
5. Support individual schools to develop their own Specialist Support Bases in primary and alternative provision models in the secondary sector and remodel post 16 SEND provision
6. Develop partnership (geographical, Alliance and Trust) solutions to SEND demands

Increase income/funding

- Transfer more from other blocks (0.5% from Schools Block 24-25) (1% in 25/26?), SEND Inclusion Fund for EY exclusively from the EY block)
- Gain more funding for support from Council
- Lobby central government
- External funding streams

Possible Growth Reduction Savings 24-25

Not all the actions listed have an immediate saving attached but where this is the case, they do enable/support other actions to occur which do hold direct savings to take place

Action	Saving (m)
Bring EHCP practice in line with NA and NESP impact	0.654
Combined banding actions	0.903
Reduced growth in specialist placements	1.058
Increased council contribution	0.882
Increased early years block contribution	0.2
Total	3.697
Increased schools block contribution (25-26)	1.2

Recommendations

- Advocate the Northumberland 'Ordinarily Available Provision' Guidance as the mandatory baseline for SEND provision in all schools and settings
- All options for development of 'in house' SEND provision (SSB's and AP's) are implemented in line with the SEND and AP Place Planning Strategy
- Introduction of Northumberland Education Support Plan option, via a pilot in Early Years and KS1
- Develop policy and practice for the proposed new banding system (Officers to produce a model for application by Sept Forum)
- Consider whole school/Trust financial position when considering any growth in top ups
- Apply the payment timelines
- Monitor and report performance outcomes of these actions to Forum termly
- Increase Schools Block contribution for 25/26 to 1%



Northumberland County Council

Wellbeing and Community Health

Agenda Item 9

SCHOOLS FORUM

17 July 2024

Scheme for Financing Maintained Schools 2024/25

1. Purpose of the Report

To review and approve the revised Scheme for Financing Maintained Schools for the period commencing 1 September 2024.

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 04 June 2024 with a closing date of 02 July 2024. No comments were received as a result of the consultation. A copy of the proposed Scheme for the academic year 2024/25 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 ~~strikethrough~~ 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 has been clarification of the position regarding leases following the adoption of International Financial Reporting Standard (IFRS) 16 (Section 3.6) All leases require the Secretary of States consent, though blanket consent is provided to the most common leasing activities as set out in [IFRS16 Maintained Schools Finance Lease Class Consent 2024](#).

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>

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 the academic year 2024/25. 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 2024



Northumberland

County Council

DRAFT

**SCHEME FOR FINANCING MAINTAINED
SCHOOLS**

**Effective Date:
1 September 2024**

DRAFT

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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 governors¹⁹.

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 Children's 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 introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.

The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives.

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 Children's 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 Children's 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
Craggside 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 First School

Mowbray Primary School
New Hartley First School
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 (academised 01 August 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 academised 01 December 2023~~

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 11

17 July 2024

2024/25 WORK PROGRAMME AND MEETING DATES

Wednesday 17 July 2024: 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 25 September 2024 : 9.30-12.00 (Virtual Meeting)

NFF Update
Review of Schools Forum Membership

Wednesday 27 November 2024 : 9.30-12.00 (Virtual Meeting)

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

Wednesday 15 January 2025: 9.30-12.00 (Provisional – Virtual Meeting)

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

Wednesday 19 February 2025: 9.30-12.00 (Provisional – Virtual Meeting)

Setting the DSG budget for 2022/23 – individual budgets