

# Blackpool Council

9 January 2018

## SCHOOLS FORUM

Tuesday, 16 January 2018 at 9.15 am  
in Community Room, Devonshire Primary Academy, Devonshire Rd, Blackpool,  
FY3 8AF

## A G E N D A

**1 MEMBERSHIP UPDATE** (Pages 1 - 2)

Mrs Hilary Wood, Head of Business Support and Resources, to provide a written report and update to the Forum.

**2 ELECTION OF CHAIRMAN**

To appoint a Chairman of the Forum until January 2019.

**3 ELECTION OF VICE CHAIRMAN**

To appoint a Vice Chairman of the Forum until January 2019.

**4 APOLOGIES**

**5 DECLARATIONS OF INTEREST**

Schools Forum members are asked to declare any interests in the items under consideration and in doing so state:

(1) the type of interest concerned; and

(2) the nature of the interest concerned

**6 MINUTES OF THE LAST MEETING HELD ON 10 OCTOBER 2017** (Pages 3 - 10)

To agree the minutes of the last meeting held on 10 October 2017 as a true and correct record.

**7 PUBLIC HEALTH UPDATE**

Ms Lynn Donkin, Public Health Specialist, to provide a verbal update to the Forum.

**8 DEDICATED SCHOOLS GRANT BUDGET MONITORING 2017/2018** (Pages 11 - 14)

Mr Mark Golden, Finance Manager, to provide a written update to the Forum.

**9 DRAFT 2018/2019 DEDICATED SCHOOLS GRANT BUDGET PROPOSAL** (Pages 15 - 22)

Mrs Hilary Wood, Head of Business Support and Resources, to provide a written update to the Forum outlining the 2018/2019 Budget Proposal.

**10 SCHOOL FUNDING FORMULA 2018/2019 PROPOSALS** (Pages 23 - 30)

Mrs Hilary Wood to provide a written report on the School Funding Formula proposals for 2018/2019.

**11 PUPIL GROWTH CONTINGENCY 2018/2019** (Pages 31 - 34)

Mr Paul Sharples, School Funding and PFI Manager to provide a written report to the Forum on Pupil Growth Contingency.

**12 DE-DELEGATION OF SERVICES AND RETENTION FOR EDUCATION FUNCTIONS 2018/2019** (Pages 35 - 40)

Mr Paul Sharples, School Funding and PFI Manager to provide a written report to the Forum on de-delegation of services.

**13 ILLUMINATE FUNDING** (Pages 41 - 44)

Mrs Hilary Wood, Head of Business Support and Resources, to provide a written update on the review of Primary and Secondary schools allocation criteria for Illuminate funding.

**14 DEPARTMENT FOR EDUCATION CONSULTATIONS - IMPACT OF UNIVERSAL CREDIT ON SCHOOL FUNDING** (Pages 45 - 46)

Mrs Hilary Wood, Head of Business Support and Resources, to provide a written update to the Forum on the DfE consultation.

**15 DIRECTED REVISION OF SCHEME FOR FINANCING SCHOOLS** (Pages 47 - 102)

Mr Paul Sharples, School Funding and PFI Manager to provide a written report to the Forum on the directed revision for financing schools.

**16 INCLUSION UPDATE**

Mr Paul Turner, Acting Head of Schools, Standards and Effectiveness, to provide a verbal update on inclusion and accessibility.

**17 ACADEMY UPDATE**

Mr Paul Turner, Acting Head of Schools, Standards and Effectiveness, to provide a verbal update to the Forum on relevant Academy School developments.

**18 LOCAL AUTHORITY UPDATE**

Mr Paul Turner, Acting Head of Schools, Standards and Effectiveness, to provide a verbal update to the Forum on relevant Local Authority developments.

**19 DATE OF NEXT MEETING**

The Forum to note the date of the next meeting as Tuesday 13 March 2018 at Devonshire Primary Academy from 9.15am.

**General information:**

For queries regarding this agenda please contact Chris Williams, Democratic Governance Adviser, Tel: (01253) 477153, e-mail: [chris.williams@blackpool.gov.uk](mailto:chris.williams@blackpool.gov.uk)

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| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>                                |
| <b>Relevant Officer:</b> | Hilary Wood, Head of Business Support and Resources |
| <b>Date of Meeting:</b>  | 16 January 2018                                     |

## MEMBERSHIP UPDATE

### 1.0 Purpose of the report:

- 1.1 To inform the group of the outcome of elections to Schools Forum for the three-year term of office commencing January 2018.

### 2.0 Recommendation(s):

- 2.1 To note the membership update for the three-year term of office commencing January 2018.

### 3.0 Background Information

- 3.1 A new three-year term of office for Schools Forum members commences in January 2018. For this reason, each group represented on Schools Forum has undertaken an exercise to identify their representative(s) for the forthcoming term. The outcome is set out in the table below:

| Category                    | Name             | School (Trust) / Organisation       |
|-----------------------------|------------------|-------------------------------------|
| Maintained Primary Schools  | Jo Hirst         | Bispham Endowed                     |
|                             | Elaine Allen     | St John Vianney                     |
| Maintained Primary Governor | Michelle Lonican | Our Lady of the Assumption          |
| Academies                   | Simon Brennand   | Unity (FCAT)                        |
|                             | Janet Carroll    | Roseacre                            |
|                             | Roger Farley     | Westminster (FCAT)                  |
|                             | Tracy Harrison   | Thames                              |
|                             | Derek Medcalf    | St George's (Cidari)                |
|                             | Nick Toyne       | Devonshire (Blackpool MAT)          |
|                             | Edward Vitalis   | Marton/South Shore (Bright Futures) |
|                             | Chris Wardle     | Highfield (Tauheedul)               |
| Maintained Special Schools  | Rosie Sycamore   | Highfurlong                         |
| Special Academy Schools     | Susan Fielder    | Park (Blackpool MAT)                |

| <b>Category</b>            | <b>Name</b>     | <b>School (Trust)</b>      |
|----------------------------|-----------------|----------------------------|
| Pupil Referral Unit        | Wendy Casson    | Educational Diversity      |
| Early Years                | Richard Rendell | Langdale Nursery           |
| Post-16                    | Simon Hughes    | Blackpool & Fylde College  |
| Trade Unions (shared seat) | Amanda Baines   | National Union of Teachers |
|                            | David Dickinson | Unison                     |

### **Present:**

#### **Primary School Head Teachers/Representatives**

Ms J Hirst, Bispham Endowed (Chairman)  
Ms E Allen, St John Vianney

#### **Pupil Referral Unit Head Teacher/Head Teacher Representative**

Ms W Casson, Educational Diversity

#### **Primary School Governor Representative**

Ms C Butterworth, School Governor representative

#### **Academy School Representatives**

Ms J Carroll, Roseacre  
Mr S Brennand, Unity  
Ms T Harrison, Thames  
Mr D Medcalf, St Georges  
Mr N Toyne, Devonshire  
Mrs S Wilson, Fylde Coast Academy Trust

#### **Non-Schools Members**

Mr D Dickinson, Staff/Teacher Associations  
Mr R Rendell, Early Years Strategic Group  
Ms S Hughes, Blackpool and Fylde College (post 16 representative)

#### **In Attendance:**

Mrs L Donkin, Consultant in Public Health  
Mr M Golden, Finance Manager  
Mr P Turner, Schools Safeguarding Adviser  
Mr C Williams, Democratic Governance Adviser (Minutes)  
Mrs H Wood, Head of Business Support and Resources.

### **1 APOLOGIES**

Apologies for absence were received from Cllr Benson, Cabinet Member for Schools and Learning, Mrs D Booth, Director of Children's Services, Mrs A Whitehead, Head of Schools, Standards and Effectiveness and Mr P Sharples, School Funding and PFI Manager.

### **2 DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

### **3 MINUTES OF THE LAST MEETING HELD ON 20 JUNE 2017**

The minutes of the Schools Forum held on 20 June 2017 were agreed as a correct record and signed by the Chairman.

#### **4 REVIEW OF SCHOOLS FORUM MEMBERSHIP AND CONSTITUTION**

Mrs Wood described the context of the report. The Forum was advised that the Constitution required a review of membership at the first meeting of each academic year and that this should take into account the proportion of primary, secondary and academy representatives in order to ensure that the proportions remained representative of pupil numbers in each phase.

During the academic year 2017/2018, Mereside Primary School had converted to academy status. This was followed by Claremont Primary School converting to Westminster Primary Academy on 1 September 2017. Mrs Wood advised that the Forum distribution of the 11 mainstream primary, secondary and academy places did not require amending as a result of these changes. The only noted change the Forum was advised of was the replacement of Mr Cole Andrew with Ms Rosie Sycamore as the Special Schools representative.

The Forum thanked Mr Andrew for his service and dedication and wished him well for the future.

Mrs Wood advised that elections would be required to determine the membership for the next three year term of office from January 2018 and added that she would make the necessary arrangements.

**The Forum agreed:**

1. To agree the balance of representatives between primary, secondary and academy mainstream schools.
2. To agree to the continuation of arrangements in relation to the provisions in the Constitution in respect of numbers of representatives from any federation, multi-academy trust or academy sponsor.

#### **5 PUBLIC HEALTH UPDATE**

Mrs Donkin provided an update on Public Health initiatives that were of significance to schools. It was reported that an evaluation of the free school breakfast initiative had been carried out by a PhD student and was available for circulation to Forum members upon request. In addition, the National Child Measurement Programme (NCMP) which aimed to measure the height and weight of children in reception class (aged 4 to 5 years) and year 6 (aged 10 to 11 years) would be published prior to the next Forum meeting.

The Forum was advised that an interest group had been formed by Public Health and partners to discuss adverse childhood experiences with a view to developing a better understanding of the experiences of local children. Mrs Donkin welcomed Forum members to join the group if they wished.

The Forum noted the update.



## MINUTES OF SCHOOLS FORUM MEETING - TUESDAY, 10 OCTOBER 2017

### 6 DEDICATED SCHOOLS GRANT BUDGET MONITORING 2017/2018

Mr Mark Golden presented the report detailing the current budget position of the Dedicated Schools Grant for the 2017/2018 Financial Year and the amount of Dedicated Schools Grant reserves as at 31 August 2017 along with details of future commitments.

The Forum expressed concern that the first report of the financial year had uncovered a serious error in the financial calculations for end of financial year 2016/2017. An error in the calculation of full time participation numbers from the part time equivalent data within the early years census, resulted in an over estimation of funding due for that year, which had in turn required an early years adjustment to reserves of £388,358.

The issue of Out Of Borough (OOB) placements was raised again as one of the key financial pressures on the DSG. Forum members emphasised the need to be more proactive and highlighted a lack of appropriate provision in mainstream settings currently, which continued to contribute significantly to exclusions and higher numbers in the Pupil Referral Unit, Special Schools and in OOB placements.

Mr Golden acknowledged that Blackpool's position was especially difficult given those pressures noted on the High Needs Block in particular and as such, presenting a balanced budget for 2018/2019 would present a significant challenge.

#### **The Forum agreed:**

1. To note the 2017/2018 budget position and resulting impact on the DSG reserve.
2. That the draft 2018/2019 Dedicated Schools Grant Budget proposal be brought to the 16 January 2018 Forum meeting.

### 7 SCHOOLS NATIONAL FUNDING FORMULA UPDATE

Mrs Wood provided an update on the outcome of the second stage of the consultation by the Department for Education (DfE) regarding the introduction of a National School's Funding Formula and the implications for Blackpool.

It was reported that the second stage of the consultation was published on 14 December 2016, and ran for 14 weeks until 22 March 2017. Details of the proposals were shared with Schools Forum at its meeting in March 2017, and Blackpool Council subsequently submitted a response to the questions posed.

Mrs Wood advised that funding for 2018/2019 and 2019/2020 would be allocated using the national funding formula, but aggregated at Local Authority level. Local areas would then have the ability to re-distribute funding between their schools using a local formula (the "soft" formula). The "hard" formula would then come into effect in a future year. The local formula would help to smooth the impact of the introduction of the hard formula over the intervening years. Under the published Illustrative Budgets, Blackpool schools would stand to gain by 5.8% if the formula was fully implemented, with provisional gains of 2.5% in 2018/2019 after caps and floors had been calculated.

Concerns were noted that the operation of the prescribed Minimum Funding Guarantee might prevent schools from receiving the 0.5% per pupil increase allowed for in the national formula. Mrs Wood responded advising that a working group was being formed

## MINUTES OF SCHOOLS FORUM MEETING - TUESDAY, 10 OCTOBER 2017

to look at potential alternative local arrangements, which would require a request to disapply the standard minimum funding guarantee methodology. Local formulae have the flexibility to transfer up to 0.5% from the School's Block to another block. Given the current pressures on the High Needs Block, Mrs Wood advised that it may be necessary to consider this option in the short term.

One positive in particular was noted, namely that as a result of changes, the total amount spent through the looked-after children (LAC) factor in local formulae in 2017/2018 would be transferred from the DSG to the pupil premium plus budget. As a result of this transfer, the 2018/2019 pupil premium plus rate would then increase from £1,900 per pupil to £2,300 which would result in an estimated £150,000 of additional funding for Blackpool pupils on top of the national funding formula.

The Forum noted the timetable for next steps which included a workshop to be arranged for October 2017 to consider options for a local formula, followed by a Local Authority run consultation on the preferred option(s) in November 2017.

### **The Forum agreed:**

1. To note the details of the Government's response to the second stage consultation for a national schools funding formula.
2. Proposals on the school funding formula for 2018/2019 to be presented to the Forum at the 16 January 2018 meeting.

## **8 HIGH NEEDS UPDATE**

Mrs Wood reported that provisional allocations for 2018/2019 High Needs Block funding for local authorities had been proposed and the final policy document was fundamentally unchanged from the Stage 2 consultation proposals in the calculation of the national formula. Under the new proposals, Blackpool would see a £278,000 increase in funding in 2018/2019 against the 2017/2018 baseline, which would equate to 1.4 per cent. This compared to no increase in the Stage 2 proposals. The allocations contained two provisional amounts; the basic entitlement which would be updated to reflect more up-to-date pupil numbers from the October School Census; and the import/export adjustment which would be updated to reflect information from the January 2018 School Census and college Individualised Learner Record (ILR) returns. In future census returns, it was noted that there was a need to ensure accurate reporting of high needs numbers as underreporting could have an adverse effect on the amount of funding the Local Authority could potentially receive.

The Forum was reminded that with the ring-fencing of the Schools Block and pressures on Early Years providers, the opportunities for High Needs provision to be subsidised from elsewhere were reducing, and it was essential that a self-sustaining financial position be achieved in the near future. It was reported that the Local Authority would be producing a medium-term financial plan for the High Needs Block to achieve a balanced budget against available funding in the near future.

Following the outcome of a procurement exercise, a firm of external consultants, Premier Advisory Group, had been appointed to carry out a strategic review of high needs provision in Blackpool, funded by a Department for Education grant for this purpose.

## MINUTES OF SCHOOLS FORUM MEETING - TUESDAY, 10 OCTOBER 2017

The Forum discussed various aspects of High Needs provision and in particular the decision communicated to schools that ad hoc funding for pupils without an Education Health and Care Plan (EHCP) would no longer be available via the Statutory Assessment Resource Panel (SARP). Instead, schools would be expected to fund short-term support from their Notional SEN Budget and progress requests for statutory assessments in a timelier manner.

The Forum noted the report.

### 9 INCLUSION UPDATE

Following previously raised concerns about the number of pupils in the Pupil Referral Unit, as well as those being educated at home, the Forum considered the report which detailed a number of areas of progress relating to inclusion.

The subject of inclusion in schools had been the focus of attention in recent months through Blackpool's School Improvement Board and its Inclusion and Support Sub-Group. Mrs Wood advised that the Local Authority was in the process of engaging with schools to develop an inclusion strategy that would help to drive the agenda going forwards. An application to Round 1 of the Department for Education's Strategic Schools Improvement Fund had been unsuccessful, but Mrs Wood informed the Forum that further work was underway to consider additional applications to support inclusion in future rounds of the Improvement Fund and/or from available Opportunity Area funding.

A discussion about the In Year Fair Access Panel led to an expression of concern among some members about whether these were having any real impact on reducing numbers in the Pupil Referral Unit. However, some called for a similar arrangement to be in place for primaries as currently the Panel only dealt with secondary cases. Ms Harrison agreed to attend the next Panel in order to bring a Primary perspective to proceedings and ensure consistency of approach.

Further discussion about underuse of Illuminate funding for new to area pupils suggested that perhaps the eligibility criteria were not widely understood. A review of 2017/2018 movement into primaries was seen as an important step to establish whether any eligible children had missed out on funding. A proposal to extend Illuminate funding to cover Secondary pupils was discussed. Forum members felt that the funding criteria should be reviewed across both phases.

Mrs Wood reported that changes to the referral system into the Pupil Referral Unit had resulted in the Local Authority reaching an agreement with the Head Teacher of Educational Diversity that all referrals into the PRU would now be made via the School Admissions Team. The only exception to this would be where pupils met the strict medical criteria for placement in the Athena Unit, and were referred via its Panel.

#### **The Forum agreed:**

1. To agree that the charging for permanently excluded pupils be pro rata on an academic year for primary academies, in line with the agreement already made by secondary academies.
2. To operate a single In Year Fair Access (IYFA) Panel for both Primary and Secondary schools and invite Primary representatives to join the membership.

## MINUTES OF SCHOOLS FORUM MEETING - TUESDAY, 10 OCTOBER 2017

3. For the joint IYFA Panel, once formalised, to review Primary and Secondary schools allocation criteria for Illuminate funding to better align them.
4. A report on the review at 3. to be brought to the 16 January 2018 meeting.
5. To review movement into Primary schools in 2017/2018 to establish if any children had missed out on Illuminate funding and if so to allocate funding retrospectively from April 2017.

### 10 LOOKED AFTER CHILDREN PUPIL PREMIUM GRANT

Mrs Wood presented the report which included a proposal for the Virtual Head Teacher to retain a portion of Pupil Premium Plus for Looked After Children in Blackpool, namely an amount of £225 per pupil to centrally fund: extension of the Letterbox Reading Scheme at a cost of £13,000, introducing GCSE Pod at £9,550 for 50 licences, funding the JustUz/Corporate Parent Achievement Awards for £5,000, providing extra Educational Psychology support at a cost of £7,000, paying £15,000 for an additional part-time Pupil Achievement Support Officer and funding Connexions Support at a cost of £35,000.

The Forum was advised that the proposal had been discussed and agreed at the Education Managers' Meeting on 8 September 2017. Based on the current Pupil Premium Plus numbers of 381 (as of July 2017) this would total £85,725. Schools would continue to access the remaining funding through an application process aligning planned spending with targets on Personal Education Plans (PEP) and demonstrating impact of previous funding. In addition, Pupil Premium Plus would be distributed three times per year as currently in roughly equal instalments.

During the subsequent discussion, it was agreed that duplication of services should be avoided and some representatives advised that they currently provided some of the services internally within school and from their individual budgets, for example careers advice. With this in mind, the Forum expressed a desire to find out what exactly individual settings currently provided for their Looked After Children. In addition, concerns about the separate issue of non-attendance of social workers to some meetings within schools about specific Looked After Children were noted.

#### **The Forum agreed:**

Mrs Wood to feed back the comments of Forum members to the Virtual School Head Teacher.

### 11 ACADEMY UPDATE

Mr Paul Turner reported that Stanley Primary School had taken the decision to join the Mulberry Academy Trust, with Norbreck Primary Academy as the lead school, from 1 April 2018.

The Forum was also advised that Claremont Primary School had completed its conversion to Westminster Primary Academy and Children's Centre on 1 September 2017.

The Forum noted the update.

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### 12 LOCAL AUTHORITY UPDATE

The Forum was advised that there had been some increased buyback from the Local Authority for Pupil Welfare Services to individual school settings. In addition, St Cuthbert's had recently been given a 'good' rating in an Ofsted inspection. Members of the Forum were also informed that Mr Phil Thompson had been permanently appointed as the Head of SEND for the Local Authority.

All Primary and Secondary school headteachers were invited to a consultation on Inclusion that would be conducted at Bickerstaffe House on 9 /10 November 2017.

Mr Turner reported that following discussions at the School Improvement Board, the decision had been taken to reduce the number of meetings by disbanding the various Sub-Groups and reorganising the Board itself to increase functionality and productivity.

The Forum noted the update.

### 13 DATE OF NEXT MEETING

Members noted that the date of the next meeting would be Tuesday 16 January 2018.

### Chairman

(The meeting ended at 12.00 pm)

Any queries regarding these minutes, please contact:  
Chris Williams Democratic Governance Adviser  
Tel: (01253) 477153  
E-mail: [chris.williams@blackpool.gov.uk](mailto:chris.williams@blackpool.gov.uk)

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| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>         |
| <b>Relevant Officer:</b> | Mark Golden, Finance Manager |
| <b>Date of Meeting:</b>  | 16 January 2018              |

## DEDICATED SCHOOL GRANT BUDGET MONITORING 2017/2018

### 1.0 Purpose of the report:

- 1.1 To report the budget position of the Dedicated Schools Grant for the 2017-2018 Financial Year - Appendix 8(a).
- 1.2 To report the amount of Dedicated Schools Grant reserves as at 30 November 2017 along with details of future commitments – Appendix 8(b).

### 2.0 Recommendation(s):

- 2.1 To note contents of the report.
- 2.2 To agree to the use of Dedicated Schools Grant reserves (excluding school balances) to partially fund the high needs overspend in 2017-2018.
- 2.3 To agree to carry forward the forecast deficit balance to 2018-2019.

### 3.0 Background:

- 3.1 As reported at Forum in October 2017 there are significant pressures on the High Needs Block.
- 3.2 High Needs spending is difficult to control as it depends on individual decisions about the support needs of children in mainstream schools, as well as placement costs for children in special schools, whether LA maintained or independent. Where children are placed in independent schools, the cost depends on the needs of the child and negotiation as to the rate paid.
- 3.3 Work is ongoing by the authority to manage the cost pressures in the medium term with a new free school planned to be opened in September 2019. However, expenditure continues to out strip Department for Education funding in the short term.
- 3.4 The Out of Borough forecast over spend has risen again and is expected to be £679,000 by the end of the financial year.
- 3.5 Special school pupil numbers have also increased resulting in a forecast over spend of

£224,000.

3.6 The Schools Block and Early Years Block are forecasting small variances of £18,000 under and £34,000 over respectively.

3.7 DSG reserves as reported at last forum were forecast to be at £267,000 by 31 March 2018. However, given the deteriorating in-year position described above there is now forecast to be a deficit of £367,000 by the end of the financial year which will need to be carried forward to 2018-2019.

#### **4.0 List of Appendices:**

4.1 Appendix 8(a) - Dedicated Schools Grant 2017-2018 Budget Monitoring Report to 30 November 2017.

Appendix 8(b) - Dedicated Schools Grant Reserves as at 30 November 2017

#### **List of Acronyms:**

|     |   |                           |
|-----|---|---------------------------|
| DSG | - | Dedicated Schools Grant   |
| LA  | - | Local Authority           |
| HNB | - | High Needs Block          |
| SSA | - | Special Support Assistant |
| EFA | - | Education Funding Agency  |



## Appendix 8(a) - Dedicated Schools Grant 2017-2018 Budget Monitoring Report to 30 November 2017

| Service  | 2017/18          |              |                 |                 |                  |              | Comments  |
|--|------------------|--------------|-----------------|-----------------|------------------|--------------|---|
|  | Budget           | In Year Adj. | Recoupment      | Adjusted Budget | Forecast Outturn | Variance     |   |
|  | £000s            | £000s        | £000s           | £000s           |                  | £000s        |   |
| <b>Schools Block</b>   |                  |              |                 |                 |                  |              |   |
| Local School Budget  |                  |              |                 |                 |                  |              |   |
| - Delegated  | 77,748           | 0            | (58,782)        | 18,966          | 18,966           | 0            |   |
| - Third Party & Public Liability Insurance (de-delegated)  | 279              | 0            | 0               | 279             | 279              | 0            |   |
| - Union Duties (de-delegated)  | 20               | 0            | 0               | 20              | 20               | 0            |   |
| - Free School Meals Eligibility Checks (de-delegated)  | 13               | 0            | 0               | 13              | 13               | 0            |   |
| - Education Functions (retained)   | 95               | 0            | 0               | 95              | 95               | 0            |   |
| Pupil Growth Contingency   | 71               | 0            | 146             | 217             | 217              | 0            |   |
| Servicing of Schools Forum   | 15               | 0            | 0               | 15              | 15               | 0            |   |
| Licences & Subscriptions   | 80               | 0            | 0               | 80              | 80               | 0            |   |
| School Admissions  | 140              | 0            | 0               | 140             | 122              | (18)         | Vacancy savings   |
| Contribution to Combined Budgets - Children's Centres  | 1,000            | 0            | 0               | 1,000           | 1,000            | 0            |   |
| Former ESG Retained Duties   |                  |              |                 |                 |                  |              |   |
| - Education Welfare  | 204              | 0            | 0               | 204             | 204              | 0            |   |
| - Asset Management   | 57               | 0            | 0               | 57              | 57               | 0            |   |
| - Statutory / Regulatory Duties  | 77               | 0            | 0               | 77              | 77               | 0            |   |
| <b>Total Schools Block</b>   | <b>79,798</b>    | <b>0</b>     | <b>(58,636)</b> | <b>21,162</b>   | <b>21,144</b>    | <b>(18)</b>  |   |
| <b>High Needs Block</b>  |                  |              |                 |                 |                  |              |   |
| <b>Special Schools</b>   |                  |              |                 |                 |                  |              |   |
| Place Funding  | 3,880            | 0            | (2,340)         | 1,540           | 1,540            | 0            |   |
| Top-up Funding   | 2,151            | 0            | 0               | 2,151           | 2,375            | 224          | Forecast rise in pupil numbers                                    |
| <b>SERFs</b>   |                  |              |                 |                 |                  |              |   |
| Place Funding  | 500              | 0            | (302)           | 198             | 198              | 0            |   |
| Top-up Funding   | 280              | 0            | 0               | 280             | 280              | 0            |   |
| Transport  | 120              | 0            | 0               | 120             | 120              | 0            |   |
| <b>Pupil Referral Units</b>  |                  |              |                 |                 |                  |              |   |
| Place Funding  | 2,580            | 0            | 0               | 2,580           | 2,580            | 0            |   |
| Top-up Funding   | 1,436            | 0            | (15)            | 1,421           | 1,419            | (3)          |   |
| <b>Downstream Schools</b>  |                  |              |                 |                 |                  |              |   |
| Top-up Funding   | 777              | (21)         | (0)             | 756             | 765              | 8            | Ad-hoc support payments through SARP in Summer Term               |
| Exceptional Circumstances Funding  | 57               | 0            | 0               | 57              | 57               | 0            |   |
| Post-16 Education  | 1,725            | 0            | (694)           | 1,031           | 1,022            | (10)         | Vacancy savings   |
| Out of Borough   | 3,225            | 0            | 0               | 3,225           | 3,903            | 679          | New placements and increased transport costs                      |
| Specialist Advisory and Referral Service (SARS)  | 1,070            | 21           | (0)             | 1,091           | 1,080            | (11)         | Vacancy savings   |
| Access and Inclusion   | 267              | 0            | 15              | 282             | 288              | 6            |   |
| Other High Needs Central Services<br>(Management, Central Support Costs, Admin Support, Pension Top-slice) | 772              | 0            | 0               | 772             | 772              | 0            |   |
| <b>Total High Needs Block</b>  | <b>18,840</b>    | <b>0</b>     | <b>(3,336)</b>  | <b>15,505</b>   | <b>16,399</b>    | <b>894</b>   |   |
| <b>Early Years Block</b>   |                  |              |                 |                 |                  |              |   |
| 2 Year Old Grants  | 1,717            | 0            | (68)            | 1,649           | 2,040            | 391          | Funding will be adjusted by DfE based on participation            |
| Early Years Pupil Premium  | 113              | 0            | (16)            | 98              | 112              | 15           | Funding will be adjusted by DfE based on participation            |
| 3 & 4 Year Old Grants  | 5,648            | 0            | (494)           | 5,154           | 5,494            | 340          | Funding will be adjusted by DfE based on participation            |
| Early Years Inclusion Fund   | 25               | 0            | 0               | 25              | 25               | 0            |   |
| Disability Access Fund   | 37               | 0            | 0               | 37              | 37               | 0            |   |
| Early Years Central Services   | 496              | 0            | 0               | 496             | 531              | 35           | Staffing pressures partially offset by Speech and Language saving |
| <b>Total Early Years Block</b>   | <b>8,036</b>     | <b>0</b>     | <b>(578)</b>    | <b>7,458</b>    | <b>8,238</b>     | <b>780</b>   |   |
| <b>Total Expenditure</b>   | <b>106,674</b>   | <b>0</b>     | <b>(62,550)</b> | <b>44,124</b>   | <b>45,781</b>    | <b>1,657</b> |   |
| <b>Dedicated Schools Grant Income</b>  | <b>(106,501)</b> | <b>0</b>     | <b>62,860</b>   | <b>(43,640)</b> | <b>(44,386)</b>  | <b>(746)</b> | Estimated adjustments for Early Years participation               |
| Post-16 funding from the EFA   | 0                | 0            | (310)           | (310)           | (310)            | 0            |   |
| One off use of Reserves as approved at March 16 Forum  | (174)            | 0            | 0               | (174)           | (174)            | 0            |   |
| <b>Total Income</b>  | <b>(106,674)</b> | <b>0</b>     | <b>62,550</b>   | <b>(44,124)</b> | <b>(44,870)</b>  | <b>(746)</b> |   |
| <b>In year (under)/over spend</b>  | <b>0</b>         | <b>0</b>     | <b>0</b>        | <b>0</b>        | <b>912</b>       | <b>912</b>   |   |

## Appendix 8(b) - Dedicated Schools Grant Reserves as at 30 November 2017

| Description                             | Brought Forward<br>01/04/17 | Proposed Re-<br>allocation | Adjusted<br>Balance | Expenditure/<br>(Income) to<br>30th Nov 17 | Forecast Spend<br>1st Dec 17 -<br>31st March 18 | Total<br>Expenditure FY<br>2017-18 | Surplus /<br>(Deficit) at 31st<br>March 2018 | Comments   |
|---|-----------------------------|----------------------------|---------------------|--|---|------------------------------------|--|--|
| Uncommitted DSG Reserve                 | 1,000,615                   | (612,257)                  | 388,358             | 388,358                                    | 0   | 388,358                            | (0)  | 2016-17 Early Years Adjustment   |
| 2017-18 DSG in year deficit - Planned   | 0                           | 174,000                    | 174,000             | 174,000                                    | 0   | 174,000                            | 0  | £174k planned  |
| 2017-18 DSG in year deficit - Unplanned | 0                           | 545,086                    | 545,086             | 912,000                                    | 0   | 912,000                            | (366,914)                                    | £912k unplanned  |
| Equal Pay Earmarked Reserve             | 33,144                      | (33,144)                   | (0)                 | 0  | 0   | 0                                  | (0)  |  |
| Rates Holding Account                   | 48,551                      | (65,375)                   | (16,824)            | (16,824)                                   | 0   | (16,824)                           | 0  |  |
| SSA Voluntary Redundancy Reserve        | 50,000                      | 116,690                    | 166,690             | 166,690                                    | 0   | 166,690                            | 0  |  |
| Schools Safeguarding Post               | 81,373                      | 0                          | 81,373              | 50,729                                     | 30,644  | 81,373                             | 0  | Funding until 31st March 2018 - Need to build into DSG budget from FY18-19 |
| Pension Strain Reserve                  | 25,000                      | (25,000)                   | 0                   | 0  | 0   | 0                                  | 0  |  |
| Insurance Holding Account               | 100,000                     | (100,000)                  | 0                   | 0  | 0   | 0                                  | 0  |  |
|   | 1,338,683                   | 0                          | 1,338,683           | 1,674,952                                  | 30,644  | 1,705,596                          | (366,914)                                    |  |

|                          |   |
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| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>                                |
| <b>Relevant Officer:</b> | Hilary Wood, Head of Business Support and Resources |
| <b>Date of Meeting:</b>  | 16 January 2018                                     |

## DRAFT DEDICATED SCHOOLS GRANT BUDGET 2018/19

### 1.0 Purpose of the report:

1.1 To share with Schools Forum the provisional estimates for the use of Dedicated Schools Grant (DSG) in 2018/2019, and for expenditure against the High Needs Block for the next three years.

### 2.0 Recommendation(s):

2.1 To note the provisional estimates for future use of Dedicated Schools Grant, and to discuss options for managing the pressures on the High Needs Block.

### 3.0 Background Information

3.1 At its meeting in October 2017, Schools Forum was informed about the forecast overspend against the High Needs Block in the current year and the impact this would have on reducing Dedicated Schools Grant reserves. Concerns were discussed about increasing expenditure, particularly in Out of Borough placements, and Schools Forum members asked for the draft budget for expenditure in 2018/2019 to be presented at the meeting in January 2018.

3.2 The earlier report on Dedicated Schools Grant budget monitoring for 2017/2018 showed that the situation has worsened since the last meeting, and that DSG reserves are forecast to be in a deficit position by March 2018.

3.3 On 19 December 2017, the Department for Education issued the provisional allocations of Dedicated Schools Grant for 2018/2019. DSG is now set out in four spending blocks. Blackpool's allocations are as follows:

|                                |           |
|--------------------------------|-----------|
| Schools Block                  | £80.072m  |
| Central Schools Services Block | £1.587m   |
| High Needs Block               | £18.957m  |
| Early Years Block              | £8.178m   |
| Total                          | £108.794m |

3.4 Appendix 9(a) to this report sets out the forecast expenditure against DSG for 2018/2019. The Schools Block, Central Schools Services Block and Early Years Block can all be contained within the allocations for those blocks. However, the High Needs Block is predicting expenditure of £19.830m, which is £873,000 more than the allocation for that block.

3.5 The pressure on the High Needs Block is predominantly brought about by the significant increase in special school and Out of Borough expenditure. This is in spite of savings realised in the SERF budget, and by assumptions made about reducing expenditure in the Pupil Referral Unit (PRU). The growth in recent years in expenditure in these areas is set out in the table below, where the numbers shown are the actual or forecast expenditure each year. This shows that, across these two areas alone, expenditure will have increased by more than £3.5 million, or 50 per cent in four years.

|                 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-----------------|---------|---------|---------|---------|---------|
|                 | £'000   | £'000   | £'000   | £'000   | £'000   |
| Out of Borough  | 2,394   | 2,806   | 3,148   | 3,903   | 4,039   |
| Special schools | 4,692   | 5,094   | 5,699   | 6,225   | 6,575   |

3.6 Appendix 9(b) sets out the three-year forecast for the High Needs budget. Assumptions have been made regarding reducing demand for PRU places, and a reduction in Out of Borough placements once the new special free school opens in September 2019.

3.7 While the medium-term plan shows that a break-even position will more or less be reached by 2019/2020, a deficit of more than £1.5m will be incurred over the next three years, which is on top of the deficit that is forecast for the current year. This position also relies on some significant assumptions within the estimates regarding the containment of special school, Out of Borough and PRU numbers. Any deficits incurred in the intervening years would need to be recovered, meaning that even further reductions would be required.

3.8 The subsequent report on the agenda on the proposals for the School Funding Formula for 2018/2019 contains a recommendation to transfer 0.5% from the Schools Block to the High Needs Block. This would alleviate next year's pressure by £400,000. However, even if this is approved, further action is required in order to reduce the demand for specialist placements.

3.9 The review of High Needs provision currently being carried out by Premier Advisory Group is due for completion imminently, and the local authority will consider its recommendations and report back to Schools Forum at its next meeting in March.

3.10 The severity of the financial position will be reported to the School Improvement

Strategy Board on 24 January 2018, given the current focus on inclusion.

- 3.11 Schools Forum is asked to discuss these matters, and consider options for reducing costs in the short- to medium-term.

**List of acronyms:**

DSG – Dedicated Schools Grant

SERF – Special Educational Referral Facility

PRU – Pupil Referral Unit

**List of Appendices:**

Appendix 9(a) – Draft DSG Budget 2018/2019

Appendix 9(b) – High Needs Block Medium-Term Financial Plan

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|   | 2018/19<br>Total     | 2017/18<br>Total     | % Change | Notes   |
|---|----------------------|----------------------|----------|---|
| <b>Schools Block</b>  |                      |                      |          |   |
| Local Schools Budget (including de-delegated amounts)   | 79,995,462           | 78,154,144           | 2%       |   |
| Pupil Growth Contingency  | 76,231               | 71,143               | 7%       |   |
|   | <b>80,071,693</b>    | <b>78,225,287</b>    | 2%       |   |
| <b>Central Schools Services Block</b>   |                      |                      |          |   |
| Servicing of Schools Forum  | 15,000               | 15,000               | 0%       |   |
| Licences & Subscriptions  | 79,962               | 79,962               | 0%       | 2018/19 figure not yet received from DfE  |
| School Admissions   | 152,712              | 139,828              | 9%       | Offset by reduction in Access and Inclusion                                     |
| Contribution to Combined Budgets  | 1,000,000            | 1,000,000            | 0%       |   |
| Former ESG retained duties  |                      |                      |          |   |
| - Education Welfare   | 204,000              | 204,000              | 0%       |   |
| - Asset Management  | 56,600               | 56,600               | 0%       |   |
| - Statutory / Regulatory duties   | 77,000               | 77,000               | 0%       |   |
| Unallocated   | 1,656                |                      |          |   |
|   | <b>1,586,930</b>     | <b>1,572,390</b>     | 1%       |   |
| <b>High Needs Block</b>   |                      |                      |          |   |
| <b>Special Schools</b>  |                      |                      |          |   |
| Place Funding   | 3,970,000            | 3,880,000            | 2%       | Additional 9 places commissioned at Highfurlong                                 |
| Top-up Funding  | 2,605,054            | 2,150,746            | 21%      | Increase in numbers   |
| <b>Total Special Schools</b>  | <b>6,575,054</b>     | <b>6,030,746</b>     | 9%       |   |
| <b>SERFs</b>  |                      |                      |          |   |
| Place Funding   | 395,000              | 500,000              | -21%     | 9 places at Highfield and 9 places at Marton decommissioned from September 2018 |
| Top-up Funding  | 178,240              | 280,412              | -36%     | 9 places at Highfield and 9 places at Marton decommissioned from September 2018 |
| Transport   | 119,906              | 119,906              | 0%       |   |
| <b>Total SERFs</b>  | <b>693,146</b>       | <b>900,318</b>       | -23%     |   |
| <b>Pupil Referral Units</b>   |                      |                      |          |   |
| Place Funding   | 2,580,000            | 2,580,000            | 0%       |   |
| Top-up Funding  | 1,106,526            | 1,436,026            | -23%     | Planned reduction in numbers  |
| <b>Total Pupil Referral Units</b>   | <b>3,686,526</b>     | <b>4,016,026</b>     | -8%      |   |
| <b>Mainstream Schools</b>   |                      |                      |          |   |
| Top-up Funding  | 773,349              | 777,221              | 0%       |   |
| Exceptional Circumstances Funding   | 118,866              | 57,100               | 108%     | Increase due to decommissioning of SERF places at Highfield and Marton          |
| <b>Total top-up for Mainstream Schools</b>  | <b>892,215</b>       | <b>834,321</b>       | 7%       |   |
| Post-16 Education   | 1,746,440            | 1,725,144            | 1%       |   |
| Out of Borough  | 4,038,535            | 3,224,535            | 25%      | Increase in numbers   |
| Specialist Advisory and Referral Service (SARS)   | 1,091,517            | 1,070,353            | 2%       |   |
| Access and Inclusion  | 335,151              | 266,949              | 26%      | Now includes School Safeguarding Officer post                                   |
| Other High Needs Central Services<br>(Management, Central Support Costs, Admin Support, Pension Top-slice)            | 771,865              | 771,865              | 0%       |   |
|   | <b>19,830,449</b>    | <b>18,840,257</b>    |          |   |
| <b>Early Years Block</b>  |                      |                      |          |   |
| 2 Year Old Grants   | 1,651,547            | 1,717,375            | -4%      | Based on demand   |
| 3 & 4 Year Old Grants   | 5,981,279            | 5,672,916            | 5%       | Based on demand - full-year effect of additional 15 hours                       |
| Early Years Pupil Premium   | 97,607               | 113,483              | -14%     | Based on demand   |
| Disability Access Fund  | 41,000               | 36,900               |          |   |
| Early Years Inclusion Fund  | 25,000               | 25,000               |          |   |
| Other Early Years Central Services<br>(Management, Central Support Costs, Training, Admin Support, Pension Top-slice) | 382,182              | 470,689              | -19%     |   |
|   | <b>8,178,614</b>     | <b>8,036,363</b>     | 2%       |   |
| <b>Total</b>  | <b>109,667,686</b>   | <b>106,674,297</b>   | 3%       |   |
| <b>DSG</b>  | <b>(108,794,000)</b> | <b>(106,500,577)</b> | 2%       |   |
|   | <b>873,686</b>       | <b>173,720</b>       |          |   |

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**Appendix 9(b) - High Needs Block Medium-Term Financial Plan**

| Service  | 2017/18       | 2018/19       | 2019/20       | 2020/21       |
|--|---------------|---------------|---------------|---------------|
|  | Budget        | Budget        | Budget        | Budget        |
|  | £000s         | £000s         | £000s         | £000s         |
| <b>High Needs Block</b>  |               |               |               |               |
| <b>New Free School</b> (opening January 2020 - c£1m pa when full)  | -             | -             | 490           | 963           |
| <b>Special Schools</b>   |               |               |               |               |
| Place Funding  | 3,880         | 3,970         | 3,970         | 3,970         |
| Top-up Funding   | 2,151         | 2,605         | 2,729         | 2,806         |
| <b>SERFs</b>   |               |               |               |               |
| Place Funding  | 500           | 395           | 320           | 320           |
| Top-up Funding   | 280           | 178           | 105           | 105           |
| Transport  | 120           | 120           | 120           | 120           |
| <b>Pupil Referral Units</b>  |               |               |               |               |
| Place Funding  | 2,580         | 2,580         | 2,388         | 2,104         |
| Top-up Funding   | 1,436         | 1,107         | 909           | 782           |
| <b>Mainstream Schools</b>  |               |               |               |               |
| Top-up Funding   | 777           | 773           | 796           | 796           |
| Exceptional Circumstances Funding  | 57            | 119           | 163           | 163           |
| Post-16 Education  | 1,725         | 1,746         | 1,746         | 1,746         |
| Out of Borough   | 3,225         | 4,039         | 3,701         | 2,927         |
| Specialist Advisory and Referral Service (SARS)  | 1,070         | 1,092         | 1,082         | 1,082         |
| Access and Inclusion   | 267           | 335           | 335           | 335           |
| Other High Needs Central Services<br>(Management, Central Support Costs, Admin Support, Pension Top-slice) | 772           | 772           | 772           | 772           |
| <b>Total High Needs Block Expenditure</b>  | <b>18,840</b> | <b>19,830</b> | <b>19,626</b> | <b>18,991</b> |
| <b>Available High Needs Block funding</b>  | <b>18,840</b> | <b>18,957</b> | <b>18,957</b> | <b>18,957</b> |
| <b>(Surplus) / Shortfall</b>   | <b>-</b>      | <b>873</b>    | <b>669</b>    | <b>34</b>     |

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| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>                                |
| <b>Relevant Officer:</b> | Hilary Wood, Head of Business Support and Resources |
| <b>Date of Meeting:</b>  | 16 January 2018                                     |

## SCHOOLS FUNDING FORMULA 2018/2019 PROPOSALS

### 1.0 Purpose of the report:

- 1.1 To consider the local authority's proposal for the allocation of the schools funding formula for 2018/2019 ahead of submission to the Education Skills and Funding Agency (ESFA) by 19 January 2018.

### 2.0 Recommendation(s):

- 2.1 To agree to the local authority's proposal for the allocation of school funding in 2018/2019 by adjusting the following formula factors:
- Adopt the National Funding Formula values.
  - Set a minimum funding guarantee of 0.5%.
  - Transfer 0.5% of the total Schools Block funding to the High Needs Block.
  - Set the mobility factor unit value at £624.
  - Set the capping and scaling levels at 0.95% and 100% respectively in order to facilitate moving to the national funding formula and ensure that the formula is affordable overall.

### 3.0 Background Information:

- 3.1 The ministerial statements made by Justine Greening in July and September 2017 confirmed the Department for Education's (DfE) plans to introduce a new national funding formula (NFF) for schools funding to local authorities from April 2018. The later statement provided details of an additional £1.3billion to be made available for schools core funding over the next two financial years (£416m in 2018/19 and £884m in 2019/20). The additional funding is to assist in the transition to the NFF and help provide stability for schools.
- 3.2 The new NFF model has been used to determine the Schools Block total allocation for each Local Authority in the country as part of the Dedicated Schools Grant (DSG)

funding allocation.

- 3.3 The new NFF model remains largely unchanged from that which was outlined in the Department for Education (DfE) consultation documents launched in December 2016, however does include a number of new items:
- At least 0.5% per pupil increase in 2018/2019, and at least 1% per pupil by 2019/2020, on “pupil-led factors” compared to 2017/2018 allocated baselines. This replaces the minus 1.5% per pupil floor originally proposed for each year;
  - The gains cap has been raised to 3% in 2018-2019 and 6% by 2019-2020;
  - At least £4,800 per pupil for each secondary school and £3,500 per pupil for each primary school by 2019/2020, with a transitional amount of £4,600 and £3,300 respectively set as a step towards this in 2018/2019; and
  - The overall Schools Block funding provided to local authorities ring-fenced, with some limited flexibility to transfer up to 0.5% out of the Schools Block to any other block subject to Schools Forum approval.
- 3.4 The Council will remain responsible for its own local funding formula in both 2018/2019 and 2019/2020 (referred to as the “soft” NFF) ahead of the full implementation of the “hard” NFF formula in a future year.
- 3.5 Unit values for the national formula have been confirmed, and these are set out below in Table A, alongside Blackpool’s current values for 2017/2018.

**Table A**

| Factor   |                                  | Per-pupil/school funding under final NFF from 2018/19 |              | Per-pupil/school funding under Blackpool formula 2017/18 |              |
|--|----------------------------------|---|--------------|--|--------------|
|  |                                  | Primary   | Secondary    | Primary  | Secondary    |
| <b>Basic per-pupil funding (£ per pupil)</b>           |                                  | 2,747   | KS3<br>3,863 | 2,800  | KS3<br>4,024 |
|  |                                  |   | KS4<br>4,386 |  | KS4<br>4,485 |
| <b>Deprivation (£ per pupil)</b>                       | <b>Ever6 FSM</b>                 | 540   | 785          | Not used   |              |
|  | <b>Current FSM</b>               | 440   | 440          | 1,163  |              |
|  | <b>IDACI A</b>                   | 575   | 810          | 600  |              |
|  | <b>IDACI B</b>                   | 420   | 600          | 400  |              |
|  | <b>IDACI C</b>                   | 390   | 560          | 200  |              |
|  | <b>IDACI D</b>                   | 360   | 515          | 100  |              |
|  | <b>IDACI E</b>                   | 240   | 390          | 50   |              |
|  | <b>IDACI F</b>                   | 200   | 290          | 25   |              |
| <b>Low prior attainment (£ per pupil)</b>              |                                  | 1050  | 1550         | 555  | 775          |
| <b>Looked After Children (LAC) (£ per pupil)</b>       |                                  | Not part of NFF                                       |              | 300  |              |
| <b>English as an additional language (£ per pupil)</b> |                                  | 515   | 1385         | 600  |              |
| <b>Mobility (£ per pupil over threshold)</b>           |                                  | Historic spend  |              | 755  |              |
| <b>Lump sum (£ per school)</b>                         |                                  | 110,000   |              | 150,000  |              |
| <b>Sparsity (£ per school)</b>                         |                                  | 0-25k   | 0 - 65k      | Not used   |              |
| <b>Premises</b>  | <b>Rates</b>                     | Historic spend  |              | Specific to each school                                  |              |
|  | <b>PFI</b>                       | Historic spend + RPIX                                 |              | Specific to relevant school                              |              |
|  | <b>Split sites</b>               | Historic spend  |              | Not used   |              |
|  | <b>Exceptional circumstances</b> | Historic spend  |              | Not used   |              |
| <b>Area cost adjustment</b>                            |                                  | Multiplier applied to certain factors                 |              | N/A  |              |
| <b>Explicit spend on growth</b>                        |                                  | Historic spend  |              | Separate fund set aside in Schools Block                 |              |

- 3.6 The DfE has not yet determined how some of the school-led factors (Rates, PFI, Split Site, Exceptional Premises and Pupil Growth) will be calculated in a national formula beyond 2019/20, and will continue to work with stakeholders and experts in the sector to improve the method of funding. In the meantime, funding for these factors in 2018/19 will be allocated to each LA on the basis of what went through their local formulas in 2017/18.

3.7 In addition, the DfE has confirmed that they will target support for looked after children and children who were previously looked after through the Pupil Premium Plus, rather than include a looked after children factor in the national funding formula. Therefore the total amount spent through the looked after children (LAC) factor in local formulas in 2017/2018 will be transferred from the DSG to the national Pupil Premium Plus budget. As a result of this transfer, the 2018/2019 Pupil Premium Plus rate will increase from £1,900 per pupil to £2,300. This will result in an estimated £150,000 of additional funding for Blackpool pupils on top of the NFF.

### Consultation

3.8 In preparation for the consultation a sub-group was established with a cross-section of representatives from Blackpool schools. The group met on 7 November 2017 to review the NFF and inform the proposals set out in the consultation document. The review focussed on the following main areas:

- The impact of transitioning to the NFF unit values from 2018/2019.
- The impact of different levels of minimum funding guarantee in Blackpool’s formula.
- The impact of transferring up to 0.5% of funding between the Schools Block and High Needs Block.
- The continued inclusion of a mobility factor in Blackpool’s formula.

3.9 The consultation ran from 10 to 30 November 2017, with a briefing session held at the Solaris Centre on 15 November 2017 with the opportunity for schools to raise any question.

3.10 We received responses from 13 different schools, together with responses from representatives at the Pupil Referral Unit (PRU) and a Blackpool Special School. Given that the PRU and special schools do not receive their funding via the formula, their feedback is provided for information only. The responses are summarised below:

3.11 **Q1. Do you agree we should move to implement the national funding formula unit values from 2018-2019**

|                      | <b>Total</b> | <b>Yes</b> | <b>%</b>       | <b>No</b> | <b>%</b>     |
|----------------------|--------------|------------|----------------|-----------|--------------|
| Primary              | 10           | 10         | 100.00%        | 0         | 0.00%        |
| Secondary            | 2            | 2          | 100.00%        | 0         | 0.00%        |
| All Through          | 1            | 1          | 100.00%        | 0         | 0.00%        |
| <b>Total Schools</b> | <b>13</b>    | <b>13</b>  | <b>100.00%</b> | <b>0</b>  | <b>0.00%</b> |
| PRU                  | 1            | 1          | 100.00%        | 0         | 0.00%        |
| Special              | 1            | 1          | 100.00%        | 0         | 0.00%        |

3.12 **Q2. At what level should we set the minimum funding guarantee?**

|                      | <b>Total</b> | <b>0.5%</b> | <b>%</b>      | <b>0%</b> | <b>%</b>      |
|----------------------|--------------|-------------|---------------|-----------|---------------|
| Primary              | 10           | 7           | 70.00%        | 3         | 30.00%        |
| Secondary            | 2            | 2           | 100.00%       | 0         | 0.00%         |
| All Through          | 1            | 1           | 100.00%       | 0         | 0.00%         |
| <b>Total Schools</b> | <b>13</b>    | <b>10</b>   | <b>76.92%</b> | <b>3</b>  | <b>23.08%</b> |
| PRU                  | 1            | 1           | 100.00%       | 0         | 0.00%         |
| Special              | 1            | 0           | 0.00%         | 1         | 100.00%       |

We also received comments from schools in support of a 0.5% minimum funding guarantee that this would enable a greater number of schools to see an increase in funding.

3.13 **Q3. Do you agree that up to 0.5% of the Schools Block allocation is transferred to the High Needs Block?**

|                      | <b>Total</b> | <b>Yes</b> | <b>%</b>      | <b>No</b> | <b>%</b>      |
|----------------------|--------------|------------|---------------|-----------|---------------|
| Primary              | 10           | 6          | 60.00%        | 4         | 40.00%        |
| Secondary            | 2            | 1          | 50.00%        | 1         | 50.00%        |
| All Through          | 1            | 0          | 0.00%         | 1         | 100.00%       |
| <b>Total Schools</b> | <b>13</b>    | <b>7</b>   | <b>53.85%</b> | <b>6</b>  | <b>46.15%</b> |
| PRU                  | 1            | 1          | 100.00%       | 0         | 0.00%         |
| Special              | 1            | 1          | 100.00%       | 0         | 0.00%         |

This questions prompted the largest number of comments from respondents. Comments mainly focused on the need for further information from the local authority in relation to the high needs budget recovery plan.

3.14 **Q4. Do you agree that we should continue to have a mobility funding factor in the 2018/19 formula?**

|                      | <b>Total</b> | <b>Yes</b> | <b>%</b>      | <b>No</b> | <b>%</b>      |
|----------------------|--------------|------------|---------------|-----------|---------------|
| Primary              | 10           | 7          | 70.00%        | 3         | 30.00%        |
| Secondary            | 2            | 1          | 50.00%        | 1         | 50.00%        |
| All Through          | 1            | 1          | 100.00%       | 0         | 0.00%         |
| <b>Total Schools</b> | <b>13</b>    | <b>9</b>   | <b>69.23%</b> | <b>4</b>  | <b>30.77%</b> |
| PRU                  | 1            | 1          | 100.00%       | 0         | 0.00%         |
| Special              | 1            | 1          | 100.00%       | 0         | 0.00%         |

3.15 Q5. If a mobility factor is retained, how do you think this should be allocated?

|                      | at £755   |           |               | within £161k |               |
|----------------------|-----------|-----------|---------------|--------------|---------------|
|                      | Total     | per pupil | %             | budget       | %             |
| Primary              | 10        | 6         | 60.00%        | 4            | 40.00%        |
| Secondary            | 2         | 1         | 50.00%        | 1            | 50.00%        |
| All Through          | 1         | 0         | 0.00%         | 1            | 100.00%       |
| <b>Total Schools</b> | <b>13</b> | <b>7</b>  | <b>53.85%</b> | <b>6</b>     | <b>46.15%</b> |
| PRU                  | 1         | 0         | 0.00%         | 1            | 100.00%       |
| Special              | 1         | 0         | 0.00%         | 1            | 100.00%       |

3.16 In light of consultation feedback received, and with reference to the previous agenda item considering the draft 2018/2019 budget position, the local authority proposes the following in respect of Blackpool's 2018/2019 schools formula:

- Use of the national funding formula unit values. This received unanimous support from all respondents to the consultation.
- A 0.5% minimum funding guarantee (MFG), which was supported by more than three-quarters of the mainstream schools that responded to the consultation. This means that all schools will see at least some increase in their per pupil funding. At the time of the consultation, this level of MFG would have required a request to the ESFA to disapply the Financial Regulations. However, the Regulations have now been amended to allow local authorities to set an MFG of up to 0.5%, so disapplication will no longer be needed.
- The transfer of 0.5% of the Schools Block to the High Needs Block. This proposal met with divided opinion, with seven of the 13 schools supporting the proposal. However, given the increasing pressures on the High Needs Block discussed in the earlier item, there is little option but to use the flexibilities allowed to partially ease the pressures in the short-term.
- The continued use of a mobility factor in the formula, which received support from almost 70% of the mainstream schools that responded. While there was a slight majority (seven out of 13) in favour of the retention of the same unit value as in 2017/2018, it is proposed that the value is instead set within the available funding of £161,000, as the alternative would require an additional £34,000 to be allocated to this factor. The unit value will therefore be set at £624 compared to £755 in 2017/2018.



- 3.17 The scenario included in the formula consultation paper that illustrated an MFG of 0.5% and a transfer to the High Needs Block of 0.5% showed that this combination should allow for a cap on gains of 2.4%. However, at that time, it was unclear how the new Armfield Free School would be funded. In previous years, new free schools set up by the DfE have been funded for the first year outside of a local authority's formula allocation. A recent change means that this is no longer the case, and the estimated pupil numbers at the new school need to be funded from within the overall Schools Block allocation. As a consequence, the cap on gains needs to be reduced to 0.95% in order to remain affordable within the available funding.

**List of acronyms:**

ESFA – Education and Skills Funding Agency

DfE – Department for Education

NFF – National Funding Formula

LA – Local Authority

DSG – Dedicated Schools Grant

IDACI – Income Deprivation Affecting Children Index

PFI – Private Finance Initiative

LAC – Looked After Children

PRU – Pupil Referral Unit

MFG – Minimum Funding Guarantee

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| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>                          |
| <b>Relevant Officer:</b> | Paul Sharples, School Funding and PFI Manager |
| <b>Date of Meeting:</b>  | 16 January 2018                               |

## PUPIL GROWTH CONTINGENCY 2018/2019

### 1.0 Purpose of the report:

- 1.1 Approval is sought for the 2018/2019 level of Pupil Growth Contingency.
- 1.2 An annual review of the criteria for the contingency is required. Information is also provided in respect of the allocation of the pupil growth contingency in 2017/2018.

### 2.0 Recommendation(s):

- 2.1 To approve the value of the pupil growth contingency at £76,000 in 2018/2019, which has been allocated based on the October 2017 census data.

### 3.0 Background Information:

- 3.1 Under the Schools and Early Years Finance (England) Regulations 2017, Schools Forums can agree to set aside from Dedicated Schools Grant a specific schools contingency to support those schools that, with the prior agreement of the local authority, are permanently expanding.
- 3.2 This growth fund can only be used for the purposes of supporting growth in pre-16 pupil numbers to meet basic need and must be available on the same basis for the benefit of both maintained schools and academies.
- 3.3 The Department for Education (DfE) requires local authorities to establish transparent and consistent criteria which set out the circumstances in which a payment could be made to schools and provide a basis for calculating the sum to be paid.
- 3.4 The criteria currently in place for 2017/2018 are as follows:-
  - “Funding will be allocated where a school, academy or free school plans with the local authority to increase its planned admission number to incorporate an additional class or classes in response to basic needs requirements, Agreed Pupil Increase (API).”

- 3.5 The allocation from the pupil growth contingency will be calculated as (API x 7/12th x pupil-driven factors) in respect of the Agreed Pupil Increase (API) from the forthcoming September.
- 3.6 The pupil-driven factors to be included in the calculation incorporate:
- Basic entitlement per pupil
  - Total deprivation funding divided by number on roll
  - English as an Additional Language funding divided by number on roll
  - Pupil Mobility funding divided by number on roll
  - Prior attainment divided by number on roll
- 3.7 The Looked After Children factor has been removed from this list, as it has been proposed that this no longer features in Blackpool's funding formula, in line with the national formula.
- 3.8 Where a new site is opening, the pupil-driven factors will be taken from the average of the three closest schools until such a time as data becomes available for the cohort of pupils at the new site.
- 3.9 A pupil growth contingency of £208,000 was agreed by Schools Forum in 2017/2018. However following a technical adjustment directed by the Education, Skills and Funding Agency (ESFA), the additional 60 pupils at Gateway Academy have been funded outside of the pupil growth contingency on estimated numbers via the local authority's funding formula. This resulted in a reduction to the contingency of £137,000 with the remaining £71,000 set aside in 2017/2018 funding Mereside, which is now the only school that meets the eligibility criteria.
- 3.10 According to the criteria, the requirement for the pupil growth contingency is estimated to be £76,000 in 2018/2019 in order to allocate sufficient additional resources to the schools that will be expanding their provision as planned at Mereside School. As in 2017/2018, Gateway will again be funded via estimated pupil numbers through the funding formula.

**List of acronyms:**

API - Agreed Pupil Increase

DfE - Department for Education

ESFA - Education, Skills and Funding Agency

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| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>                          |
| <b>Relevant Officer:</b> | Paul Sharples, School Funding and PFI Manager |
| <b>Date of Meeting:</b>  | 16 January 2018                               |

## **DE-DELEGATION OF SERVICES AND RETENTION OF FUNDING FOR EDUCATION FUNCTIONS 2018/2019**

### **1.0 Purpose of the report:**

1.1 Approval is sought for the continued de-delegation of services and the retention of funding for Education Functions.

### **2.0 Recommendation(s):**

2.1 That de-delegation be approved by maintained school representatives for 2018/2019 in respect of Free School Meal Eligibility Checks, Insurances, and Union Duties.

2.2 Maintained school representatives, including primary, special and pupil referral unit members, are asked to approve an amount to be retained from school budgets in respect of education functions, previously funded by the Education Services Grant.

### **3.0 Background Information:**

#### **3.1 De-delegation of Services**

3.2 The Schools Finance Regulations that came into effect in April 2013 require the delegation to schools of the entirety of the Schools Block funding, subject to certain prescribed exceptions.

3.3 Maintained, mainstream schools may choose, by vote at Schools Forum, to de-delegate some of these prescribed elements of funding to be managed centrally by the local authority on behalf of them. Delegation means the allocation of funding to schools through the local schools funding formula. De-delegation means the retention of funding by the local authority.

3.4 Decisions are to be made by primary and secondary phases separately, and voting is restricted to school members representing those phases. De-delegation does not apply to academies, which could instead choose to buy into local authority services. It also does not apply to special schools, as they no longer receive delegated budgets in the same way that mainstream schools do, but they will be able to access any

collective arrangements using their funding.

- 3.5 The difference between de-delegation and buy back is that, with de-delegation, all maintained schools in that phase will not receive additional funding in their delegated budgets, and the local authority will hold the de-delegated budgets centrally and provide services on behalf of all schools. If de-delegation is not voted for, all schools will receive the additional funding, and may choose, on a school-by-school basis, how to fund those responsibilities. As with any item of expenditure, should Forum not vote for de-delegation, groups of schools could still choose to combine their resources in order to achieve best value, including buying services back from the local authority where available.
- 3.6 In 2017/2018, maintained schools voted to de-delegate the following services:
- a) Free School Meal eligibility checks
  - b) Insurance
  - c) Union duties
- 3.7 Decisions are now required whether to continue to de-delegate the functions listed in 3.6 above for the 2018/2019 financial year, as detailed below.

#### **Free School Meal eligibility checks**

- 3.8 This service is carried out by the Council's Benefits Team, who access DWP and Council benefits information in order to determine eligibility for free school meals. Eligibility is reviewed on a weekly basis and communicated to schools. The full Free School Meals eligibility checking service specification includes:
- ✓ Establishing entitlement to Free School Meals for each pupil via Housing Benefit and Council Tax Reduction Scheme claims for parents/guardians;
  - ✓ Processing of Free School Meal applications for parents who are not entitled to Housing Benefit and Council Tax Reduction by completion of the Free School Meal application form;
  - ✓ Processing of claims relating to Free School Meals entitlement, including collection and verification of evidence when required, notification of entitlement to parent/guardian/school, and maintenance of records, within 10 working days of receipt of all information;
  - ✓ Provision of a comprehensive enquiry and resolution service for the school and parents or guardians, to be resolved within 5 working days;
  - ✓ Maximisation of income available to parents by awarding Free School Meals in all appropriate cases;
  - ✓ Production and issue of standard weekly reports to the school;
  - ✓ Notification to parent/guardian when entitlement ceases due to a change of circumstances, within 10 working days of receipt of all information;



- ✓ Processing changes of address/school;
- ✓ Provide information as required to assist the school in their reconciliation of data and quarterly census returns;
- ✓ Provision of guidance to the school as and when required;
- ✓ Secure storage of data to comply with the Data Protection Act 1988 requirements.

3.9 Schools are not permitted to access the benefits information directly from the relevant agencies, and therefore a school based solution would necessitate the regular provision by parents of benefits entitlement, significant administrative resource for schools, as well as the development of technical expertise. For this reason, the local authority would strongly advise the continued de-delegation of funding for this purpose.

3.10 In order to fund the current level of service as described in paragraph 3.8, the de-delegation amount per Free School Meal pupil will be set at £11.83 in 2018/2019, compared to £11.69 in 2017/2018, a 1.2% increase.

3.11 **Vote** – do maintained mainstream primary school members agree to the continued de-delegation of funding for Free School Meal eligibility checks?

### **Insurance**

3.12 The current centrally-retained budget for insurances relates to the following:

- ✓ Third party liability
- ✓ Employer liability
- ✓ Professional indemnity
- ✓ Fidelity insurance
- ✓ Personal accident
- ✓ Cyber Crime
- ✓ Medical malpractice

3.13 If funding is de-delegated, the local authority will continue to insure these elements on behalf of maintained schools collectively as previously. Should schools choose to retain delegation, each school will be charged in accordance with their individual share of the premiums. Premium levels for 2018/2019 are not yet available and therefore the de-delegation amount is based on estimated premiums currently forecast at £63.89 per pupil, compared to £57.09 per pupil in 2017/2018, a 11.91% increase.

3.14 The per pupil amount for 2017/2018 incorporated a rise in insurance premium tax from 6% to 9.5%. This was again increased by government to 10% from October 2016 and again to 12% from June 2017 resulting in higher premiums. In addition,

premiums have also been affected by an industry-wide adjustment to the personal injury discount rate calculation, resulting in an estimated increase in the forecast premium for 2018/2019 onwards.

- 3.15 **Vote** – do maintained mainstream primary school members agree to the continued de-delegation of funding for the school insurances listed above?

**Union duties**

- 3.16 Historically, this budget is held centrally in order to fund the facilities time of the teaching unions. Agreement is reached between unions through the Professional Teaching Association (PTA) regarding the number of days that each union can claim from the central pot.

- 3.17 To retain current levels of support for those schools that are part of the collective agreement, the de-delegation amount for 2018/2019 shall be frozen at £4.00 per pupil, the same rate for 2016/2017 and 2017/2018.

- 3.18 **Vote** – do maintained mainstream primary school members agree to the continued de-delegation of funding for Professional Teaching Association (PTA) union duties at £4.00 per pupil?

- 3.19 **Education Functions**

In the 2015 Spending Review, the Government announced that it would be cutting £600m from the Education Services Grant (ESG), a funding stream paid to local authorities outside of the local government finance settlement in respect of certain education functions.

- 3.20 There were two elements of ESG – the retained grant, and the general grant. Retained ESG was only paid to local authorities, and funded the responsibilities they hold for all pupils in the area, regardless of whether they are educated in maintained or academy schools. The general element of ESG was paid to local authorities in respect of the pupils in maintained schools. It was also paid separately to each academy in respect of the pupils in their own school.

- 3.21 In November 2016, details were released of how the £600,000 of savings would be realised. The retained element of ESG was transferred into Dedicated Schools Grant from April 2017, and will form part of the Central Schools Services Block from April 2018. The general element of the grant ended in September 2017 for both local authorities and academies.

- 3.22 The functions of the local authority covered by the general element of the grant include:

- School improvement
- Statutory and regulatory duties in respect of maintained schools, such as best value and procurement advice, internal audit compliance, pension scheme administration
- Education welfare, including the inspection of attendance registers
- Asset management to ensure maintained school buildings are in a satisfactory condition
- Central support services, such as music tuition, visual, creative and performing arts, outdoor education centres
- Monitoring of National Curriculum assessments

3.23 The local authority remains responsible for providing these functions on behalf of its maintained schools, and financial regulations allow for funding to be retained from the budgets of maintained schools in order to cover the costs.

3.24 In 2017/2018, Schools Forum agreed to allow the local authority to retain an amount of £19.42 per pupil from maintained school budgets in respect of the period September 2017 to March 2018 to coincide with the ending of the general element of ESG. The equivalent full year figure for 2017/2018 was £33.29. In arriving at this figure, the local authority has taken regard of the functions and support provided to maintained schools (but not to academies) at no cost. The education functions covered by the retention in respect of maintained schools include:

- Budgeting, accounting and finance functions, e.g. production of statement of accounts, year-end audit, VAT advice, treasury management
- Production of and monitoring of compliance with the Scheme for Financing Schools
- Internal audit compliance visits
- Administration of local government and teachers' pension schemes
- Provision of information to or at the request of the Crown
- Functions under the Equality Act 2010
- Asset management, including condition surveys to ensure assets are in suitable state of repair
- Monitoring of National Curriculum assessments

3.25 The 2018/2019 amount has been calculated at £33.96 per pupil, which equates to a 2% increase on the 2017/2018 full year equivalent.

3.26 **Vote** – do maintained school members, including primary, special and pupil referral unit members, agree to the amount of £33.96 per pupil being retained from school budgets for the purpose of funding education functions?

**List of acronyms:**

DWP – Department for Work and Pensions

ESG – Education Services Grant

|                          |   |
|--------------------------|---|
| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>                                |
| <b>Relevant Officer:</b> | Hilary Wood, Head of Business Support and Resources |
| <b>Date of Meeting:</b>  | 16 January 2018                                     |

## ILLUMINATE FUNDING

### 1.0 Purpose of the report:

- 1.1 To seek the approval of Schools Forum for revised criteria for Illuminate funding to apply to both primary and secondary pupils.

### 2.0 Recommendation(s):

- 2.1 To approve the criteria for Illuminate funding set out in paragraphs 3.2 to 3.6.
- 2.2 To agree that the revised criteria should be applied retrospectively to eligible pupils admitted since September 2017.

### 3.0 Background Information

- 3.1 Currently within the High Needs Block, an amount of £85,000 is set aside to support primary schools admitting new-to-area pupils who meet certain criteria. Schools receive a one-off payment of £2,000 in respect of eligible pupils. In 2016/2017, only £24,000 was spent, and a proposal was brought to the October 2017 meeting of Schools Forum to extend the fund to also cover secondary pupils. A set of criteria was proposed, but Schools Forum asked for the criteria across both primary and secondary to be reviewed to ensure consistency across the phases.

- 3.2 To this end, a working group containing representatives from both phases met in November 2017 to review the criteria, with support from the local authority. The recommendation of the group is that a one-off payment of £2,000 will be made to schools which admit a pupil onto their roll who meets at least two of the following criteria:

- 1) Where projections identified at the time of an admission request are that there will be very poor examination attainment. This will be based on an expectation of -2 or below in Progress 8 for secondary, and an assessment of BLW at the end of Key Stage 1 for primary.
- 2) Two or more casual (non-essential) school transfers in the previous two school terms. These are moves instigated by the parent / carer which were

not necessary\*.

- 3) Previous attendance at 70% or below (not including any non-attendance generated by in-house delays while an admission request is under consideration).
- 4) Previous Elective Home Education of two terms or more (whilst resident within another local authority area).
- 5) Two or more fixed period exclusions in the term prior to admission.
- 6) Previous and ongoing involvement of two or more recognised intervention or support agencies (external to what the school or academy would normally provide).

*\*School moves accepted as being necessary could include those where a family moved address and could not easily access the original school or academy (the statutory travel distances of 2 or 3 miles will be a consideration); where a family moved from one local authority area to another; where a managed move was agreed and successful; if a permanent exclusion necessitated a different school. Evidence will be gathered prior to applications for funding being considered.*

3.3 It is recommended that consideration of additional funding is applied to:

- New to area Year 6 and 11 students as a priority.
- New to area Year 5 and 10 students exceptionally.
- Key stage 2 and 4 returning from Education Diversity - where the student has not previously been on roll at any Blackpool primary or secondary school or academy (unless the pupil was previously permanently excluded).
- Blackpool resident children and students only in all categories.

3.4 The funding will be transferred as soon as possible after the pupil is admitted, and must be used by the school or academy to support the specific pupil to whom it is allocated. If the pupil fails to attend or is permanently excluded within one school term, the funding must be reimbursed. This will either be in full or pro-rata, depending on the circumstances (e.g. if support has been arranged or purchased and monies paid are non-refundable this will be taken into account). All allocations are one-off payments at the point of admission with no repeat funding for the same child or student in subsequent years (even where there is another change of school).

3.5 Consideration of cases will be undertaken away from the statutory In Year Fair Access

process, by an Education Access Officer, a member of the Admission Team and other colleagues where appropriate (Safeguarding / SEND - depending upon the circumstances of each case).

- 3.6 Illuminate funding will not be allocated in relation to the admission of permanently excluded students as this is covered within a separate funding stream. The funding will not be available for those with a full Education, Health and Care Plan. It will also not be available for Looked After Children who receive a higher level of pupil premium funding which can be allocated to provide additional support.
- 3.7 As per the request at Schools Forum in October 2017, it is requested that the revised criteria be applied retrospectively to eligible pupils admitted into schools since September 2017.

**List of acronyms:**

SEND – Special Educational Needs and Disabilities

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| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>                                |
| <b>Relevant Officer:</b> | Hilary Wood, Head of Business Support and Resources |
| <b>Date of Meeting:</b>  | 16 January 2018                                     |

## DEPARTMENT FOR EDUCATION CONSULTATIONS – IMPACT OF UNIVERSAL CREDIT ON SCHOOL FUNDING

### 1.0 Purpose of the report:

- 1.1 To update Schools Forum on two consultations recently issued by the Department for Education (DfE) on the eligibility criteria relating to Universal Credit.

### 2.0 Recommendation(s):

- 2.1 To note the DfE’s proposals for eligibility criteria relating to Universal Credit as it impacts on Early Years and Free School Meals (FSM).

### 3.0 Background Information

- 3.1 On 16 November 2017, the DfE issued a consultation entitled “Eligibility for free school meals and the early years pupil premium under Universal Credit”. This was followed on 4 December 2017 by a further consultation entitled “Free early years entitlement for 2 year olds under Universal Credit”. Currently, eligibility for Free School Meals, Early Years Pupil Premium and the 2 year-old free entitlement depends on parents receiving certain benefits. As many benefits are being replaced by Universal Credit, the Government is reviewing the eligibility criteria.
- 3.2 The first of the two consultations proposes that children will be eligible to receive Free School Meals and Early Years Pupil Premium where the household income net of benefits is less than £7,400 p.a. The DfE estimates that an additional 50,000 children will be eligible under the new criteria compared to the current system.
- 3.3 With respect to proposed transitional protections, every pupil who is eligible for Free School Meals at the point at which the criteria are changed (or any new claimants under the threshold who gain Free School Meals during the rollout of Universal Credit) would be protected against losing their meals whilst Universal Credit is fully rolled out nationally, even if their eligibility changes. In addition, any protected pupils who are still receiving FSM once the transition is complete would continue to receive protection until the end of their current phase of education (e.g. primary, secondary).

- 3.4 In the second consultation, the DfE proposes that children will be eligible for the 2-year old free entitlement where the household income net of benefits is less than £15,400 per year. The current eligibility criteria for the two-year-old entitlement deliberately targets a much broader cohort than for free school meals, as the Government wanted a wider group of less advantaged children to benefit from high quality early education. They deemed that these families are least likely to access, but most likely to benefit from, early education. Eligibility for the 2-year old free entitlement lasts for three terms, and no child who has already started their entitlement would lose it as a consequence of the changes.
- 3.5 It is proposed that the changes would come into effect from April 2018 for both sets of proposals. The Eligibility Checking System, which can be used to determine households' eligibility for Free School Meals and Early Years entitlements, will be updated to cater for the new eligibility criteria.
- 3.6 The consultations close on 11 and 15 January respectively.

**List of acronyms:**

DfE – Department for Education  
FSM – Free School Meals

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| <b>Report to:</b>        | <b>SCHOOLS FORUM</b>                          |
| <b>Relevant Officer:</b> | Paul Sharples, School Funding and PFI Manager |
| <b>Date of Meeting:</b>  | 16 January 2018                               |

## DIRECTED REVISION OF SCHEME FOR FINANCING SCHOOLS

### 1.0 Purpose of the report:

1.1 This report explains the recent changes to Department for Education (DfE) guidance, following the outcome of the consultation issued 15 November 2017, which are expected to be reflected in Blackpool's Scheme for Financing Schools with effect from the date of the DfE directed revision.

### 2.0 Recommendation(s):

2.1 To note the revisions outlined below for incorporation in Blackpool's Scheme for Financing Schools (maintained schools representatives).

### 3.0 Background Information

3.1 Local Authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. Any amendments to schemes must be consulted on and approved by the members of Schools Forum representing maintained schools.

3.2 The Secretary of State has the power to issue directed revisions to Local Authority schemes for financing schools, to remove outdated information and insert new provisions that are required for the implementation of policy.

3.3 In November 2017, the Department for Education published a consultation on the Implementation of the changes to the criteria for agreeing loan schemes. The proposed directed revision to local authorities' schemes for financing schools is intended to clarify the purpose of loan schemes and distinguish them from licensed deficits (under 4.9 of the scheme).

3.4 Following the outcome of the consultation it is expected that the DfE will issue revised statutory guidance for local authorities in relation to schemes for financing schools that included one directed revision. Therefore the local authority propose the following revised wording to the Scheme for Financing Blackpool Schools to be included as directed:

- 3.5 The DfE is proposing the insertion of the following paragraph under Section 4.10 Loan Schemes:

*B. 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, 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 in individual cases.*

- 3.6 The proposed revised Scheme for Finance Blackpool Schools is attached at Appendix 15(a). Proposed changes are highlighted in yellow.

**List of acronyms:**

DfE – Department for Education

**List of Appendices:**

Appendix 15(a) – Draft Scheme for Financing Blackpool Schools.

Link to DfE Consultation document:

[https://consult.education.gov.uk/local-authorities-and-funding-policy-team/school-loan-schemes-implementation-of-changes-1/supporting\\_documents/Government%20consultation%20%20imple mentation%20of%20the%20changes%20to%20the%20criteria%20....pdf](https://consult.education.gov.uk/local-authorities-and-funding-policy-team/school-loan-schemes-implementation-of-changes-1/supporting_documents/Government%20consultation%20%20imple mentation%20of%20the%20changes%20to%20the%20criteria%20....pdf)

# **SCHEME FOR FINANCING BLACKPOOL SCHOOLS**

**January 2018**

**SCHEMES FOR FINANCING SCHOOLS: SECTION 48 OF THE SCHOOL STANDARDS AND  
FRAMEWORK ACT 1998, AND SCHEDULE 14 TO THE ACT**

Issued by the Secretary of State for Education for the purposes of paragraph 1(2) of Schedule  
14 to the School Standards and Framework Act 1998 ('the Act')

## Appendix 15(a)

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- 11.6 Right of attendance for Chief Finance Officer
  - 11.7 Delegation to new schools
  - 11.8 Optional delegated funding
  - 11.9 Special Educational Needs
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  - 11.11 Child protection
  - 11.12 Redundancy/early retirement costs
12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE
13. COMMUNITY FACILITIES / EXTENDED SERVICES
- 13.1 Introduction
  - 13.2 Consultation with the LA
  - 13.3 Funding agreements
  - 13.4 Other prohibitions, restrictions and limitations
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### ANNEX A

Schools to which the Scheme applies

### ANNEX B

Property Management Arrangements: responsibility for repairs and maintenance



## **Appendix 15(a)**

### **SECTION 1: INTRODUCTION**

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

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

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

Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the Governing Body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the Authority in accordance with s.48 of the Act and regulations made under that section. All proposals to revise the scheme must be approved by the Schools Forum, though the 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.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school\* and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (\*Section 50 has been amended to provide that amounts spent by a Governing Body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

The Authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (schedule 17 to the School Standards and Framework Act 1998).

Each Authority is obliged to publish each year a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained, 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 are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-

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turn statements so 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 general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

### 1.2 The role of the scheme

#### Aims

- The overriding aim of the Scheme is to secure excellence in an education service in which pupils have equal opportunity to learn, grow and lead a healthy life to the greatest extent possible.
- The statutory framework within which the Scheme operates is defined in Sections 45-53 of the School Standards and Framework Act 1998.
- Within the provisions of the Act, the Authority will set the framework within which governing bodies will exercise their delegated powers. It will develop policies for the service, including its curriculum policy, and co-ordinate national and local specific grant initiatives. Its monitoring role will ensure that its overall responsibility for the Service is met and that programmes for raising standards and pupil achievement are in place and operating effectively.
- The Scheme sets out the financial relationship between the Authority and the maintained schools which it funds. The Scheme contains requirements relating to financial management and other issues which are binding on both the Authority and the schools.

#### Partnership

The Scheme aims to enable:

- A. The Authority to give leadership to the whole community by giving a clear direction for education through:
  - planning for the development of high quality education;
  - securing resources for the development of education;
  - providing full information about educational facilities and services;
  - monitoring and evaluating educational provision against agreed targets;
  - supporting schools in the achievement of their goals, in a way that is responsive to demographic, social and economic needs, and for
- B. Schools, Headteachers and Governors to have maximum financial and managerial responsibility in order to be able to:
  - provide high quality education;
  - implement the Authority's policies;
  - discharge their statutory duties;
  - be accountable,within a context which is consistent with local needs and priorities.
- C. Pupils to have equal access to education opportunities, including:
  - the National Curriculum and other curricula requirements; and
  - social, physical, cultural and community activities.
- D. Parents to have available information and responsive and sensitive services which support their own and their children's progress through and beyond the school system.

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### Resources

The Scheme distributes finite resources to maintained primary, secondary and special schools in the Authority and ensures the retention of sufficient funding by the Authority to enable it to discharge its statutory duties and to achieve its aims.

### Objectives

To achieve the aims of the Scheme:

- A.** Schools will establish their aims and objectives in the light of the National Curriculum, the Authority's policies, this Scheme and their statutory duties through a Development Plan and: -
- provide a broad, balanced, relevant and appropriate differentiated curriculum;
  - secure the efficient, effective and economical management of the school and its finances;
  - deliver their statutory duties and responsibilities;
  - establish a review process to monitor the effectiveness and efficiency of the school in discharging its functions.
- B.** The Authority will establish a means of consultation and negotiation to identify community and service needs and compatibility with school development plans and, in particular, through its own Service Plan will work within a framework which ensures school effectiveness and which can prioritise policy implementation to:
- review and revise its policies with schools;
  - review the framework in which education is provided in Blackpool;
  - communicate its expectations of schools and devise a means of monitoring and evaluating the achievement of these targets and the discharge by schools of their statutory duties;
  - review the resources available to schools and the allocation mechanism;
  - secure for schools a range of professional services offering advice and guidance and a development programme for teachers, governors and other staff within the education service;
  - develop a computerised management information system appropriate to the requirements of the scheme;
  - exercise its statutory duties to ensure the probity and regularity of financial transactions in schools.

### Special Educational Needs

A clear description of an Authority's and schools' responsibilities in respect of pupils with special educational needs is established by the Education Act 1996. These are outlined below:

-

- A.** The Local Authority is responsible for:
- ensuring that pupils with special educational needs receive appropriate provision, where possible in ordinary schools;
  - planning its overall provision for special education, and reviewing it periodically;
  - assessing those pupils whose special educational needs may require the protection of a statement, defining those needs in annually reviewed statements;

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- determining the provision to be made for all children and identifying a suitable school, in consultation with parents, to deliver that provision;
- ensuring that the provision specified in each pupil's statement is made available.

B. Governing bodies of schools are responsible for:

- educating pupils assigned to them by the Authority;
- ensuring that the provision specified in statements is made available;
- delivering the National Curriculum to all pupils, subject to the provisions specified in statements.

### 1.2.1 Application of the scheme to the Authority and maintained schools

This scheme applies to all community schools, voluntary aided and controlled schools, special schools and trust schools maintained by Blackpool Council, with effect from 1<sup>st</sup> July 2011. Within the Blackpool Council there are no nursery schools for which the scheme would have applied. Because PRU's are not maintained schools within the meaning of s.20 (7) of the Act, the scheme does not apply to PRU's nor does it apply to academies. A list of schools to which the scheme applies is shown at Annex A.

### 1.2.2 Compliance

The Authority may suspend delegation to the Governing Body for persistent or substantial failure to comply with the requirements of this Scheme, or for unsatisfactory management of the budget share following consideration of a report by the Section 151 Officer\* and the Director of Children's Services, which shall also be submitted to the Governors, and acting in accordance with any statutory procedures for the time being in force in respect of such matters including notice required, appeals etc. A school may appeal to the Secretary of State regarding suspension of delegation.

### 1.3 Publication of the scheme

A copy of the scheme will be supplied to the Headteacher and to the Governing Body of each school covered by the scheme. Any approved revisions will also be notified to each such school. A copy will be available for reference at all reasonable times and without charge at each school and at the Council offices, Bickerstaffe House, Blackpool. The Scheme will be published on a website which is accessible to the general public and any revised version will be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date.

*\* The Section 151 Officer is the officer responsible under Section 151 of the Local Government Act 1972 for the proper administration of the Authority's financial affairs*

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### **1.4 Revision of the scheme**

The scheme will be kept under review to ensure that it operates to the advantage of pupils and schools. The Authority is committed to working in close co-operation with its schools to ensure the future success of the scheme. Consultation will continue to ensure that all schools and governing bodies can contribute to the development of the scheme.

All proposed revisions must be submitted to the Schools Forum for their approval. Where the Schools Forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

### **1.5 Delegation of powers to the head teacher**

The Governing Body of each school should consider the extent to which it wishes to delegate its financial powers to the head teacher, and to record its decision (and any revisions) in the minutes of the Governing Body. A formal scheme of delegation is recommended for this purpose. The scheme should state the responsibilities of the Headteacher and Governing Body in respect of the annual budget plan; the first formal budget plan of each financial year must be approved by the Governing Body, or by a committee of the Governing Body.

Such decisions by the Governing Body will be subject to any requirements of regulations to be made under Section 38 of the Act and Schedule 11 thereto.

### **1.6 Maintenance of schools**

The Local Authority 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 an authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

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### SECTION 2: FINANCIAL REQUIREMENTS

#### 2.1.1 Application of financial controls to schools

- A. Governing bodies of schools operating with delegated budgets have considerable freedom in determining spending priorities and in the day-to-day operation of schools. However, in the exercise of their delegated powers, they have to comply with certain conditions specified under the scheme and with other overall policies approved by the Authority.
- B. The conditions laid down seek to balance the need for governing bodies to have freedom to manage delegated budgets with the need to maintain accountability and control over public funds. The conditions specified will ensure that sound and proper procedures are operated and, in addition, the Authority makes available comprehensive guidance to assist governing bodies in the exercise of their powers.
- C. The Section 151 Officer has a particular responsibility to exercise supervision over all financial matters and to maintain an adequate internal audit of the Council's activities.
- D. The Section 151 Officer's responsibilities in this area are in part discharged through the drawing up of financial regulations and standing orders to lay down procedures for financial administration. In the management of their delegated budgets, schools shall abide by all of the authority's requirements on financial controls and monitoring, not only those in this scheme.
- E. The financial requirements in this section refer throughout to requirements and powers of "Governors". This may be taken to include, where appropriate, Headteachers under any scheme of financial delegation drawn up by Governors to operate within their school (see section 1.5). Equally, where a school does not qualify for delegated authority to manage its own budget share under the scheme, "the Director of Children's Services" should be read, where appropriate, in place of "Governors". In this way, whoever is responsible for managing a school's budget share will operate under the same financial regulations.
- F. The financial regulations provide in general terms for a flow of information between schools and the Authority, in order for the Authority to be able to discharge its proper statutory and monitoring function.
- G. Governors shall be responsible for ensuring that these financial regulations are observed in their school.

#### 2.1.2 Provision of financial information and reports

- A. All accounts and financial records shall be kept in a form approved by the Section 151 Officer who will also be responsible for the submission of all claims for grants to Government departments.
- B. For the purpose of complying with these regulations Governors shall provide the Section 151 Officer with any information which (s)he may require and, in addition, shall allow him/her or his/her representative access where necessary to the documents and records under their control.
- C. Governors must provide the Director of Children's Services with details of anticipated and actual expenditure and income, in a form and at times determined by the Authority. These details are not required for submission more often than once every three months

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except for those connected with tax or banking reconciliation, unless the Authority has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation.

- D. Where schools are part of the Authority's on-line financial accounting system the restriction to a minimum 3-month interval does not apply.

### **2.1.3 Payment of salaries; payment of bills**

The administration of payroll and pensions shall be undertaken by the Assistant Chief Executive, or in a manner approved by him/her.

Creditor transactions will be processed in accordance with procedures established by the Section 151 Officer.

### **2.1.4 Control of assets**

- A. Governors shall be responsible for the safe custody and physical control of stores and equipment and for the maintenance of an inventory of its moveable non-capital assets in a form approved by the Section 151 Officer.
- B. In particular, Governors shall ensure that formal arrangements exist for the authorisation of the disposal of surplus or obsolete stores and equipment in line with guidance issued by the Section 151 Officer.
- C. Governors shall arrange periodic physical checks of equipment and stores against relevant records by officers other than those responsible for their custody and control.
- D. The Section 151 Officer has formulated a statement of recommended practice regarding the control of assets.
- E. Schools may determine their own arrangements for keeping a register of assets worth less than £1,000.

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

- A. The Local Authority may specify the format of financial reports required by the Section 151 Officer and in particular relating to any accounting policies including the year-end procedures.
- B. Schools may determine how their own financial records are maintained, including any financial management systems they may wish to use. The school will meet any costs relating to the modification of the school's financial software to provide the required output to the Section 151 Officer.
- C. The financial position of individual schools will be monitored in relation to the information produced by the Authority's central accounting system.
- D. The Governors must follow any year-end procedures laid down by the Section 151 Officer.

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### **2.1.6 Writing off of debts**

Where the school is unable to recover income due to it, procedures should be in place to write-off the debt. Governors may wish to delegate this task within limits to the Headteacher and/or a committee of the Governing Body (see section 1.5). All bad debts written-off by the school will be charged to the school's budget share. The Headteacher is responsible for ensuring that the appropriate accounting entries are made in the school's and the Section 151 Officer's accounting records.

Governors may wish to consider the following as a guide to delegation in this matter:

- A. Bad debts up to the value of £500 (or other level as determined by the Governing Body) may be written off by the Headteacher (or other person/committee as appropriate) without prior reference to the Governing Body. All such written-off amounts must be reported to the next meeting of the Governing Body or nominated committee.
- B. For bad debts in excess of £500 (or other level as determined) the approval to write-off must be given in advance by the Governing Body (or a nominated committee).

### **2.2 Basis of accounting**

Reports and accounts requested by the Authority must be on an accruals basis unless stipulated otherwise.

### **2.3 Submission of budget plans**

At the beginning of the financial year, the Governing Body or a committee of the Governing Body shall prepare and approve detailed estimates of income and expenditure for their school for the coming financial year and submit these to the Authority by 31<sup>st</sup> May for information in a form to be prescribed. The budget should take full account of estimated deficits or surpluses at the previous 31<sup>st</sup> March and the assumptions underpinning the budget plan.

Governors shall also supply such additional information (e.g. updated budgets, revised estimates of expenditure) as the Authority may require for the purposes of monitoring and evaluation under the scheme. The intervals at which revised plans will be requested will not be less than once every three months. The Authority will take into account the Consistent Financial Reporting framework in specifying any reporting format.

The Authority will supply schools with all income and expenditure data which it holds which is necessary to efficient planning by schools and will also supply an annual statement showing when this information will be available at times throughout the year. The Authority may supply such information electronically.

#### **2.3.1 Submission of financial forecasts**

Schools are required to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year. This forecast should confirm that a school is undertaking effective financial planning and the overall position will be used in support of the Authority's balance control mechanism.

### **2.4 Efficiency and value for money**

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



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

### **2.5 Virement**

- A. During the year it may be necessary to transfer funds between budget heads. This process is known as virement. Governors may allocate budgets or exercise budget virement of all sums delegated as part of their budget share (apart from virement out of any earmarked funds) as follows:
- (i) to/between all estimate heads for which responsibility has been delegated under the Blackpool Council approved scheme of delegation;
  - (ii) to expenditure heads designated as “earmarked sums” under the scheme of delegation, provided that the appropriate Authority is informed;
  - (iii) to finance capital expenditure subject to the approval of the Authority.
- B. Governing bodies may wish to consider the delegation of authority in this matter to the Headteacher (see section 1.5) either fully or up to a specified level.

### **2.6 Audit: General**

The Section 151 Officer shall, to the extent (s)he considers necessary or desirable, conduct or arrange for the examination and audit of the school’s accounts, excluding voluntary school funds.

The Section 151 Officer or his/her representative shall have access for any necessary examination and audit, at all reasonable times, to all cash, property, documents, books of accounts, and vouchers appertaining any way to the finances of the Authority, and shall be entitled to require such explanations and information as may be reasonably considered necessary to satisfy him or herself of the correctness of any matter under examination. Similar rights of access and explanation shall be given to the Authority’s external auditor.

### **2.7 Separate external audits**

A Governing Body may spend funds from its budget share to obtain external audit certification of its accounts, separate from any Local Authority internal or external audit process.

### **2.8 Audit of voluntary and private funds**

- A. The Authority will not, as a general rule, supervise the financial administration of voluntary school funds, and Governors shall be responsible for making contributors to such funds aware of this fact. However, Governors must provide audit certificates in respect of the voluntary and private funds held by schools and of the accounts of any trading organisations controlled by the school.
- B. Governors may apply to the Authority for specified voluntary funds to be administered under the Authority’s supervision. If the Authority agrees such funds shall acquire “official” status and shall be conducted as a separate fund account under the requirements of these financial regulations (amended where appropriate by agreement between the Authority and the Governors). The Authority shall be entitled to charge an administration fee to such funds.
- C. The Consistent Financial Reporting framework requires that private funds under the control of the Governing Body be included.

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- D. Governors may also request the Section 151 Officer to undertake an audit of voluntary school funds that remain outside the Authority's official jurisdiction. The Authority may levy a charge for this service.

### 2.9 Register of business interests

- A. The Governing Body of each school must establish a register which lists for each member of the Governing Body and the Headteacher:
- I. any business interests they or any member of their immediate family have;
  - II. details of any other educational establishments that they govern;
  - III. any relationships between school staff and members of the governing body.
- B. The register must be up-to-date with notification of changes and there must be an annual review of entries.
- C. The register must be available for inspection by governors, the Local Authority, staff and parents and must be published on the school website.

### 2.10 Purchasing, tendering and contracting requirements

#### Standing Orders relating to contracts

In accordance with Section 135 of the Local Government Act 1972, a local Authority has to make Standing Orders in respect of contracts for the supply of goods and services, and such Standing Orders have to include provisions for securing competition and for regulating the manner in which tenders are invited. The Blackpool Council has made (and reserves the right to amend the financial limits from time to time) the following Standing Orders in relation to contracts entered into by the governing bodies of schools with delegated budgets:

- A. For contracts up to £50,000 cost:
- (i) Governors may enter into contracts which do not exceed £10,000 without the need to seek either written quotations or tenders, provided the Governors are satisfied that value for money is being achieved;
  - (ii) Governors may enter into contracts between £10,000 and £50,000 in value provided that the Governors receive a reasonable number of (not less than three) written competitive quotations for each contract.
- If it proves impossible for the Governors to comply with the above requirements, they must record in writing their reasons.
- B. For contracts exceeding £50,000 Governors shall be required to advertise for tenders. Ten days public notice must be given in one or more of the local newspapers circulating in the district. Where the value of the contract exceeds £75,000 (or for building and constructional works £200,000), a notice should also appear in the appropriate trade journals/newspapers.
- C. Tenders should be submitted in a plain sealed envelope addressed to the Clerk of the Governors with the envelope making it clear that it is a tender for a particular product or service. No other mark or names should appear on the envelope. Tenders should be kept in a secure place and opened at the one time in the presence of at least two appropriate persons, (one of whom should be a Governor) appointed by the Governing Body for this purpose.
- D. A record of all tenders opened should be kept for a period of at least two years.
- E. For a contract where a payment is to be received by the Authority/school, the highest tender should be accepted, but where a payment is to be made by the Authority/school,

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the lowest tender should be accepted. Departure from these requirements may occur only with the prior approval of the Governing Body (which must be minuted) and the reasons for not complying with the conditions must be specified in writing and notified immediately to the Authority.

In determining the value of a tender or quotation in monetary terms, consideration can be given to the quality of the product being supplied. The Governors shall use their best endeavours to ensure that value for money is being obtained when deciding upon the successful tenderer.

There is no obligation imposed upon the Authority or Governors to accept any of the tenders that have been received.

- F. In entering into contracts, Governors shall ensure that contract conditions comply with Blackpool Council's Standing Orders in respect of the following matters:
- (i) Every contract which exceeds £50,000 in value or amount shall provide for the payment of liquidated damages by the contractor where the contractor fails to comply with the contract conditions; and
  - (ii) A clause should be inserted in every contract, which entitles the contract to be cancelled, and costs/losses to be recovered in the event of bribery or corruption by the contractor. Bribery or corruption includes a contractor offering or giving or agreeing to give to any person any gift or consideration of any kind as an inducement or reward for taking or not taking certain action in relation to the contract or any other contract with the Authority or if the contractor or any person employed by the contractor or acting on his/her behalf is found guilty of any offence under the Prevention of Corruption Act 1889/1916 or under Section 177 of the Local Government Act 1972.
- G. In order to enable the Authority to consider whether to exclude contractors from tendering or to make recommendations to governing bodies, governors should refer details to the Authority of any person or firm withdrawing a tender or declining to sign a contract upon being called to do so, or carrying out the contract in an unsatisfactory manner. The Authority may then agree that the contractor should be placed upon the Authority's Exclusion List which would exclude the contractor from tendering for Authority contracts for up to a period of three years and Governors of schools with delegated budgets will be recommended to comply with the provisions of the Authority's Exclusion List.
- H. Where a private architect or consultant is employed to act in the carrying out of works or purchase of supplies, it shall be a term of appointment that (s)he shall observe the procedures set out in these Standing Orders.
- I. Prior to the letting of any contracts the Governing Body must assess, where relevant, the health and safety competence of contractors (see also section 11.5).

The Clerk to the Governors shall record in a book to be kept for the purpose, particulars of any Notice given by a Governor of a pecuniary interest in a contract or other matter.

### 2.11 Application of contracts to schools

- A. Schools have the right to opt out of authority arranged contracts.
- B. For contracts entered into by the Authority following consultation with the Governing Body, the school is bound into these contracts for their duration.

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- C. These include:
- a. contracts which schools have agreed to be covered by in respect of services for which funding was delegated by the Authority prior to 1<sup>st</sup> April 1999;
  - b. contracts which schools agree to be covered by in respect of services for which funding is delegated by the Authority after 1<sup>st</sup> April 1999; and
  - c. certain contracts approved by the Secretary of State for services for which funding is delegated after 1<sup>st</sup> April 1999, irrespective of the agreement of schools.
- D. Governing bodies are empowered under paragraph 3 of Schedule 1 to the Education Act 2002 to enter into contracts, however in most cases they do so on behalf of the Local Authority as maintainer of the school and the owner of funds in the budget share and the Authority must be made aware of contracts in excess of £75,000. When the Governing Body has clear statutory obligations, for example contracts made by foundation schools, this provision does not apply.

### 2.12 Central funds and earmarking

- A. The Local Authority may make sums available to schools from central funds, in the form of allocations, which are additional to and separate from the schools' budget shares. Such allocations are subject to conditions setting out the purpose or purposes for which the funds may be used and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the Local Authority itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share. These might, for example, be sums for Special Educational Needs or other initiatives funded from the central expenditure of a Local Authority's Schools Budget or other Local Authority budget.
- B. Such earmarked funding from centrally retained funds may be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and may not be vired into the budget share. Schools must maintain financial records to be able to demonstrate that this requirement has been complied with.
- C. Earmarked funds must be returned to the Authority if not spent within any period stipulated by the Authority over which schools are allowed to use the funding.
- D. The Local Authority is barred from making any deduction in respect of interest costs to the Local Authority from payments made to schools of devolved specific or special grant.

### 2.13 Spending for the purposes of the school

- A. Governors are empowered to incur expenditure up to the value of the total resources available to the school (i.e. balance carried forward from previous year plus school budget share plus any additional allocations awarded during the course of the year).
- B. Governors are empowered to enter into financial commitments extending into a subsequent financial year provided that they can be contained within the total resources which are estimated to be available for the year in question, having regard to all other likely calls on those resources.
- C. By virtue of section 50(3A), 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.

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- D. The School Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2004 (s1 2004/444) allow schools to spend their budgets on pupils who are on the roll of other maintained schools.

### 2.14 Capital spending from budget shares

- A. Where the total resources available to the school are sufficient to cover the cost of works, which are of a revenue nature, the Governors have the authority to charge the expenditure to the school budget. This regulation applies to all schools in Blackpool.
- B. Where the total resources available to the school are sufficient to cover the cost of works which are of a capital nature, the Governors have the authority to charge such expenditure to the school budget subject to notification to, and consultation with, the Authority. This regulation applies to all schools in Blackpool.
- C. In exercise of its powers under Section 282 of the Education Act 1993, the Authority will assist Governors of Aided or Special Agreement Schools by allowing the use of the school delegated budget initially to finance expenditure on approved capital schemes pending receipt of DfE grant on the basis that:
- (a) approved capital schemes costing less than £15,000 can be initially financed in this way without prior approval of the Director of Children's Services but in consultation with the Section 151 Officer; and
  - (b) approved capital schemes costing £15,000 or more can be initially financed in this way subject to notification to, and consultation with, the Director of Children's Services and the Section 151 Officer. The Director of Children's Services may advise on the merits of the proposed expenditure but consent can be withheld only on health and safety grounds.

These requirements are included to ensure compliance with School Premises Regulations and DfE Construction Standards, and Health and Safety legislation.

- D. Detailed guidance on the procedures to be followed will be issued from time to time by the Director of Children's Services and the Section 151 Officer.
- E. These requirements do not affect expenditure from any capital allocation made available by the Local Authority outside the delegated budget share.

### 2.15 Notice of concern

The Authority may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Section 151 Officer and the Director of 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

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- 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.

In the event of any dispute between the school and Authority the matter will be referred to the Chair of the appropriate Council Scrutiny Committee or their representative for resolution.

### 2.16 Schools Financial Value Standard (SFVS)

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

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

Maintained schools that did not achieve the Financial Management Standard in Schools (FMSiS) must submit the form to the local authority before 31 March 2012, and annually thereafter.

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

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

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### **SECTION 3:           INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS**

#### **3.1     Frequency of instalments**

- A.     For schools that have a bank account the frequency with which the budget share will be made available to governing bodies will be at least once a term. Instalments of the total budget share will be made available by direct transfer into the local bank account nominated by the Governing Body.
- B.     The Local Authority will, however, make available budget share instalments on a monthly basis to schools which so request it; provided that the request is made prior to the start of the relevant financial year.
- C.     Advances will be made to school bank accounts on a regular basis consistent with a school's need to spend. Variations in the pattern of advances (including transfers of pay and/or non-pay advances) will be agreed by the Section 151 Officer in consultation with the school concerned and will be notified to schools immediately prior to the commencement of each financial year.

#### **3.2     Proportion of budget share payable at each instalment**

The budget share will be made available based on the monthly profile of the financial year immediately prior to the year concerned. This will be adjusted where the school is able to demonstrate, based on the Governors' approved budget plan submitted to the Authority by 31 May, the inappropriateness of the previous year monthly profile.

#### **3.3     Interest clawback (for bank account schools only)**

- A.     An amount will be deducted from each advance to reflect the loss of interest to the Authority of advances being made to the school earlier than the invoices would normally be paid and will reflect the actual interest rate earned on General Fund balances at the time of the advance.
- B.     The amount subject to interest clawback will be calculated by comparison of the cumulative advances and the cumulative standard monthly profile for all schools. Schools will be notified of the interest rate applied to each advance.

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

The Local Authority will add interest to late payments of budget share instalments where such late payment is the result of a Local Authority error. The interest rate used will reflect the rate earned on the General Fund over the period of the delay in payment or the current Bank of England base rate which ever is the greater.

#### **3.4     Budget shares for closing schools**

Budget shares of schools, for which approval for discontinuation has been secured, may be made available until closure on a monthly basis net of estimated pay costs, even where some different basis was previously used.

#### **3.5     Bank and building society accounts**

- A.     All schools are permitted to have external bank accounts into which their budget share instalments (as determined by other provisions) are paid. Where schools have such

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accounts the school may retain all interest payable on the account unless they choose to have an account within a Local Authority contract which makes other provision.

- B. A school wishing to commence operating its own bank account may do so only after giving a period of notice of four months. New bank account arrangements may be made with effect from the beginning of each financial year.
- C. Schools without bank accounts at 1<sup>st</sup> July 2011 cannot have one until any deficit balance is cleared
- D. The Local Authority will transfer to a new school bank account by 1<sup>st</sup> April an amount agreed by both the school and the Local Authority as the estimated surplus balance held by the Local Authority in respect of the school's budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.
- E. This provision does not apply to school imprest accounts which shall be provided by agreement with the Section 151 Officer and which shall operate under any instructions (s)he may issue. Credits cards or procurement cards issued by the Section 151 Officer against the Council's bank account are subject to regulations issued by the Section 151 Officer.

### 3.5.1 Restrictions on accounts

- A. The Section 151 Officer may specify a list of banks or building societies from which the school must select a new bank account in accordance with the Authority's Treasury Management policy.
- B. The school may open an account in the name of the school rather than the Local Authority providing that the account mandate states that the Local Authority is owner of the funds in the account, that it is entitled to receive statements and that it can take control of the account if the school's right to a delegated budget is suspended by the Local Authority.
- C. Budget share funds paid by the Local Authority and held in school accounts remain Local Authority property until spent per section 49(5) of the School Standards and Framework Act.
- D. The Governing Body must approve a scheme of delegation relating to the use of the bank account, including the approval of authorised signatures and a named officer responsible for the account reconciliation. Governors, who are not members of staff, may not be signatories of the bank account.

### 3.6 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary of State. This provision does not apply to any preapproved limited schemes made available by the Secretary of State or any loan scheme run by the Local Authority. Schools will be permitted to set up debit cards or procurement cards against a school bank account but will be barred from the setting up of credit card facilities or utilising finance leases, which are regarded as a form of borrowing.



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

#### 4.1 The right to carry forward surplus balances

- A. Any underspendings against the total resource available, as determined upon the closure of the year's accounts, will accrue automatically to the school and will be added to the school's budget share for the following year.
- B. For schools opening new bank accounts, see paragraph 3.5D in relation to the transfer of surplus balances.

#### 4.2 Controls on surplus balances

- A. Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 July 2011:
  - a. The Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
  - b. The Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance;
  - c. The Authority shall then deduct from the resulting sum any amounts which the Governing Body of the school has declared to be assigned for specific purposes permitted by the Authority, and which the Authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any 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.
  - d. Sums assigned for specific purposes must fall into one of the following categories:
    - (i) General contingency

Schools may retain school balances for the purpose of contingency up to the following values:

Secondary schools                                  5% of the delegated budget

Primary and Special Schools                  8% of the delegated budget

Or £10,000 if this is greater than % threshold.

(ii) Temporary pupil numbers fluctuations

Where it can be clearly demonstrated that a change in pupil numbers is anticipated

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for up to one academic year and this is not part of a general pupil number trend within the school, a school may hold additional contingency to avoid staff reduction and recruitment in quick succession. This provision recognises that in such occasional circumstances a school is able to demonstrate value for money by retaining experienced or key staff above the recommended pupil teacher ratios.

### (iii) Capital Works

Where balances are held for funding towards capital works the school must demonstrate that all the following apply to the purpose:

- a) the project is key to the delivery of school improvements and the raising of standards in achievement and learning
- b) the project has been approved by Governors in the School Improvement plan and that it clearly addresses priorities identified in the asset management plan.
- c) it is not possible to fund the balances component from other sources, e.g. Devolved capital
- d) a clear timescale is identified by which the project will be operational.

(iv) Voluntary Aided schools may hold balances to meet the anticipated of 10% Governors contributions towards schemes listed under capital purposes

### (v) Preparation for Increase in Pupil numbers

Planned increase in pupil numbers to occur with the coming academic year may result in the school incurring additional expenditure before the funding of pupils is allowed for within the Fair Funding arrangements. Schools may, after consultation with the Authority, hold balances to provide for setting up costs, including the early recruitment and appointment of staff where this is considered appropriate.

### (vi) Other Specific School Improvement Priorities

The Authority will consider other specific items within a School Development Plan individually. Consideration will be given to likely achievement of the investment, the timescale of delivery and impact on school priorities.

### Determination of Appropriateness

The Authority has the responsibility to determine the appropriateness of sums held in balances. This will be undertaken by the Director of Children's Services or his/her representative. In the case of Voluntary Aided schools this determination will be made in consultation with the relevant Diocese.

- e. The Authority has the responsibility to determine the appropriateness of sums held in balances. This will be undertaken by the Director of Children's Services or his representative. In the case of Voluntary Aided schools this determination will be made in consultation with the relevant Diocese.
- f. If the result of steps a-e leaves a significant excessive uncommitted balance and/or where some level of redistribution would support improved provision across the local area, then the Authority may deduct from the current year's budget share an

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amount equal to the excess.

- B. Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.
- C. Funds held in relation to a school's exercise of powers under Section 27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.
- D. The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority.

### **4.3 Interest on surplus balances**

Interest will be paid on any unspent funds held within the General Fund in accordance with the rules determined by the Section 151 Officer from time to time and at a rate equivalent to that applied to the Authority's general balances.

### **4.4 Obligation to carry forward deficit balances**

Any deficit balances will be deducted from the following year's budget share.

### **4.5 Planning for deficit budgets**

With the exception of the provisions on anticipation of budgets set out in 4.9 below, Governors shall not approve a budget that exceeds their total available resources. Any unplanned deficit on the final accounts will be deducted from the following year's budget share for the school.

### **4.6 Charging of interest on deficit balances**

The Authority will charge interest on deficit balances. All deficit balances will attract an interest charge calculated on the same basis as that applying to general school balances.

### **4.7 Writing off deficits**

In no circumstances is the Authority permitted to write off the deficit balance of any school.

### **4.8 Balances of closing and replacement schools**

- A. As the Education Acts make no provision for transfer of balances between schools where a school were to permanently close, any balance (whether surplus or deficit) is to revert to the Local Authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(i) (a) of the Academies Act 2010.
- B. Using Section 47 of the School Standards and Framework Act the Local Authority will make allocations to new schools which have the effect of giving them the benefit of additional sums which are equal to or less than the balances of relevant closing schools. Where a new school is to attract additional funding this extra funding will be reduced to recognise the deficit of a preceding school, however, the deficit of the preceding school will not be set against the new school's budget share.

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### 4.9 Licensed deficits

- A. Governors may apply to anticipate their budget. Normally, deficits should be for a specific objective, relate to the following year's budget only and will be subject to a limit of 10% of the school's budget share. However, in exceptional circumstances agreement may be reached with a school to allow a budget anticipation, subject instead to the following more flexible conditions:
- there being a realistic prospect of recovery over a reasonably short timescale (normally two, and not more than three years);
  - the Governors giving a formal indication of their willingness to implement an action plan designed to achieve recovery over a defined timescale and operate within the resources available thereafter;
  - the Governors being willing to work together with the Authority in the agreement and implementation of a recovery plan.
- B. All licensed deficits will be subject to the agreement of the Director of Children's Services and the Section 151 Officer, and will attract an interest charge calculated on the same basis as that applying to general school balances. Budget anticipations will be approved in any year up to a maximum of 40% of the total collective balances.

### 4.10 Loan schemes

- A. The Authority may operate a loan scheme which does not operate by way of licensed deficit but rather by way of actual payments to schools on condition that a corresponding sum is repaid from the budget share. Such a scheme would have the following conditions:
- a. The maximum period over which the loan must be repaid is 4 years.
  - b. The loan arrangement will be agreed for one or more of the following purposes:
    - raising educational standards;
    - expenditure leading to long term savings;
    - high priority building works per Asset Management Plan criteria;
    - IT equipment priority included in the School Development Plan.
  - c. The minimum loan size will be £5,000 and the maximum will be £50,000, subject to consultation on an annual basis with the Schools Forum.
  - d. A maximum of 40% of the collective schools' balances held by the Local Authority will be used to provide finance for the loan scheme and licensed deficits in total.
  - e. The Section 151 Officer and the Director of Children's Services will consider all loan applications for affordability and appropriateness.
- B. 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, the Secretary of State will consider using the

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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 in individual cases.

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### **SECTION 5: INCOME**

#### **5.1 Income from lettings**

Schools may retain income from lettings of the school premises, which would otherwise accrue to the Local Authority, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Schools may utilise such income to cross-subsidise lettings for community and voluntary use or to support extended school functions, provided there is no net cost to the budget share.

Income from lettings of school premises should not be payable into voluntary or private funds without the authority of Section 151 Officer.

In respect of the use of school premises for non-school purposes

- A. The Authority will issue guidelines to governors on the use of premises for community and other purposes, with the available powers of direction being considered only in exceptional circumstances.
- B. Schools are reimbursed the costs of any non-school activities in school premises which are undertaken by the Authority. These activities include adult education classes, and youth and community service provision. Schools are also reimbursed for the use of premises under statutory provisions, mainly for election purposes and for parish or community council purposes. In both these cases reimbursements to school budgets is calculated on the basis of a standard formula.
- C. Agreed arrangements for the use of school premises for recreational or community purposes will apply, subject to agreement of the detailed arrangements with individual governing bodies.
- D. Use of premises, (including use relating to school purposes, e.g. parent teacher associations, school fund-raising events etc.), is for governors to determine. Any charges for such use are determined and collected under arrangements made by the Governing Body. The Authority issues guidelines about the need for users to complete forms of indemnity, to observe local planning regulations and maintain good relations with the local community.
- E. Schools are reminded of the need to ensure that income from lettings is correctly classified for VAT purposes (see also Section 7.1)

#### **5.2 Income from fees and charges**

Schools may retain income from fees and charges except where a service is provided by the Local Authority from centrally retained funds. However, schools must comply with the charging policy statements as issued by the Authority.

#### **5.3 Income from fund-raising activities**

A school may retain, for its own benefit, income generated through fund-raising activities.

#### **5.4 Income from the sale of assets**

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

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### **5.5 Administrative procedures for the collection of income**

The Section 151 Officer may issue guidelines relating to the collection of income and the safeguarding of cash receipts.

### **5.6 Purposes for which income may be used**

Income from sale of assets which were originally purchased with delegated funds may only be spent for the purposes of the school.

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### SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

#### 6.1 General provision

- A. The budget share of a school can be charged by the Local Authority without the consent of the Governing Body only in circumstances expressly permitted by the scheme. The Local Authority must consult schools as to the intention to so charge, and notify schools when it has been done.
- B. For each of these circumstances the Local Authority would have to be able to demonstrate that the Authority had necessarily incurred the expenditure now charged to the budget share. This means that where the Authority cannot incur a liability because the statutory responsibility rests elsewhere no charging is possible. Therefore the position on charging will vary between categories of school.
- C. The Local Authority cannot act unreasonably in the exercise of any power given by the scheme, or it may be the subject of a direction under Section 496 of the Education Act 1996.
- D. Governing bodies are reminded that the Local Authority is required to charge salaries of school-based staff to school budget shares at actual cost.

#### 6.2 Circumstances in which charges may be made

- A. Costs incurred by the Local Authority in respect of the premature retirement of any member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the Authority shall agree with the Governing Body in writing before the retirement occurs
- B. All expenditure incurred to secure resignations and redundancies where the school had not followed Local Authority advice shall be met from the school's budget share as laid out in section 57 (5) of the School Standards and Framework Act 1998
- C. Awards by courts and industrial tribunals against the Local Authority arising from action or inaction by the Governing Body contrary to the Local Authority's advice. Awards may sometimes be against the Governing Body directly and would fall to be met from the budget share. Where the Local Authority is joined with the Governing Body in the action and has expenditure as a result of the Governing Body not taking Local Authority advice, the charging of the budget share with the Local Authority expenditure protects the Local Authority's position.
- D. Expenditure by the Local Authority in carrying out health and safety work or capital expenditure for which the Local 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.
- E. Expenditure by the Local Authority incurred in making good defects in building work funded by capital spending from budget shares, where the Local Authority owns the premises or the school has voluntary controlled status.
- F. Expenditure incurred by the Local 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 Local Authority.
- G. Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a



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service level agreement and the result is that monies are owed by the school to the Local Authority.

- H. Recovery of penalties imposed on the Local Authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence.
- I. Correction of Local Authority errors in calculating charges to a budget share (e.g. pension deductions). Before applying this provision the Local Authority will consider whether it is reasonable to do so.
- J. Additional transport costs incurred by the Local Authority arising from decisions by the Governing Body on the length of the school day, and failure to notify the Local Authority of non-pupil days resulting in unnecessary transport costs.
- K. Legal costs, which the Local Authority incurs because the Governing Body did not accept the advice of the Local Authority. (See also section 11).
- L. Costs of necessary health and safety training for staff employed by the Local Authority, where funding for training had been delegated but the necessary training not carried out.
- M. 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.
- N. 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 cost of the Authority's compliance with its statutory obligations
- O. Costs incurred by the Local Authority in securing provision specified in a statement of Special Educational Need where a Governing Body of a school fails to secure such provision despite the delegation of funds in respect of that statement.
- P. Costs incurred by the Local Authority due the submission by the school of incorrect data
- Q. Recovery of amounts spent from specific grants on ineligible purposes.
- R. Costs incurred by the Local Authority as a result of a Governing Body being in breach of the terms of a contract.
- S. Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- T. 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.

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### **SECTION 7: TAXATION**

#### **7.1 VALUE ADDED TAX**

- A. VAT incurred by schools when spending funds made available by the Local Authority is treated as being incurred by the Local Authority and qualifies for reclaim by the Local Authority. This includes expenditure incurred by the Local Authority in respect of works at Voluntary Aided schools (for which the Governors are responsible) subject to the Local Authority ordering, receiving, paying and funding the works.
- B. As part of the Authority's VAT registration schools are able to recover (in respect of their own expenditure) the input tax attributable both to their business and non-business activities. Subject to compliance with requirements for possession of valid tax invoices from suppliers, such VAT is charged to and recovered on a central VAT ledger and no input tax falls in the schools' accounts.
- C. Separate detailed guidance on all VAT matters is available from the Section 151 Officer.

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

- A. The CIS Scheme relates to construction and maintenance work as defined in the Inland Revenue Construction Industry Tax Deduction Scheme booklet IR14/15.
- B. Where a contractor or sub-contractor does not hold a current '714' Tax Exemption Certificate the Authority must make a deduction from all payments for the labour element of the work. Invoices requiring a deduction of CIS. must be forwarded to the Central Payments Section for processing.

#### **7.3 Employee payments**

No payments to employees should be made without reference to payroll procedures to ensure that all necessary adjustments for taxation and National Insurance have been made. This also applies to the reimbursement of travel expenses, casual employment payments and other ad hoc payments.

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

#### 8.1 Provision of services from centrally retained budgets

A. It is for the Local Authority to determine on what basis services from centrally retained funds will be provided to schools, including services such as Premature Retirement Costs and Redundancy Costs. The Authority will not discriminate in its provision of services on the basis of categories of schools except where:

- funding has been delegated to some schools only; or
- such discrimination is justified by differences in statutory duties.

#### 8.2 Timescales for the provision of services bought back from the Authority using delegated budgets

A. The term of any arrangement with a school to buy services or facilities from the Local Authority is limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and limited to periods not exceeding five years for any subsequent agreement relating to the same services.

B. When the Local Authority provides a service for which expenditure is not retainable centrally, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

#### 8.3 Packaging

A. The Authority will offer to provide services on a buyback basis in a way which does not unreasonably restrict schools' freedom of choice among services available.

B. Where appropriate, the Authority will provide services for which funding has been delegated on a buy-back basis, or will otherwise make arrangements for the provision of the service through alternative providers.

C. The Authority may offer packages singly or in combinations and may offer a discount for those schools that take up a wide range of services.

#### 8.4 Service level agreements

A. Services or facilities (with the exception of catering) that are provided under a service level agreement on a buyback basis will be reviewed at least every three years if the agreement lasts longer than that.

B. Service Level Agreements relating to catering may be for a period of up to seven years with a review date of at least every five years.

C. Where services are provided on an ad hoc basis they may be charged for at a different rate than if provided on the basis of an extended agreement.

D. In relation to 8.3 B and C, centrally arranged premises and liability insurance are specifically excluded from these requirements, as the limitations envisaged may be impracticable for insurance purposes.

E. A list of those services that are available on a buy-back basis for the financial year commencing 1<sup>st</sup> April is notified to all schools and that schools will be given at least one

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month to consider the terms of agreement. The Authority will revise this list in line with changes to centrally retained items as appropriate.

- F. The Local Authority may provide services for buy back by schools at a cost which at least covers all costs relating to the provision of that service. The Local Authority is not permitted to subsidise a buy back service over the life of a buy back arrangement.

### 8.5 Teachers Pensions

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

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

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

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

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### **SECTION 9: PRIVATE FINANCE INITIATIVE / PUBLIC PRIVATE PARTNERSHIP**

Schools wishing to enter into a Private Finance Initiative or a Public / Private Partnership should consult with the Director of Children's Services and the Section 151 Officer at the earliest opportunity.

The Authority will agree with each Governing Body the basis of charges relating to PFI/PPP and the treatment of monies withheld from contractors due to poor performance.

The Authority may charge a school's budget share amounts agreed under a PFI/PPP agreement entered into by the Governing Body of the school.

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### SECTION 10: INSURANCE

#### 10.1 Insurance cover

- A. Insurances shall be effected under arrangements made and administered by the Section 151 Officer. Where schools wish to take out insurance in areas not covered by existing Blackpool Council insurance arrangements this may be carried out in consultation with the Section 151 Officer.
- B. Governors shall notify the Section 151 Officer promptly of all new risks, liabilities, properties or vehicles, which require to be insured under the scheme and of any alterations affecting risks or insurances indicating the amount of cover required.
- C. Governors shall immediately notify the Section 151 Officer of any fire, loss, accident or other event which may give rise to a claim under the Authority's insurance arrangements.
- D. Governors may, subject to Financial Regulations, amend or extend the Council's general insurance arrangements in respect of their school, provided that any additional cost arising is borne by their budget share.
- E. Schools may request the delegation of that expenditure relating to the arrangement of insurances for their school. Any school wishing to make its own insurance arrangements in this manner must give a minimum of four months notice to the Section 151 Officer. Any such insurance arrangements are subject to the approval of the Section 151 Officer to ensure adequacy of insurance cover.
- F. In considering the adequacy of insurance cover the Local Authority must have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools.
- G. Where funds for insurance are delegated the Local Authority may require the school to demonstrate that cover relevant to an 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. (see also 6.2 (F) )
- H. It should be noted that there are additional insurance requirements for Voluntary Aided schools.

## **Appendix 15(a)**

### **SECTION 11: MISCELLANEOUS**

#### **11.1 Right of access to information**

The keeping of accounts and financial records, including supporting systems and procedures, have to be undertaken in a manner approved by the Section 151 Officer, who continues to be responsible for specifying all banking, insurance and payroll arrangements in accordance with the Financial Regulations. School accounts are also subject to regular audit.

Schools are reminded of the requirements of compliance with statutory regulations regarding the maintenance and use of personal data. A summary of relevant data protection principles is provided to all schools.

#### **11.2 Liability of governors**

As the Governing Body is a corporate body, and because of the specific terms of Section 50(7) of the School Standards and Framework Act 1998, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share or exercise of their duties and responsibilities under this scheme of delegation provided they act in good faith and do not knowingly exceed their statutory or delegated powers.

Where governors have any doubt about the legality of any action that they wish to take, they should seek advice from the Authority for which service there will be no charge. Apart from certain specific responsibilities of governors of Voluntary Aided schools, any claim made against governors will be dealt with by Blackpool Council. There is no need for governing bodies to effect any separate insurance arrangements other than existing arrangements in Voluntary Aided Schools.

#### **11.3 Governors' expenses**

The Local Authority may delegate to the Governing Body of a school yet to receive a delegated budget, funds to meet governors' expenses which are set by the Local Authority.

Under section 50(5) of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. No payment of any other allowances should be made. Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him/her to schools under special measures.

#### **11.4 Responsibility for legal costs**

Legal costs resulting from legal action incurred by the Governing Body (although the responsibility of the Local Authority as part of the cost of maintaining the school unless they relate to the statutory responsibility of voluntary aided school governors for buildings) may be charged to the school's budget share unless the Governing Body acts in accordance with the advice of the Authority.

In the event of a conflict of interest between the Local Authority and the Governing Body, the Governing Body may seek independent legal advice. In order to ensure the appropriate procurement of legal advice the Governing Body may wish to consult with the National Association of Governors and Managers or the National Governors Council.

## **Appendix 15(a)**

### **11.5 Health and Safety**

In expending the school's budget share governing bodies must have due regard to duties placed on the Local Authority in relation to health and safety. The Authority's Corporate Health and Safety Manual on health and safety matters is provided to all schools.

### **11.6 Right of attendance for Chief Finance Officer**

The Section 151 Officer, or his/her representative, shall have the right to attend meetings of governing bodies to give advice or to report on financial matters when (s)he deems it necessary to do so to fulfil his/her statutory responsibilities.

### **11.7 Delegation to new schools**

The Authority is empowered to delegate selectively and optionally to the governing bodies of schools which have yet to receive delegated budgets.

By virtue of section 49 of the Act a new school must receive a delegated budget in the funding period prior to the funding period within which it opens (that is to say, the funding period during which it first admits pupils), unless the Authority has obtained the Secretary of State's approval to make arrangements in place of those in the regulations.

### **11.8 Optional Delegated funding**

Where a school exercises an option to receive delegated funding for an item, that option may only be exercised once a year and at least four months prior to the commencement of the next financial year.

### **11.9 Special Educational Needs**

A statement of Governors' responsibilities in relation to pupils with Special Educational Needs is provided to all schools. In particular, governing bodies must use their best endeavours in spending the budget share to secure the special educational needs of their pupils.

### **11.10 'Whistleblowing'**

The Local Authority will supply all schools with procedures and guidance to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school and this guidance will contain information on how such complaints will be dealt with.

### **11.11 Child Protection**

Schools are required to release staff to attend child protection case conferences and other related events and the cost of any staffing cover shall be met from the school budget share.

### **11.12 Redundancy/early retirement costs**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded:

- A. Costs incurred by the Local Authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the Governing Body in writing (whether before or after the retirement occurs) that they shall not be so met.



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- B. Costs incurred by the Local Authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.
- C. The fact that the Local Authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of B. above; and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the Local Authority's budget. In the former case, the Local Authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy.

- D. Where a Local Authority incurs costs in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or in respect of the dismissal (or for the purpose of securing the resignation) of any member of the staff of a maintained school who is employed for those purposes, they shall recover those costs from the Governing Body except in so far as the Local Authority agree with the Governing Body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.
- E. Any amount payable by virtue of D. above by the Governing Body of a maintained school to the Local Authority shall not be met by the Governing Body out of the school's budget share for any financial year.
- F. Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.

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

Section 37 now states:

- (7) Where a local education authority incur costs—*
- (a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or*
  - (b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,*
- they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.*

## **Appendix 15(a)**

*(7A) Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection (7B) is met.*

*(7B) The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.*

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

## **Appendix 15(a)**

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

Funding for repairs and maintenance has been delegated to school with only capital expenditure being retained by the Local Authority. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the Local Authority for financial accounting purposes in line with the CIPFA Code of Practice on Local Authority accounting. Classification of capital and revenue is in accordance with the Chartered Institute of Public Finance and Accounting (CIPFA) Code of Practice and in line with Blackpool Council's policy there is no de minimis level applied to this classification. Governors are responsible for all aspects of building maintenance of their school premises funded from revenue expenditure.

Illustrative examples of capital expenditure items in line with the DfE interpretation of the CIPFA code of practice are included at Annex B.

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, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by DfE to categorise such work, not the de minimis limit used by the Authority.

Governors' responsibilities in relation to the management of property matters are set out in Annex B.

## **Appendix 15(a)**

### **SECTION 13: COMMUNITY FACILITIES / EXTENDED SERVICES**

#### **13.1 Introduction**

Schools which choose 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. First, regulations made under section 28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its Authority and have regard to advice from the Authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under section 28(1), the main limitations and restrictions on the power will be those contained in the maintaining Authority'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 the powers of governing bodies 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 schools to secure the provision of adult and community learning.

The budget share of a school may not be used to fund either the start-up costs or ongoing expenditure related to community facilities, or to meet deficits arising from such activities.

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

#### **13.2 Consultation with the Local Authority – financial aspects**

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

Governing bodies are required to seek the advice of the Local Authority in a timely manner, providing reasonable information in order that the Local Authority may provide a considered response before any action is taken by the Governing Body.

Governing bodies must inform the Local Authority what decision and/or action has been taken following Authority advice.

#### **13.3 Funding agreements – Local Authority powers**

The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part on the provision. A very wide range of bodies and organisations are potentially involved.

Any proposed funding agreement with third parties should be submitted to the Local Authority for its comments in a timely manner, allowing the Local Authority adequate notice to consider the proposal.

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The Local Authority does not have a right of veto on third party funding agreements, either directly or through requiring a right to countersign the agreement. If the third party requires Local Authority consent to the agreement for it to proceed, such a requirement and the method by which Local Authority consent is to be signified is a matter for that third party, not for the scheme.

Governing bodies are reminded that if an agreement has been or is to be concluded against the wishes of the Local Authority, or has been concluded without informing the Local Authority, which in the view of the Local Authority is seriously prejudicial to the interests of the school or the Local Authority, that may constitute grounds for suspension of the right to a delegated budget.

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

The Local Authority may require that in a specific instance of use of the community facilities power by a Governing Body where it has good reason to believe that the proposed project carries significant financial risks, that the Governing Body concerned shall make arrangements to 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 risks associated with the project in question, as specified by the Authority.

Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The Scheme may propose further provisions of a similarly restrictive nature which are believed to be necessary in order to safeguard the financial position of the Authority or school, or to protect pupil welfare or education.

### **13.5 Supply of financial information**

Schools which exercise the community facilities power must provide the Local Authority every six months with a summary statement, in a form determined by the Local Authority, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.

The Local Authority may, on giving 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, require such financial statements to be supplied every three months and, if the Local Authority sees fit, to require the submission of a recovery plan for the activity in question.

### **13.6 Audit**

Governing bodies are required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

Governing bodies are required, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, to ensure that such agreements contain adequate provision for access by the Local 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.

## **Appendix 15(a)**

### **13.7 Treatment of income and surpluses**

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

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

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

Where there is a deficit on community facilities and the Local Authority needs to recover funds to meet third party liabilities it may only do so from any accumulated community facilities surplus. If this is insufficient the Local Authority will have to meet the liabilities from its own resources.

### **13.8 Health and safety matters**

The health and safety provisions of the main scheme extend to the community facilities power.

The Governing Body are 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 would be free to pass on such costs to a funding partner as part of an agreement with that partner.

### **13.9 Insurance**

The Governing Body are responsible for ensuring adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The school should seek the Local Authority's advice before finalising any insurance arrangement for community facilities.

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

### **13.10 Taxation**

The Governing Body should seek the advice of the Local Authority and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local Authority VAT reclaim facility.

Schools are reminded that any member of staff employed by the school or Local Authority in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not), the school is likely to be held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules.

## **Appendix 15(a)**

Governing bodies are required to follow Local Authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

### **13.11 Banking**

Schools may utilise LA banking arrangements, which would permit adequate separation of such funds from the school budget share and other Authority funds.

If LA banking arrangements are not utilised, schools are required to either maintain separate bank accounts for budget share and community facilities, or have one account but with adequate internal accounting controls to maintain separation of funds.

Arrangements for the administration of bank accounts are the same as those specified for School Bank Accounts (section 3).

Schools must not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining Authority.

## Appendix 15(a)

### ANNEX A

#### SCHOOLS TO WHICH THE SCHEME APPLIES

|                          | Community Schools   | Voluntary Controlled Schools   | Voluntary Aided Schools   |
|--------------------------|---|--------------------------------|---|
| <b>Primary Schools</b>   | Boundary Primary<br><del>Claremont Primary</del><br><del>Mereside Primary</del><br>Moor Park Primary<br>Kincaig Primary<br>Layton Primary<br><del>Stanley Primary</del> | Bispham Endowed C of E Primary | St Teresa's Catholic Primary<br>Holy Family Catholic Primary<br>Our Lady of the Assumption Catholic Primary<br>St Bernadette's Catholic Primary<br>St Nicholas' CofE Primary<br>St John's CofE Primary<br>St John Vianney Catholic Primary<br>St Kentigern's Catholic Primary |
| <b>Secondary Schools</b> |   |                                |   |
| <b>Special Schools</b>   | Highfurlong<br>Woodlands  |                                |   |



### ANNEX B

#### LOCAL AUTHORITY CAPITAL /REVENUE SPLIT AND ITEMS WHICH ARE THE SEPARATE RESPONSIBILITY OF GOVERNORS IN VA SCHOOLS

This document sets out the relationship between the Authority and the Governors in relation to the management of land and buildings, and indicates the arrangements, which are appropriate for all schools with delegated budgets.

##### 1. **Governors' Responsibility in General**

The responsibilities of school governors are set out below and in the attached schedule. Classification is in accordance with the Chartered Institute of Public Finance and Accounting (CIPFA) Code of Practice and in line with Blackpool Council's policy there is no de minimis level applied to this classification. Governors are responsible for all aspects of building maintenance of their school premises funded from revenue expenditure.

The Authority recognises that many of the new responsibilities will be outside Governors' previous experience. Since property matters can involve legal pitfalls, contractual relationships and, health and safety responsibilities, the Authority will make available Health and Safety arrangements and guidance to assist Governors in discharging their responsibilities and these will include : -

- (a) Corporate Health and Safety Manual and its associated arrangements including:
- (b) Managing Electricity at Work;
- (c) Managing Health and Safety in Construction, and the Control of Contractors Arrangements;
- (d) Asbestos Management;
- (e) Controlling Risks from Hazardous Substances Arrangement;
- (f) Control of Legionella Arrangement;
- (g) Work Equipment Arrangement.

Governors would need to consult the Corporate Health and Safety Manual for the full list of arrangements and guidance.

##### 2. **Training**

Governors should ensure that appropriate training is made available to those staff who may have responsibility for actions involving all policies, procedures or guidance outlined in Paragraph 1.

##### 3. **Notification to be given to the Authority**

The Governors should provide the Director of Children's Services with copies of all applications, notices, consents, approvals and licences received or made by the school in respect of the land and/or buildings.

## Appendix 15(a)

### 4. Repair and Maintenance of Premises

#### A. The Governors shall:

- (a) obtain the Local Authority's written approval to any proposals to adapt, change, extend or demolish any part of the premises;
- (b) be responsible for all works specified in the attached schedule as being the responsibility of the Governors;
- (c) liaise with the Local Authority over planning of any programmed maintenance work to avoid abortive work;
- (d) comply with Health and Safety legislation and the Local Authority's Managing Electricity at Work arrangement;
- (e) respond promptly to any requirement for emergency work, including notifying the Local Authority where it has responsibility for repair;
- (f) make good any damage, which affects the Local Authority's maintenance obligation as a consequence of a Governors' failure to carry out their responsibilities;
- (g) operate all plant and equipment for, or connected to, the supplies of energy and water in accordance with the Local Authority's or manufacturer's appropriate standards and, where the plant and equipment is the responsibility of the Governors, shall ensure that it is adequately serviced and maintained in proper working condition;
- (h) determine if a contractor has his/her tax deducted by the Section 151 Officer or possesses a Tax Exemption Certificate;
- (i) ensure all works carried out conform to Planning and Building Regulations;
- (j) ensure all works comply with Fire Regulations, particularly the means of escape and Fire Prevention (consult Fire Safety Arrangements);
- (k) ensure that Contractors are insured, i.e.
  - i. Public Liability Policy (£2m single incident);
  - ii. Employers Liability PolicyThe Principal named on the Policy is to be the "School Governors"
- (l) ensure contracts are let in accordance with Codes of Practice.

(2) Schools are responsible for all revenue work as indicated in the attached schedule.

#### (3) The Authority shall:-

- (a) liaise with the Governors with regard to any planned maintenance work; and
- (b) make good any damage, which affects the Governors' maintenance obligation as a consequence of the Authority's failure to carry out its responsibilities.

### 5. Land and Buildings

- (a) The Local Authority shall be responsible for conducting all negotiations and legal documentation in connection with any land or buildings to be rented for school purposes;
- (b) The Governors shall not create any Tenancy or Licence in connection with the land or buildings other than for sessional use; and
- (c) The Governors shall not use school buildings in a manner that will adversely affect the Local Authority's insurance cover.

## Appendix 15(a)

### ILLUSTRATIVE EXAMPLES IN LINE WITH DfE INTERPRETATION OF THE CIPFA CODE OF PRACTICE

N.B. ACTUAL INTERPRETATION OF CIPFA CODE OF PRACTICE FOR THESE PURPOSES WILL BE FOR EACH LOCAL AUTHORITY

| ELEMENT        | CAPITAL: AS CIPFA CODE OF PRACTICE  | REVENUE: REPAIRS & MAINTENANCE   |
|----------------|---|--|
| <b>Roofs</b>   |   |  |
| <u>Flat</u>    | Structure. New (not replacement) structure  | Repair/replacement of small parts of an existing structure   |
|                | Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure | Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed |
|                | Screed / insulation in a new building/extension   | Repair/replacement of screed/insulation where defective.   |
|                | Screed / insulation. Replacement/repair of substantially all. Improve effectiveness of insulation   | Work to improve insulation standards, during work to repair/ replace small areas of roof.                                    |
|                | Finish on new build. Replacement of all/substantially all on existing roof  | Replacement of roof finish on existing building. Re-coating chippings to improve life expectancy                             |
|                | Edge Trim/ Fascia on new build  | Repairs/ replacement. (uPVC) Repainting.   |
|                | Edge Trim/ Fascia, Replacement of all/substantially all on existing roof  | Repairs/ replacement. (uPVC) Repainting.   |
|                | Drainage on new build   | Clearing out gutters and downpipes.<br>Replacement/repair/ repainting of/ individual gutters/pipes                           |
|                | Other e.g. Flashings, Rooflights on new build<br>Replacement of all/substantially all on existing roof  | Repair/ Replacement/ cleaning of individual items  |
| <u>Pitched</u> | Structure. New (not replacement) structure  | Repair/replacement of small parts of an existing structure   |
|                | Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure | Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc.<br>Not complete trusses                       |

## Appendix 15(a)

|                     |  |  |
|---------------------|--|--|
|                     | Insulation in a new building/extension   | Repair/replacement/ increasing thickness of insulation in an existing roof                   |
|                     | Insulation. Replacement /repair of substantially all. Improve insulation to current standards  |  |
|                     | Roof finish in a new building/extension, replacement of all/substantially all on existing roof   | Replace missing/ damaged small parts   |
|                     | Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof  | Repairs/ replacement/ Repainting   |
|                     | Drainage in a new building/extension   | Clearing out gutters and downpipes.<br>Replacement/repairs of individual pipes/gutters       |
|                     | Drainage. Replacement of all/substantially all on existing roof  |  |
|                     | Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof                                    | Repair/ Replacement /cleaning  |
| <u>Other</u>        | Provide new covered link etc. between existing buildings   | Minor repairs, maintenance to existing covered link  |
|                     | Rebuild or substantially repair structure of existing covered link<br>Add porch etc. to existing building  | Minor repairs, maintenance to existing structure   |
|                     | Rebuild or substantially repair structure of existing porch  |  |
| <b>Floors</b>       |  |  |
| <u>Ground Floor</u> | Structure and dpc in new building  | Repair/replacement of small parts of an existing structure                                   |
|                     | Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure |  |
|                     | Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room               | Replacement and repair of screed and finishes/<br>Replacement of mats/ matwells. Maintenance |

## Appendix 15(a)

|                          |  |  |
|--------------------------|--|--|
|                          |  | e.g. revarnishing wooden floors.   |
| <u>Upper Floor</u>       | Structure - as ground floor  | As ground floor  |
|                          | Screed and Finish - as ground floor  | Repairs of finishes/<br>Replacement - as ground floor  |
| <b>Ceilings</b>          |  |  |
| <u>Top/ only storey</u>  | Suspension   | Repair/ replacement incl. From water damage, & necessary decoration  |
|                          | Membrane   |  |
|                          | Fixed  | Repair/ replacement inc. from water damage   |
|                          | Access panels  | Repair/ replacement  |
| <u>Lower storeys</u>     | Suspension   | Repair/ replacement  |
|                          | Membrane   |  |
|                          | Fixed  | Repair/ replacement  |
| <u>All</u>               | Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency   | Inspection/ air testing<br>Applying sealant coats to asbestos surfaces for protection  |
| <b>External walls</b>    |  |  |
| <u>Masonry/ cladding</u> | Structure<br>Underpinning/ propping for new build<br>External Finish on new build  | Repairs<br>Preventive measures e.g. tree removal<br>Repair/replacement of small parts of an existing structure. e.g. repointing/ recladding a proportion of a wall where failure has occurred. |
|                          | External Finish on existing builds where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building/replacement build |  |
| <u>Windows and Doors</u> | Framing - new build  | Repair/ replacement of individual frames. Repainting frames  |
|                          | Framing - structural replacement   | Repair/ replacement of   |

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|                            |  |   |
|----------------------------|--|---|
|                            | programme  | individual windows. Repainting frames   |
|                            | Glazing - new build  | Replacing broken glass  |
|                            | Glazing<br>Upgrading existing glazing  |   |
|                            | Ironmongery<br>Improved security   | Repair/ replacement, upgrading locks etc.   |
|                            | Jointing including mastic joints   |   |
|                            | Internal and external decorations to new build   | Internal and external decoration to include cleaning down and preparation.                |
| <u>Masonry chimneys</u>    | Structure  |   |
|                            | Jointing including expansion and mortar joints/ pointing/ DPC  | Repair/ re-pointing   |
| <b>Internal walls</b>      |  |   |
| <u>Solid</u>               | Complete including various internal finishes, linings and decorations                                      | Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.              |
|                            | Refurbishment and alterations  | Minor alterations   |
| <u>Partitions</u>          | Complete structure including linings, framing, glazing, decoration etc.                                    | Repairs and redecoration.   |
|                            | Refurbishment and alterations  | Minor alterations   |
| <u>Doors &amp; Screens</u> | Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations | Internal maintenance and redecoration. Repair/ replacement of defective doors and screens |
| <u>All</u>                 | Glazing to meet statutory Health & Safety requirements   | Replacement of broken glass   |
| <b>Sanitary Services</b>   |  |   |
| <u>Lavatories</u>          | In new buildings provision of all toilet fittings, waste plumbing and internal drainage.                   | Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc.               |
|                            | Large scale toilet   | Small areas of refurbishment  |

## Appendix 15(a)

|                            |  |  |
|----------------------------|--|--|
|                            | refurbishment  |  |
|                            | Provision of disabled facilities, and specialist facilities related to pupils with statements  | Repair/ replacement of damaged fittings, waste plumbing etc.   |
| <u>Kitchens</u>            |  |  |
|                            | Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations. | Maintain kitchen to requirements of LA<br><br>Cleaning out drainage systems<br><br>Redecoration  |
|                            | General refurbishment  | Repairs  |
|                            | Large and costly items of equipment  | Repairs/ replacement parts   |
| <b>Mechanical services</b> |  |  |
| <u>Heating/ hot water</u>  | Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.                    | General maintenance of all boiler house plant including replacement of defective parts.<br>Regular cleaning.<br>Energy saving projects |
|                            | Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.                                   | Monitoring systems<br><br>Health & safety issues   |
|                            | Planned replacement of old boiler/ controls systems past the end of their useful life  | Replacement of defective parts   |
|                            | Emergency replacement of boiler plant/ systems   |  |
| <u>Cold water</u>          | Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects                             | Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.                  |
| <u>Gas</u>                 | Distribution on new and major refurbishment's, terminal units  | Repairs, maintenance and gas safety<br>All servicing   |
| <u>Ventilation</u>         | Mechanical ventilation/ air conditioning to major  | Provision of local ventilation.<br>Repair/ replacement of defective  |

## Appendix 15(a)

|                            |   |  |
|----------------------------|---|--|
|                            | projects  | systems and units  |
| <u>Other</u>               | Swimming pool plant and its complete installation, including heat recovery systems  | Repair/ replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment. |
| <b>Electrical services</b> |   |  |
| <u>General</u>             | Main switchgear and distribution in major projects.   | Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.                          |
|                            | Replacement of obsolete and dangerous wiring systems, including distribution boards   | All testing, earthing and bonding to meet Health & Safety. All servicing.  |
| <u>Power</u>               | Control gear, distribution, fixed equipment, protection etc.  | All testing, repair and replacement of small items of equipment  |
| <u>Lighting</u>            | Provision of luminaires and emergency   | Replacement of luminaires, all testing, adjustments and improvements to emergency  |
| <u>Other</u>               | Lightning protection in new build<br>Alarm systems, CCTV, lifts/ hoists etc.,   | Repair/ replacement<br>Repair and maintenance  |
|                            | New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.                     | Repair/ replacement/ maintenance, including all door access systems  |
| <b>External Works</b>      |   |  |
| <u>Pavings</u>             | Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access | Maintenance and repair<br>Car park and playground markings.  |
| <u>Miscellaneous</u>       | Provision of walls, fencing, gates and ancillary buildings as part  | Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.   |



## Appendix 15(a)

|                              | of major project   |  |
|------------------------------|--|--|
| <u>Drainage</u>              | Drains, soakaways, inspection chambers and sewage plant as part of new projects          | Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary. |
| <u>Open air pools</u>        | Structure, Hygiene/ safety in new build  | Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.   |
| <u>Services distribution</u> | Heating mains<br>gas mains<br>water mains<br>electricity mains,<br>renewal of any above. | Annual servicing   |

### Notes

This illustrative list is the DfE interpretation of the CIPFA Code of Practice and Local Authorities should refer to the Code when defining capital and revenue.

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