

## SLOUGH SCHOOLS FORUM

### SCHOOLS GROUP:

John Constable (Chair), Ben Bausor, Peter Collins, Philip Gregory, Valerie Harffey, Kathleen Higgins, Navroop Mehat, Angela Mellish, Eddie Neighbour, Carol Pearce, Jon Reekie, Jo Rockall, Jamie Rockman, Coral Snowden, Neil Sykes, Maggie Waller, Gill Denham and Maxine Wood

### LOCAL AUTHORITY

Johnny Kyriacou, Alan Adams, Steven Mair and Kamaljit Karir Kaur  
Councillor Christine Hulme

**DATE & TIME: THURSDAY, 9TH DECEMBER, 2021 AT 9.00 AM**

**VIRTUAL MEETING (VIA ZOOM)**

<https://us02web.zoom.us/j/84744781360?pwd=S2V2M3NwMzl2VHVuQVRMZFFjalkzZz09&from=addon>

Meeting ID: 847 4478 1360  
Passcode: 764425

## AGENDA

### Page

### Apologies

1. Notification of Any Other Business
2. Declarations of Interest

*The Chair will ask Members to confirm whether they have any declarable interests in relation to any item on the agenda.*

*All Members who believe they may have such an interest must declare it and may only:*

- (a) remain in the meeting while that matter is discussed at the discretion of the Chair or Vice Chair, and*
- (b) speak on the matter by invitation.*

*Examples of declarable interests include:  
where the outcome of a discussion may provide a personal advantage or avoid disadvantage (pecuniary or non-pecuniary), or where the focus of an agenda item and the likely impact of any outcome is wholly or mainly on a school with which the Member is associated.*



3. Minutes of Previous Meeting held on 6 July 2021 **(Pages 1 - 6)**
4. Schools Forum Membership Update **(Verbal Report)**
5. Update on National/Local Funding Issues **(Verbal Report)**
6. DSG Monitoring Report 2021/22 **(Pages 7 - 10)**
7. DSG Funding update 2022/23 **(Pages 11 - 16)**
8. DSG Management Plan update (including High Needs) **(Verbal Report)**
9. Schools Block 2022/23 **(Pages 17 - 22)**
  - a. Confirmation of NFF funding formula
  - b. Request for 0.5% transfer to High Needs Block
10. Early Years update **(Verbal Report)**
11. Scheme for Financing Schools **(Pages 23 - 80)**
12. Academies update **(Verbal Report)**
13. 2021/22 Revised Forward Agenda Plan/Key Decisions Log **(Pages 81 - 82)**
14. Any Other Business (notified at start of meeting)

**Slough Schools Forum- Meeting held on Tuesday, 6th July, 2021**

**Present:** John Constable, Langley Grammar School (Chair)  
Ben Bausor, Always Growing Ltd  
Peter Collins, Slough & Eton Church of England Business and Enterprise College  
Philip Gregory, Baylis Court Nursery School  
Valerie Harffey, Ryvers School  
Kathleen Higgins, Beechwood Secondary School  
Navroop Mehat, Wexham Court Primary School  
Eddie Neighbour, Upton Court Grammar School (Observer)  
Carol Pearce, Penn Wood Primary School  
Jon Reekie, Phoenix Infants  
Jo Rockall, Herschel Grammar School  
Jamie Rockman, Haybrook College  
Neil Sykes, Arbourvale School  
Maggie Waller, Holy Family Primary School  
Nicky Willis, Cippenham Primary School

**Officers:** Catherine Cochran, Michael Jarrett and Funmi Olagbaiye

**Apologies:** Angela Mellish and Johnny Kyriacou

The Chair welcomed everyone to the meeting, in particular Ben Bausor from Always Growing Ltd, newly appointed PVI Provider representative.

Prior to asking any questions, attendees were asked to introduce themselves.

The meeting was held remotely and would be recorded: it was confirmed the recording would be deleted upon the production of accurate minutes.

**Apologies:**

Apologies for absence had been received from Angela Mellish and Johnny Kyriacou, SBC. No apologies for absence had been received from Coral Snowden or Maxine Wood.

**848. Any Other Business**

The following item was tabled: Section 114 Notice and possible implications.

**849. Declarations of Interest**

There were none.

**850. Minutes of Previous Meeting held on 13 May, 2021**

The Minutes of the Schools Forum meeting held on 13 May 2021 were agreed as a correct record.

**Matters Arising from those Minutes:**

Nothing was noted.

**851. Schools Forum Membership Update**

The Clerk confirmed that, following due process the following members had been reappointed for a further two-year term of office: Valerie Haffrey, Jo Rockall, John Constable, Maggie Waller, Carol Pearce, Navroop Mehat and Angela Mellish.

There remained vacancies for an academy primary Headteacher and an academy secondary Headteacher. Nominations would be invited in the Autumn term.

On behalf of Schools Forum, the Chair took the opportunity to thank Kathleen Higgins and Nicky Willis for their contributions as members of Schools Forum and in other forums: both would be leaving their posts at the end of this academic year and all present wished them well for the future.

### **9.08am: Funmi Olagbaiye was admitted to the meeting**

#### **852. Update on National/Local Funding Issues**

Funmi Olagbaiye reported that there was nothing to update at this meeting although updated information was due to be issued by the DfE.

### **9.11am: Neil Sykes was admitted to the meeting**

#### **853. Annual DSG Report 2020/21 (including impact)**

Due to a number of changes within SBC, the draft Annual DSG Report had been circulated to members the day before this meeting. The Chair thanked Funmi Olagbaiye for all her work in completing the report. Due to late circulation, members agreed 5 minutes should be allowed to read the report.

### **9.15am: the meeting adjourned**

### **9.20am: the meeting resumed**

Funmi Olagbaiye took members through the key points in the report, explaining that the balance sheet showed an accumulated deficit of £18.6m of which £19.4m was the High Needs Block (HNB) of the DSG, based on the overspends and underspends in Schools Block and the HNB.

**Schools Block:** at the beginning of the year there had been a slight balance brought forward of £289,000 underspend to which the DSG Settlement of £138.9m had been added. £102m had been recouped to the academy and all £36.9m had been allocated out to schools. The small overspend was due to the actual Growth Fund paid out which would be corrected in 2021/22.

**CSSB:** it was noted the small overspend was due to license costs being higher than anticipated. A transfer of £255,000 from HNB had been made to support in-house services. The Slough Growth Project had been restricted due to Covid, so there was a small underspend as well as an underspend on vacancy factors. Therefore, there would be a small carry forward into the next year in reserves of £29,000.

**Early Years:** the final settlement for the year had been £15.5m. The main areas of underspend had been due to growth and in-year issues mainly due to Covid. There had been less uptake of places for 3-4 year olds, resulting in a total underspend of £0.148m within maintained and £0.76m within primary with an increase in those

eligible for Pupil Premium and deprivation, resulting in a small underspend. However, private sector take up had increased by £1.2m. This amounted to a total carry forward underspend of £833,000 which would be adjusted by the DfE in July.

**High Needs Block (HNB):** it was noted that work was ongoing through the DSG Management Plan to address this area. There had been an overspend of £5.35m in HNB this year, which had increased the accumulated deficit to £19.4m. In the previous year, £18.4m had been allocated from the DSG, with some funds transferred to the CSSB. This year the budget had been aligned to fund maintained schools, which had left approximately £3m for central support and out of borough places. There was an overspend of £2m on the independent sector, overspending on out of borough special schools accounting for £1.7m.

The deficit was rising year on year and the finance team continued to work hard to bring it under control. The Chair thanked Funmi Olagbaiye for all the work which was being undertaken.

Michael Jarrett explained that none of the savings proposed related to any aspects of the HNB because it was a needs-led service, and it was difficult to manage exact amounts of expenditure. In some measure the HNB had to be treated as a separate entity as the requirements of the child came first, to ensure a child was placed appropriately. Ongoing work was required to mitigate the pressures and bring the HNB in line with budget: if spend continued on the same trajectory, the projected overspend for 2024/25 was £43m. It was added that vulnerable needs still had to be met despite SBC having been served the Section 114 Notice.

**The meeting moved to agenda items 8 and 9:**

#### **854. DSG Management Plan (to include High Needs update)**

As noted at previous meetings, the DfE required SBC to deliver a DSG Management Plan (the Plan). This involved a great deal of background work with the production of data, and population of the Plan, from a number of departments.

SBC had to submit the finalised HNB Recovery Plan to the DfE on Friday 9 July and a further meeting with the DfE Policy Team was scheduled for Monday 26 July, at which time there would also be a thorough examination of the Plan. It was hoped the DfE would appreciate the work which had been going on. It was stressed the Plan was not connected to the Section 114 but that the Council's financial position impacted on the Plan.

Future trends had been reviewed; it would be necessary to manage projected deficits and to work differently.

#### **855. DSG Pressures/Options**

It was explained that although the pressure was on all four blocks, the DSG should be seen as one overall block when reporting to the DfE. In the Autumn, following further meetings with the DfE, it might be necessary for Forum to consider some transfers between blocks.

It was confirmed the Plan was a public document which could be shared with schools.

Michael Jarrett explained that, due to challenging circumstances the Section 114 had been served on Friday 2 July, before the DfE had chosen to step in. It was one of the highest Section 114 Notices ever to have been served. SBC's Chief Executive had issued a response, making plans clear as to where savings were to focus including the sale of buildings and assets to offset budget pressures. There was now a moratorium on all spending, a process had been introduced for placing orders and Expenditure Control Panels had been set up in all five Directorate areas. A business case would be required for any spend, apart from areas deemed vulnerable. There were five Directors who would rotate across the group in order to ensure objectivity. All grants and financial amounts coming into SBC would be subject to some level of scrutiny in line with the Section 114.

There were currently approximately 360 staff vacancies at SBC, with the majority filled by temporary staff. These roles might need to be frozen in the short to mid-term, with any requiring supporting business cases. The Council was unable to approve anything unless it had been cleared by the panel which would meet three times a week.

It would not be possible to offer support services as it had in the past and some would have to close, with SBC only being able to meet statutory requirements. Some contracts had been immediately stopped as of Friday 2 July and it would be necessary to change how Children's Services were offered.

A meeting was scheduled for Thursday 22 July with full Council and lead Members in order to discuss financial assurances to the auditors and to deliver a plan which would satisfy the requirement to remove the Section 114: if not, it would be necessary to apply for another one. There would be a great deal of partnership working, including discussion with Schools Forum.

It was confirmed the Council would communicate with schools prior to September and share the implications of cost savings on services, enabling schools to make plans. It was explained that all work was being carried out based on worst case, mid-case and best-case scenarios. More would be known in mid-August when there was more information available about capitalisation.

It was further confirmed that EHCPs and similar requests would be made to a Director Control Panel, but children would still be entitled to EHCPs etc going forward. Cases would need to be rigorous. Although Child Protection services were statutory, spend would also have to go through the Control Panel. A member commented that they could foresee an increase in tribunals which would be costly, and it was acknowledged this was a process which had to be followed: the child would continue to come first. There was an assurance SBC would do all they could to support vulnerable children. A forward agenda plan was to be issued.

The Chair thanked Michael Jarrett for being so transparent about the situation and Forum asked to be kept fully apprised of the situation.

### **The meeting returned to the running order of the agenda:**

#### **856. Early Years Update (to include MNS)**

It was reported there were a number of positive things happening across the sector despite the Plan and three nurseries experiencing financial pressures. It was felt it was beneficial to have colleagues on Forum who were familiar with the sector.

An Early Years Review was being conducted and work was being undertaken with a number of departments to ensure there was sufficiency going forwards. It was noted that Michael Jarrett had met with the governing boards of all nurseries within the Authority.

Work was also ongoing with the DfE and the three nurseries. A report had been drawn up making recommendations for the future: this had to be finalised and shared with the DfE for ratification. It was stressed the Council could not accept any deficit budgets and had to be in a position to change the financial certainty of the nurseries concerned, with any actions needing to be addressed with speed.

All Slough nurseries were experiencing challenges due to financial pressures and those of Maintained Nursery School (MNS) funding, which had been drawn to the attention of SBC a number of years before. It was pointed out that the paper provided showed two nurseries were having to use carry forward funds to set their budgets.

Phil Gregory, Headteacher of Baylis Court Nursery confirmed that he would be retiring at the end of the Autumn term 2021.

#### **857. SEND Update**

It was reported that SEND services had moved to a more stable position. Two permanent appointments had been made, with more permanent staff due to start within two weeks of this meeting, bringing the department up to its' full complement. SEND services were included in the Plan and were also having to monitor all expenditure.

It was suggested Schools Forum should allocate more time to discussion about the Plan and MNS.

It had been necessary for a number of other councils to meet with the DfE. The DfE acknowledged it would not be possible to reduce the High Needs deficit to zero but wanted to be assured the Authority could stop the trajectory and manage the funding. As yet, it was unknown how they would react following the serving of the Section 114, but it was positive that there now appeared to be a link across government.

#### **858. Update from Task Groups: Early Years, HNB and 5-16 (to include review of Terms of Reference)**

As previously noted, the Early Years Task Group had met. It was added that this had been before the rates were set.

The High Needs Block and 5-16 Task Groups had not met.

Forum **APPROVED** the Terms of Reference for the Early Years, HNB and 5-16 Task Groups for the academic year 2021/22.

#### **859. Academies Update**

There were no updates for this meeting.

## **860. 2021/22 Proposed Forward Agenda Plan/Key Decisions Log**

The Key Decisions Log was noted.

As previously minuted, due to the ongoing situation, the Proposed Forward Agenda Plan 2021/22 would be issued under separate cover, following consultation with SBC finance colleagues.

The provisional date of the next Schools Forum meeting was noted:  
***Wednesday 6 October 2021 at 9.00am (to be held remotely)***

Schools Forum members would be advised of the final arrangements or any changes.

## **861. Election of Chair and Vice Chair**

The Chair had completed one year of the two-year term of office in the role. Forum endorsed the appointment for the second year.

Expressions of interest in the role of Vice Chair were invited. Anyone wishing to find out more about the role should contact the Chair or the Clerk.

## **862. Any Other Business**

Section 114 Notice: dealt with under agenda item number 9.

The Chair thanked everyone for their contributions and wished all an enjoyable summer break.

(Note: The Meeting opened at 9.00am and closed at 10.25 am)



<b>School Forum 02 December 2021</b>	
<b>Report from Executive Director of People - Children Services</b>	
<b>DSG Budget Monitoring Report 2021/22</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>No. of Appendices:</b>	None
<b>Contact Officer(s):</b>	<b>Kamaljit Kaur</b> <b>Interim Finance Business Partner</b> <b>Email: <a href="mailto:Kamaljit.karirkaur@slough.gov.uk">Kamaljit.karirkaur@slough.gov.uk</a></b>  <b>Archa Campbell</b> <b>Interim Group Manager</b> <b>Email: <a href="mailto:Archa.campbell@slough.gov.uk">Archa.campbell@slough.gov.uk</a></b>

### 1. Purpose of the report

This report provides Schools Forum with an update on the forecast financial position for 2021/22. The position is reported against the budget set in consultation with Schools Forum and submitted to the Department for Education on the Section 251 budget return.

### 2. Recommendation

Schools Forum is asked to note the contents of this report.

### 3. Summary

The Dedicated School Grant (DSG) balance has been an increasing deficit for a number of years due to overspend on the High Needs Block. This mainly relates to increased demand for out of borough SEN placements, post 16 services and places at Special schools.

The carried forward deficit from 2020/21 for the High Needs Block is £19.6m, with a projected in year deficit of £4.5m. The total projected deficit at the end of the financial year is £24.1m.

This current projection is in line with the management action plan which was presented to DfE on 26th July as shown in table 1 below.

**Table 1: Dedicated Schools Grant**

<b>BLOCKS</b>	<b>Budget £'000</b>	<b>Forecast Position £'000</b>	<b>Full Year Variance £'000</b>	<b>Previous month's Variance £'000</b>	<b>Change £'000</b>	<b>Cumulative surplus/ deficit £'000</b>
Schools block	37,175	37,216	41	41	0	339
Central Schools Services block	1,020	1,025	5	0	5	(27)
Early Years block	15,230	15,230	0	0	0	(453)
High Needs block	19,804	24,302	4,498	4,551	(53)	24,269
<b>Total</b>	<b>73,229</b>	<b>77,826</b>	<b>4,597</b>	<b>4,359</b>	<b>238</b>	<b>24,128</b>

#### 4. Schools' Block

The schools block is showing an over spend of £0.041m mainly due to pressure on Growth Fund budget. This service will be monitored closely, and any variances will be reported accordingly.

The carried over deficit from previous year is £0.298m, projected total deficit for Schools Budget will be £0.339m. No change from last month's variance.

#### 5. Central Schools Services Block (CSSB)

CSSB block is forecasting an overspend of £0.006m mainly due to increase in School Licences charges, no change from previous month.

#### 6. Early Years Block

The current position is showing that this service will be on target. This is a demand funded/participation-based service with providers claiming funding for actual hours of provision at the hourly rate set by the authority for that particular financial year.

The carried over surplus for EY is £0.453m and currently this service is showing nil variance for 2021/22.

#### 7. High Needs Block

The DSG 2021/22 High Needs Block projected outturn shows, in-year overspend of £4.5m favourable variance of £0.053m from P6 mainly on adjustment on maintain schools. The carried over deficit from previous years is £19.6m, total deficit will be £24.2m. There is risk that there may be additional costs due to under accrual not been put through last year.

Overspend for high needs relates to the demand of out borough placement of SEN, this includes the post 16 and independence and Special schools. This deficit will be added to the already reported deficit on DSG of £19.8m. There is risk that there may be additional costs due to under accrual not been put through last year.

The service is currently looking into this, any changes will be reported in next budget monitoring.

The High Needs budget will be further adjusted for in year import/export in July/August, and any changes will be reported accordingly.

## **8. Financial Implications**

The financial implications have been detailed in the body of this paper.

## **9. Legal Implications**

There are no legal implications for this report.

## **10. Equality Implications**

Not applicable

## **11. Consultation with Ward Members and Stakeholders**

Not applicable

## **12. Human Resources/Property Implications (if appropriate)**

Not applicable

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<b>School Forum 02 December 2021</b>	
<b>Report from Executive Director of People - Children Service</b>	
<b>DSG Funding Update 2022/23</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>No. of Appendices:</b>	None
<b>Contact Officer(s):</b>	<p><b>Kamaljit Kaur</b>  <b>Interim Finance Business Partner</b>  <b>Email: <a href="mailto:Kamaljit.karirkaur@slough.gov.uk">Kamaljit.karirkaur@slough.gov.uk</a></b></p> <p><b>Archa Campbell</b>  <b>Interim Group Manager</b>  <b>Email: <a href="mailto:Archa.campbell@slough.gov.uk">Archa.campbell@slough.gov.uk</a></b></p>

### 1. Purpose of the report

- 1.1. To inform Schools Forum of the provisional DSG block funding allocations announced for 2022/23.

### 2. Recommendation

- 2.1. Schools Forum is asked to note the 2022/23 allocations which will form the basis of further detailed work to allocate funding to individual schools and settings at the January 2022 meeting.

### 3. Summary of Provisional DSG Funding allocation 2022/23

- 3.1. Provisional funding allocations announced in July 2021 indicated that core school funding will increase nationally by £2.3 billion in 2022/23. This is in line with the confirmed 2020 Spending Review increases to funding for schools in England by £7.1 billion by 2022/23 compared to 2019/20. The previous increases had been £2.6 billion in 2020/21 and £4.8 billion in 2021/22.
- 3.2. In Slough, the overall Schools Block funding will increase by £1.8 million in 2022/23, which represents an increase of 1.2%. This is lower than the national percentage increase of 2.9% and lower than the average of 1.7% for Local Authorities (LAs) in London. Factors which have contributed to the lower increase in funding include the fact that London has the lowest share of primary and secondary schools with a per-pupil funding level which is below the 2022/23 minimum per pupil rate of £4,265 for primary schools and £5,525 for secondary

schools. This means that fewer schools will be uplifted to these levels. There is also the impact of decreases in primary pupil numbers.

- 3.3. The High Needs Block (HNB) will also see an increase of £2.3 million, representing an 8% increase. This is below the London average of 8.21% and the national average of 8.84%. Factors that have contributed to this outcome include London experiencing the lowest increase in the funding floor factor as a result of reduction in pupil numbers; and the lowest increase in 3 out of the 6 Income Deprivation Affecting Children Index (IDACI) bandings which is also a funding factor of the HNB.
- 3.4. The Central block will see a 6% reduction and LAs in London will experience smaller than average percentage increases in funding for ongoing responsibilities (1.3% compared to 2.0% nationally). This is driven by London experiencing the largest decreases in schools block pupils and FSM pupils, impacting on the basic per pupil and deprivation funding factors respectively.
- 3.5. The Early Years Block increase is yet to be confirmed

**Table 1: Provisional DSG Funding 2022/23**

Slough NFF Funding Allocation	School Block	High Needs Block	Central Services Block	Early Year Block	Total
	£'000	£'000	£'000	£'000	£'000
<b>2021/22</b>	149,702,689	28,270,986	707,798	15,229,885	193,911,358
					0
<b>2022/23 (provisional)</b>	151,469,769	30,534,224	734,392	15,229,885	197,968,270
<b>Increase/(Reduction)</b>	1,767,080	2,263,238	26,594	0	4,056,912
<b>% Change</b>	1.2%	8.0%	3.8%	0.0%	2.1%

#### 4. Schools' Block

- 4.1. The basic structure of the schools national funding formula (NFF) is not changing in 2022-23. For 2022-23, we have changed a small number of the existing features of the formula. These are outlined below.
- 4.2. The schools NFF determines how we distribute core funding for 5–16 year-old pupils in mainstream schools.
- 4.3. The formula determines the funding each local authority receives. Under the current approach, local authorities then set their own formulae to distribute that funding across maintained schools and academies in their area – subject to certain constraints.

- 4.4. Approximately 93% of the schools NFF funding is allocated through ‘pupil-led’ factors. The ‘pupil led’ factors are determined by pupil numbers and pupils’ characteristics. The majority of this funding is allocated through the basic per pupil funding factor, which all pupils attract. The NFF allocates the rest of ‘pupil-led’ funding towards additional needs
- 4.5. 75.4% of the schools NFF is allocated through the basic per pupil funding, which every pupil attracts.
- 4.6. The amount varies by age. In the 2022-23 NFF pupils in reception to year 6 attract £3,217; pupils in year 7 to year 9 attract £4,536, and pupils in year 10 and 11 attract £5,112. Additional needs factors:
- 4.7. The NFF allocates 9.1% of all its funding to deprived pupils. Pupil deprivation is based on three deprivation measures – current Free School Meal (FSM) eligibility, FSM eligibility at any time in the last 6 years (“FSM6”), and the level of deprivation in the postcode where the pupil lives, which is measured using the Income Deprivation Affecting Children Index

## **5. Schools’ Block funding changes**

- 5.1. In 2022-23, the formula ensures that all schools attract an increase of at least 2% in pupil-led funding per pupil compared to 2021-22.
- 5.2. MFG must be set between +0.5% and 2.0%
- 5.3. Nationally the area cost adjustment (ACA) ranges between 1.00 and 1.19.
- 5.4. The basic units of funding which are used to calculate the DSG / LA allocation Primary Unit of Funding (PUF) increased from £4,492 to £4,582 (+£90).
- 5.5. Secondary Unit of Funding (SUF) increased from £6,117 to £6,244 (+£67).
- 5.6. The MPPL varies from school to school depending on the year groups they have. The unit values per year group are £4,265 for primary year groups, £5,321 for KS3 and £5,831 for KS4. Each school’s MPPL is calculated as a weighted average of the number of year groups they have.
- 5.7. LA’s may continue to transfer up-to 0.5% of their schools block (excluding the additional funding allocated to the schools block for the teacher pay and pensions grants) with the permission of Schools Forum, which in essence equates to 0.5%
- 5.8. Income Deprivation Affecting Children Index (IDACI), 2021 data is now used within the NFF. 2.5% of LSOAs are placed in IDACI band A which attracts the

highest funding, 5% in IDACI band B attracting the second highest level of funding

- 5.8.1. FSM Schools attract £470 for all primary and secondary pupils who are eligible for free school meals. This funding is broadly intended to cover the cost of providing free meals for each eligible pupil.
- 5.9. The NFF allocates 3.7% of its funding to pupils eligible for IDACI funding. This funding is based on the IDACI 2019 area-based index measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into seven bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A-F, with more funding directed to pupils in the more deprived bands.

## 6 CSSB

- 6.1. The CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. The total funding or ongoing responsibilities is £284m in 2022-23. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.
  - 6.1.1 Historic Funding-Continuation of reducing Historic spend. For 2021/22, a reduction of 20% on 2020/21 Allocation. (£49,920 - £39,936)
  - 6.1.2 On-going Funding
    - National increase in total funding of 5.56%.
    - Per pupil increased from £22.95 to £24.56 (+£1.61)
    - LA protection rates; loss capped at -2.5% per pupil and gains while the year-on-year gains cap will be set at the highest affordable rate of 5.6%.
    - No change to Area Cost Adjustment rates for CSSB.
- 6.2. From 2020-21 DfE began to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013-14, and which have been unwinding since. This was in line with our reforms to move to a fairer funding system, and to avoid maintaining significant differences in funding indefinitely between local authorities which reflect historic decisions.
- 6.3. In 2022-23, for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2021-22 allocations, the same rate as the reduction in 2021-22.
- 6.4. This reduction in funding will create a budget pressure in the Central Block, as most of the historic commitments are long-term commitments, which cannot be rapidly reduced or easily funded by a constrained General Fund. As part of the 2021/22 budget monitoring, there are some reported underspends in the Central Block and officers will seek to balance the position for the 2022/23 budget.



## **7 Early Years Block**

- 7.1. No published announcement has been made regarding the Early Years block funding for 2022/23 but following the Spending Review 2021 a further update from the DfE has confirmed that the Early Years Block will receive additional funding worth £160 million in 2022/23 and £180 million in 2023/24 to enable LAs increase hourly rates paid to providers for childcare entitlement offers and reflects the costs of inflation and national living wage increases.
- 7.2. An Early Years funding report for 2022/23 will be brought to Schools Forum in January 2022 detailing the revised funding rates.
- 7.3. The DfE has returned to the normal early years funding process from the start of 2021 and intend to use the January 2022 census count to drive funding allocations for the 2022 Spring term.
- 7.4. The five maintained nursery schools in slough receive a specific Supplementary allocation of £0.72 million. It was announced that this grant would continue in the academic year 2021/22 but it is not known if it will continue beyond then. Given the importance of this funding to the maintained nursery schools, this situation will need to be closely monitored.

## **8 High Needs Block**

- 8.1. The additional £2.3 million represents an 8% increase in the High Needs Block income, which would be enough to cover the current 2021/22 forecasted imbalance between High Needs expenditure and income. However, the increase will not be sufficient to also cover the brought forward 2020/21 DSG deficit of £19.5 million and any further increase in demand for Education, Health & Care Plans (EHCPs) in 2022/23.
- 8.2. A provisional funding allocation of £30.5m will not be in line with the HNB deficit management plan which had estimated income of £31.09m for this block in 2022/23.

## **9 Spending Review 2021 (SR21)**

- 9.1. No published announcement has been made regarding the Early Years block funding for 2022/23 but following the Spending Review 2021 a further update from the DfE has confirmed that the Early Years Block will receive additional funding worth £160 million in 2022/23 and £180 million in 2023/24 to enable LAs increase hourly rates paid to providers for childcare entitlement offers and reflects the costs of inflation and national living wage increases.

- 9.2. The DfE has returned to the normal early years funding process from the start of 2021 and intend to use the January 2022 census count to drive funding allocations for the 2022 Spring term.
- 9.3. The five maintained nursery schools in slough receive a specific Supplementary allocation of £0.72 million. It was announced that this grant would continue in the academic year 2021/22 but it is not known if it will continue beyond then. Given the importance of this funding to the maintained nursery schools, this situation will need to be closely monitored.

## **10 Financial Implications**

- 10.1. The financial implications have been detailed in the body of this paper and additional funding received would go towards mitigating inflationary costs pressures faced by schools.
- 10.2. The additional funding for the HNB is not sufficient to mitigate the cost of increases in the demand for EHCPs and recover the current deficit. Once further details on the SR21 funding are announced, the DSG Management Plan will be revised to consider any further growth in funding.

## **11 Legal Implications**

- 11.1. There are no legal implications for this report.

## **12 Equality Implications**

- 12.1. Not applicable

## **13 Consultation with Ward Members and Stakeholders**

- 13.1 Not applicable

## **14 Human Resources/Property Implications (if appropriate)**

- 14.1. Not applicable

<b>School Forum 02 December 2021</b>	
<b>Report from Executive Director of People - Children Service</b>	
<b>DSG Funding Formula arrangements 2022/23</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>No. of Appendices:</b>	One Appendix A Comparison of Slough LFF to NFF
<b>Contact Officer(s):</b>	<b>Kamaljit Kaur</b> <b>Interim Finance Business Partner</b> <b>Email: <a href="mailto:Kamaljit.karirkaur@slough.gov.uk">Kamaljit.karirkaur@slough.gov.uk</a></b>  <b>Archa Campbell</b> <b>Interim Group Manager</b> <b>Email: <a href="mailto:Archa.campbell@slough.gov.uk">Archa.campbell@slough.gov.uk</a></b>

## 1 PURPOSE OF REPORT

- 1.1 To agree with Schools Forum the proposed changes to Slough Schools block funding formula for the 2022-23 financial year.

## 2 RECOMMENDATIONS

- 2.1 That Forum members agree on the proposed items:
- Movement towards a full National Funding Formula in determining 22/23 budget share allocations
  - Block transfer from High Needs Block to Central School Services Block (CSSB)

## 3 BACKGROUND

- 3.1. In 2021-22 schools and School Forum agreed to move 85% towards a full National Funding Formula but as per Fair School Funding Data released by NFF Slough is now 99% on NFF.
- 3.2. In 2021-22 It was agreed after consultation and discussion with school's forum not to transfer the permitted 0.5% from the schools block to the high needs block to mitigate some of the high needs overspend.
- 3.3. It is proposed that schools are asked the same question as above for 2022-23 financial year as High Needs block is in deficit and growing.

#### **4 Central Schools Services Block (CSSB)**

- 4.1. The items contained within this block are the same as in 2021-22 but the budget allocations to each area may be subject to change and will be resultant on the agreement to transfer funding from the HNB as in previous years to in order to re balance the incorrect base funding from 2017-18

#### **5 Schools Block (SB)**

- 5.1. Schools Forum is asked to consider to the transfer of 0.5% from the Schools Block to support the High Needs Block to mitigate some of the overspend in high needs block. DfE regulations permit up to 0.5% of the Schools Block to be transferred with Forum approval.

#### **6 Changes to payments of Schools' Non - Domestic Business Rates (NNDR)**

##### **Centralising the payment of business rates for local authority-maintained schools and academies**

- 6.1. For local authority-maintained schools the cost of business rates would be deducted at source by top slicing the DSG. Both ESFA and individual local authority-maintained schools would then gross the reduced cash movement back up by the amount of the rates obligation, so that this change does not give the erroneous impression that schools' budgets are being reduced. Both the local authorities' and the local authority-maintained schools' budgets would continue to include the rates funding, even though ESFA would no longer pay over physical cash. Otherwise, local authority-maintained schools' account balances would automatically decrease by the value of the business rates cost every year.
- 6.2. The DfE has published the government response following its consultation on centralising the payment of NNDR. This confirms that, from 1 April 2022, ESFA will pay NNDR directly to billing authorities on behalf of schools for 5 to 16-year-olds. From next year, maintained schools will no longer need to make NNDR payments to billing authorities.
- 6.3. Budget share allocations for 2022/23 will reflect the funding for NNDR although schools will not receive actual cash payments. Schools are still expected to record NNDR expenditure in their accounts as this remains a liability for the school, even though the actual payment is via the ESFA.
- 6.4. Any prior year adjustments from 2021/22 will be included in the budget share allocation for 2022/23 and schools will get this funding in cash terms. There will be no further adjustments beyond those for the 2021/22 financial year.
- 6.5. ESFA will cover additional rates costs associated with additional buildings on a school site which are used to deliver education for pupils at the school (for example, a sports

hall that is used during school hours and at evenings by the wider community). However, ESFA will not cover the additional rates costs associated with buildings which are not used to deliver education for pupils at the school.

- 6.6. For a smooth transition to the new payment system, schools are advised to register buildings which are not used to deliver education for pupils at the school as a separate entity on the Valuation Office Agency's (VOA) rating list. This ensures that two individual bills are produced, meaning the bill data uploaded to ESFA by billing authorities will only relate to the parts of a school site used to deliver education and will exclude any other buildings. This is likely to apply to schools which contain:
- Several service providers (for example, a private nursery attached to a primary school).
  - Other bodies which occupy specific buildings (for example, a caretaker's house or community swimming pool). Changes to payments of Schools' Non-Domestic Business Rates (NNDR)

## **7 Financial Implications**

- 7.1 The financial implications have been detailed in the body of this paper and additional funding received would go towards mitigating inflationary costs pressures faced by schools.

## **8 ALTERNATIVE OPTIONS CONSIDERED**

No alternative options were considered.

## **9 SUPPORTING INFORMATION**

Not applicable

## **10 Legal Implications**

There are no legal implications for this report.

## **11 Equality Implications**

Not applicable

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#	Element	2021/22 DfE –	2021/22 DfE –	Slough Current Rates 2021/22	2022/23 DfE	Variance Slough 2021-22 rates to NFF Rates 2022- 23
		NFF with ACA Minimum Factor Value	NFF with ACA Maximum Factor Value		NFF WithFactor Value	
1	AWPU: Primary per pupil	£3,300.82	£3,442.57	£3,458.32	£3,527.45	£69.13
2	AWPU: KS3 per pupil	£4,654.76	£4,854.65	£4,876.86	£4,974.40	£97.54
3	AWPU: KS4 per pupil	£5,245.59	£5,470.85	£5,495.88	£5,605.80	£109.92
4	FSM: Primary per pupil	£486.19	£486.19	£486.19	£495.90	£9.71
5	FSM: Secondary per pupil	£486.19	£486.19	£486.19	£495.90	£9.71
6	FSM6: Primary per pupil	£607.74	£607.74	£607.74	£619.80	£12.06
7	FSM6: Secondary per pupil	£887.83	£887.83	£887.83	£904.00	£16.17
8	IDACI Band A: Primary per pupil	£655.30	£655.30	£655.30	£668.40	£13.10
9	IDACI Band A: Secondary per pupil	£914.25	£914.25	£914.25	£932.50	£18.25
10	IDACI Band B: Primary per pupil	£502.05	£502.05	£502.05	£512.00	£9.95
11	IDACI Band B: Secondary per pupil	£718.72	£718.72	£718.72	£733.00	£14.28
12	IDACI Band C: Primary per pupil	£470.34	£470.34	£470.34	£479.70	£9.36
13	IDACI Band C: Secondary per pupil	£665.87	£665.87	£665.87	£679.15	£13.28
14	IDACI Band D: Primary per pupil	£433.35	£433.35	£433.35	£442.00	£8.65
15	IDACI Band D: Secondary per pupil	£613.03	£613.03	£613.03	£625.10	£12.07
16	IDACI Band E: Primary per pupil	£274.80	£274.80	£274.80	£280.25	£5.45
17	IDACI Band E: Secondary per pupil	£438.63	£438.63	£438.63	£447.10	£8.47
18	IDACI Band F: Primary per pupil	£227.24	£227.24	£227.24	£231.75	£4.51
19	IDACI Band F: Secondary per pupil	£327.65	£327.65	£327.65	£334.20	£6.55
20	LPA: Primary per pupil	£1,157.35	£1,157.35	£1,157.35	£1,192.07	£34.72
21	LPA: Secondary per Pupil	£1,754.52	£1,754.52	£1,754.52	£1,807.16	£52.64
22	EAL3: Primary per pupil	£581.32	£581.32	£581.32	£585.00	£3.68
23	EAL3: Secondary per pupil	£1,569.56	£1,569.56	£1,569.56	£1,575.00	£5.44
24	Lump Sum Primary	£124,507.53	£124,507.53	£124,507.53	£124,507.53	£0.00
25	Lump Sum Secondary	£124,507.53	£124,507.53	£124,507.53	£124,507.53	£0.00
26	Sparsity: Primary	£47,562.30	£4,756.23	£4,756.23	£5,000.00	£243.77
27	Sparsity: Secondary	£73,985.80	£7,398.58	£7,398.58	£7,500.00	£101.42
28	Mobility: Primary per pupil	£95.12	£95.12	£95.12	£95.12	£0.00
29	Mobility: Secondary per pupil	£136.35	£71.54	£136.35	£136.35	£0.00

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<b>School Forum 02 December 2021</b>	
<b>Report from Executive Director of People - Children Service</b>	
<b>Updated Scheme for Financing Schools &amp; Schools Financial Regulations</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>No. of Appendices:</b>	Two Appendix A - Scheme for Financing Schools 2021-22 Appendix B – School Financial Regulations – Summary of Change
<b>Contact Officer(s):</b>	<b>Kamaljit Kaur</b> Interim Finance Business Partner Email: <a href="mailto:Kamaljit.karirkaur@slough.gov.uk">Kamaljit.karirkaur@slough.gov.uk</a>  <b>Archa Campbell</b> Interim Group Manager Email: <a href="mailto:Archa.campbell@slough.gov.uk">Archa.campbell@slough.gov.uk</a>

## 1 PURPOSE OF REPORT

This report details the changes to be implemented to the Scheme for Financing Schools and the Schools Financial Regulations and will become effective from 1st April 2021.

## 2 RECOMMENDATIONS

The School's Forum is requested to approve the amendments to the Scheme for Financing Schools 2021-22.

## 3 Detail

- All changes applied in the revision are in line with the April 2021 Department for Education Scheme for Financing Local Authority Maintained Schools – Statutory Guidance issued to local authorities, changes to the Local Authority's own regulations, the EU Public Procurement Regulations and all the relevant regulations.
- The 2021-22 Scheme for Financing Schools is attached as Appendix A, with the summary of changes being detailed in Appendix B. The changes will become immediately effective after the approval of Schools Forum.

- The 2021-22 Schools Financial Regulation is attached as Appendix C, with the summary of changes being detailed in Appendix D. The changes will become immediately effective after consultation with Schools Forum.

## **7 Financial Implications**

There are no financial implications for this report

## **8 Legal Implications**

There are no legal implications for this report.

## **10 Equality Implications**

Not applicable

**Slough Borough Council  
Directorate of Children Learning and Skills**

**Scheme  
For Financing Schools**

**2021/2022**



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Council Financial Regulations January 2000

*(Note: these regulations apply to schools, providing they are not inconsistent with anything included within this Financial Scheme).*

## **SECTION 1: INTRODUCTION**

### **1.1 The Funding Framework: Main Features**

- 1.1.1 The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act (SSFA), 1998.
- 1.1.2 Under this legislation, local authorities determine for themselves the size of their schools' budget and their non-schools education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's-maintained schools except for capital and certain miscellaneous items. Authorities may deduct funds from their schools' budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools' budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.3 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
- 1.1.4 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 those 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.).

- 1.1.5 An authority may suspend a school's right to a delegated budget if the provisions of the authority's financial 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 Act).
- 1.1.6 Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.1.7 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**

- 1.2.1 The scheme sets out the financial relationship between the authority and the maintained schools it funds. It includes requirements relating to financial management and associated issues binding on both the authority and schools.

### Role and Responsibilities of Governing Bodies

- 1.2.2 Within the statutory national and local framework the governing body controls the running of a school with a delegated budget. This includes the following responsibilities:
  - To approve the first formal budget plan of each financial year.
  - To deploy resources freely within the school's budget, subject to the conditions of the scheme.
  - To determine the number of teaching and non-teaching staff at the school and select for appointment and be able to require dismissal, taking account of the professional advice of the Chief Education Officer and the Head Teacher.
  - In the light of new legislation, to agree with the local authority targets for the school and the local authority, as part of the movement for continuous school and local authority improvement.



- To develop and implement the School Development Plan, in consultation with the Head Teacher and within the general conditions and requirements of the local authority's scheme. In developing such a Plan, the governors need to take account of all their responsibilities, including the implementation of the National Curriculum, and ensuring that appropriate provision is available for all pupils with special educational needs, with or without a statement.
  - To ensure that the requirements specified in a child's statement of special educational needs are met by the school. This may include the provision of appropriate outreach and integration facilities, in accordance with each child's statement of special educational needs.
- 1.2.3 Where there are regularly other staffs on site in a school e.g., health authority personnel, whilst the day-to-day management of these staff is within the Head Teacher's remit, the governing body has no entitlement to suspend such staff.
- 1.2.4 In the case of special schools, where a member of the school's staff accompanies its pupils to a mainstream school for outreach/integration purposes, the member of staff remains within the overall management of the special school.
- 1.2.5 The governors may, as far as is permitted in this scheme, delegate to the Head Teacher their powers in relation to any part of the delegated budget.

#### Role and Responsibilities of the Head Teacher

- 1.2.6 Fair Funding gives Head Teacher's power to match their responsibilities.

These powers include the following:

- To manage the school in accordance with the policies of the governing body and the local authority.
- To offer advice and support to the governing body.
- To provide the governing body with a draft budget plan for formal approval and to be responsible to the governing body for the management of the school's budget share in accordance with the extent of delegation agreed by the governing body.
- To have a key role in helping the governing body formulates the School Development Plan and in securing its implementation with the collective support of the school's staff.
- To be responsible for the day-to-day management of all aspects of

the school's work, including provision for children with special educational needs, and to keep the governing body fully informed.

#### 1.2.7 Application of the Scheme to the authority and maintained schools

As a description of its institutional coverage, the scheme should state that it applies in respect of all community, nursery, voluntary, foundation, community special or foundation special schools and pupil referral units (PRUs) maintained by the authority.

### **1.3 Publication of the scheme**

1.31 The Scheme for Financing Schools will be published on the Slough Borough Council website by the date any revisions come into force, together with a statement that the revised scheme comes into force on that date.

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

1.4.1 Proposed revisions to the Scheme will be the subject of consultation with the Head Teacher and governing body of every school maintained by the authority before they are submitted to Schools Forum for approval.

1.4.2 Where Schools Forum does not approve revisions or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

1.4.3 It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.

### **1.5 Delegation of powers to the Head Teacher**

1.5.1 The governing body shall 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. The authority may suggest a desirable level of delegation to Head Teachers, but the adoption of such recommendations is not mandatory on schools.

### **1.6 Maintenance of schools**

1.6.1 The Council is responsible for maintaining schools covered by the scheme. This includes the duty of defraying all the expenses maintaining them (except in the case of a VA school where some 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 Schools Standards and Framework Act 1998.

## **SECTION 2: FINANCIAL REQUIREMENTS AND AUDIT**

### **2.1 General Procedures**

#### **2.1.1 Application of financial controls to schools**

Schools must abide in the management of their delegated budgets by the authority's requirements on financial controls and monitoring. These are set out below in summary and in more detail in the schools' financial regulations which should be in accordance with the council's financial regulations and standing orders issued to schools.

#### **2.1.2 Provision of financial information and reports**

Schools shall provide the authority with timely details of anticipated actual expenditure and income, assets, and liabilities, in a form and at times determined by the authority. Income and expenditure reports shall be submitted quarterly except for VAT and other taxation returns shall be provided more frequently. If the council does require income and expenditure report more frequently, the school will be notified in writing that in the authority's view the school's financial position warrants closer monitoring or the school is in its first year of operation.

The authority may determine whether this information is on a cash or accruals basis. This information will be used for the purpose of consolidation into the authority's management and statutory accounts, and to enable prompt accounting for taxes due to the authority. Returns should therefore be fully verifiable and reconciled. Where the authority has good reason to doubt the validity of information it will be entitled to obtain independent verification, take corrective action, and charge the school's budget share accordingly.

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

The school will be responsible for the correct payment of all salaries, bills and relevant taxes relating to its budget share unless the authority has agreed to perform this on behalf of the school through a separate service level agreement. Any costs including penalties, legal or administrative costs incurred by the authority as a result of a school's none or late payment of bills or salaries will be charged to the school's budget share.

#### **2.1.4 Control of assets**

Schools shall maintain an inventory of its moveable non-capital assets, including furniture, fittings, equipment, plant, and machinery, in a form and to such an extent as may be prescribed by the Director of Finance and Resources. For assets worth less than £1,000 the school must keep a register in some form but is free to determine that form.

2.1.5 The scheme should encourage schools to register anything that is portable and attractive, such as a camera.

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

Schools will comply with the authority's accounting policies when providing financial information to the authority under 2.2 above. These can be found in the schools financial regulations plus supplementary information provided at the year-end. This includes the requirements for consistent financial reporting.

#### **2.1.7 Writing off of debts**

Governing bodies may write off debts in accordance with an agreed policy determined by the governing body, up to £500, after all reasonable practicable steps have been taken to recover amounts due. Debts in excess of £500 should be referred to the Strategic Director of Finance and Resources who may decide to seek recovery and charge the costs of recovery against any amounts recovered.

### **2.2 Basis of accounting**

2.2.1 The reports and accounts furnished by schools to Slough Borough Council can be on either a cash or accruals basis; but the authority cannot impose either system on schools' internal systems.

2.2.2 The intention behind this provision is to ensure that although the authority should be able to have reports furnished on the basis they need, they should not be able to dictate to schools how they organise their accounts. This means in particular that schools should be able to use what financial software they wish, provided they meet any costs of modification to provide output required by the authority.

### **2.3 Submission of budget plan**

2.3.1 Governing bodies must prepare and formally adopt a budget plan in accordance with the SFVS, which reconciles with their total budget allocation and is realistically achievable given known facts and likely future events. Schools must take full account of estimated deficits / surpluses at the previous March 31 in their budget plan.

2.3.2 The Approved budget plans should be notified to the authority in a standard format determined by the authority together with a copy of the relevant minutes of the governing body approving the plan by May 31 of the financial year to which the budget relates. The budget plan will include a statement of the School Development Plan financial implications underpinning the budget, planned use of historic balances and of the projected end of year balance. The authority may also require the governing body to submit revised budget plans once every three months, from the anniversary of 31 May

- 2.3.3 The governing body must also prepare and submit, if requested by the authority, any supporting financial schedules verifying the budget plan. This may include, for example, an analysis of salary expenditure.
- 2.3.4 The authority will supply schools with any income and expenditure data which it holds which is necessary for efficient budget planning by schools. The authority shall provide an annual statement of when this information shall be made available through the year.
- 2.3.5 Schools must accept responsibility for the proper allocation and coding of their income and expenditure to ensure the CFR standards are met.

### **2.3.6 Submission of Financial Forecasts**

Schools must provide the authority with a financial forecast covering each year of a 3-year budget plan annually by 31 May. This should be linked to any school improvement plan the authority require the school to implement

One of the aims of the three-year plan is to show that the school has a sustainable and stable budget. This means that the school is not incurring a level of spending higher than its income, for year after year, by running down balances, or going into deficit. The 3-year financial forecast will assist schools in their financial management and can be used as evidence to support the LA's assessment of Schools Financial Value Standards and/or used in support of the authority's balance control mechanism.

## **2.4 School Resource Management**

- 2.4.1 Schools must seek to achieve value for money and efficiencies to optimise the use of their resources and to invest in teaching and learning, considering the council's purchasing, tendering, and contracting requirements outlined in Section.
- 2.4.2 It is for heads and governors to determine at school level how to secure better value for money. There are significant variations in efficiency between similar schools, so it is important for schools to review their current expenditure, compare it to other schools, and think about how to make improvements. The process of purchasing with due regard to value for money and the procedure for purchasing should be stated in the school's finance procedures manual and reviewed by the governing body annually.

## **2.5 Virement**

- 2.5.1 Schools may vire freely between expenditure and income budget heads within their budget shares. Governors must determine a policy

and procedure for authorising virements between budget heads, including financial limits above which the approval of the governors is required. To maintain accurate budgetary control, budget virements should be updated on the school's financial system at the earliest opportunity.

## **2.6 Audit: General**

2.6.1 Schools shall be part of the internal and external audit arrangements of the Council as determined by the Strategic Director of Resources and the Public Sector Audit Appointments Ltd (PSAA) the statutory body that replaced the Audit Commission in 2016. Schools shall co-operate with all the requirements of the auditors, both internal and external and should provide full access to the school's records including the pupil register. Where auditors, as a result of inadequate records, incur additional time and costs, or there is unreasonable non-co-operation by schools these costs will be charged to the school's budget share.

## **2.7 Separate external audits**

2.7.1 In instances where a school wishes to seek an additional source of assurance at its own expense, the governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process. Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also co-operate with the LA's internal and external auditors.

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

2.8.1 Schools must have their voluntary and private funds audited annually. Auditors should be suitably qualified and experienced for the task they have undertaken. Schools must obtain an audit certificate/statement confirming that an audit has been carried out and that in the auditor's view the funds are properly maintained and accounted for. Schools must provide copies of audit certificates, for all voluntary and private funds held by the school and of the accounts of any trading organisations controlled by the school, to the LA annually. A school refusing to provide audit certificates to the LA as required by the scheme is in breach of the scheme and the LA may act on that basis.

2.8.2 Schools are required to advise Schools Finance Team of any trading organisations controlled by the school that are not operated as part of their official or unofficial funds.

2.8.3 The administration of the "Private" or "Unofficial" funds should be of the same high standard as for the main delegated budget. The operation of these funds needs to conform to the LA Financial Regulations.

## **2.9 Register of business and other interest**

2.9.1 The governing body of each school is required to maintain a register which lists for each member of the governing body and the Head Teacher:

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

2.9.2 The register should be kept up to date with notification of changes and the entries should be reviewed annually. The register should be available for inspection by the LA, governors, staff, and parents and should be published, for example, on a publicly accessible website. The LA has a model 'Code of Conduct' for staff that covers this area, and this has been recommended to schools (it suggests that all staff declare business interests – or at least those in a position to make financial decisions). Declaration of any pecuniary interests should also be made at governors' meetings and minuted.

## **2.10 Purchasing, tendering and contracting requirements.**

2.10.1 Schools must comply with the provisions in the authority's Financial Regulations and standing orders regarding purchasing, tendering and contracting matters (along with all other requirements) except where they specifically do not apply to schools. This will include a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking into account the authority's policies and procedures.

2.10.2 However, schools must not do anything incompatible with any of the provisions of this scheme, or any statutory provision, or any Procurement Directive.

Schools must:

- comply with any statutory provision or any Procurement Directive.
- Seek local authority approval i.e., countersignature, for any contract for goods and services for a value more than £60,000.
- Seek at least three tenders in respect of any contract with a value exceeding £10,000 in any one year.

2.10.3 Schools may seek advice on a range of compliant deals via [Buying for schools](#)

## **2.11 Application of contracts to schools**

2.11.1 Schools have the right to opt out of Council arranged contracts except where they have lost that right for particular contracts in accordance with a specified procedure, (e.g., failure to obtain insurance to the minimum level specified the Council or for non-compliance with conditions relating to delegation or legislation). In such cases schools would be bound into the contract for its length unless such a contract contains clauses allowing variance of its terms and conditions.

2.11.2 Although governing bodies are empowered to enter into contracts, in most cases they do so on behalf of the authority as maintainer of the school and the owner of the funds in the delegated budget share. In certain cases, governing bodies enter into contracts solely where the governing body has clear statutory obligations e.g., staff employment contracts in aided or foundation schools.

## **2.12 Central funds and earmarking**

2.12.1 The local authority can make sums available to schools from central funds, in the form of allocations, which are additional to and separate from the school's budget share. Such allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used and will be known as 'earmarked funds'.

2.12.2 Earmarked funds should only be spent for the purposes for which they are given and although in specified cases virement may be permitted this should never be to the point of assimilation into the general school budget share.

2.12.3 There should be accounting mechanisms in place for schools to be able to demonstrate that these requirements have been complied with. Earmarked funds may include a condition that any funds not spent in year or within the period, over which schools are allowed to use the funding if different, must be returned to the authority. The authority must not make any deduction from payments to schools of devolved or specific grant, in respect of interest costs to the local authority.

## **2.13 Spending for the purposes of the school**

2.13.1 Although s.50 (3) allows governing bodies to spend budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme. As well as the



various standard provisions LAs may wish to propose their own restrictions on this freedom, arising from local circumstances.

2.13.2 By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

2.13.3 Under s.50 (3) (b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes) (England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.

This scheme does not permit schools to spend their school budget share on:

- activity, publicity or propaganda against Slough Borough Council
- Any form of activity which is designed to attract pupils to the school which uses misleading information or is otherwise factually incorrect and necessitates corrective action by the local authority.

2.13.4 Schools not adhering to this will be penalised by an amount equivalent to the costs incurred on the activity and any costs incurred by the local authority in seeking to remedy the effects of such activities.

2.13.5 Governing bodies are free to spend budget shares 'for the purposes of the school', subject to regulations made by the Secretary of State and any provisions of this scheme. Schools are permitted to spend their budget shares on community facilities or services (see section 13.1) and on pupils who are on the roll of other maintained schools.

## **2.14 Capital spending from budget shares**

2.14.1 Where capital expenditure is undertaken from the school budget share the authority may require that it be notified of the proposed expenditure and consider any advice from the Director of Children Learning and Skills as to the merits of the proposed expenditure. This will only apply if the expected capital expenditure exceeds £20,000. Where premises are owned by the council, or the school has voluntary controlled status, the governing body is required to seek the consent of the council for any proposed capital works; such consent can only be withheld on health and safety grounds.

2.14.2 The reason for these provisions is to help ensure compliance with the specific legislation.

## **2.15 Notice of Concern**

2.15.1 The authority does have the right to issue a Notice of Concern (Notice) to any of its maintained schools. The authority may issue a Notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the 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 authority or the school. The Notice may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

2.15.2 The Head Teacher of the school will be notified in advance of the proposed Notice and issues that the local authority has. The Notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. These may include:

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

2.15.3 The Notice will clearly state what these requirements are, how it can be rectified and the date it must be rectified by, in order for the Notice to be withdrawn. It will also state the actions that the authority may take where the Head Teacher does not comply with the Notice, which will include issuing this Notice to the governing body stating the action that will be taken if they do not comply.

- 2.15.4 The purpose of this provision is to enable a local authority to set out formally any concerns it has regarding the financial management of a school it maintains and requires a governing body to comply with any requirements it deems necessary. The principal criterion for issuing a Notice, and determining the requirements included within it, must be to safeguard the financial position of the authority or school.
- 2.15.5 This provision is not intended to be used in place of withdrawal of financial delegation where that is the appropriate action to take; it is included to provide a way of making a governing body aware of the authority's concerns short of withdrawing delegation and identifying the actions a governing body should take in order to improve their financial management to avoid withdrawal.
- 2.15.6 Where the council has issued a Notice it will be withdrawn once the governing body has complied with the requirements it imposes.

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

- 2.16.1 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.
- 2.16.2 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.
- 2.16.3 All maintained schools with a delegated budget are required by Slough to submit the form to the local authority annually by 18 December (or the last day of autumn term whichever is earlier). This earlier deadline will allow Slough sufficient time to audit the information prior to DfE deadline of 31 March

## **2.17 Fraud**

- 2.17.1 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 those controls. This information must also be included in the induction for new school staff and governors.

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

### 3.1 Frequency of instalments and banking arrangements

The frequency of instalments of the budget share will depend upon the banking arrangements chosen by the school as set out in the table below. These may be revised from time to time.

Option	Bank Account	Funds Paid Over	Accounting	Instalment
1	Own	Non-Staffing	SBC	1 of month, or nearest working day prior
2	SBC	Non-Staffing	SBC	On receipt of Imprest claim
3	Own	All	Own	The Monday before the last Thursday of the month
4	SBC	All	Own	The Monday before the last Thursday of the month

Notes:

- a If a school wishes the Council to keep its accounts through a service level agreement it must choose either option 1 or 2. If a school wishes to maintain its own accounts, then it must choose either option 3 or 4.
- b If a school wishes to make its own arrangements for payroll, then it must also keep its own accounts, and choose either option 3 or 4.
- c The payment date of the Monday before the last Thursday of the month may be varied by negotiation between schools and the authority.

Top up payments for pupils with high needs should be made monthly unless alternative arrangements have been agreed with the provider.

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

3.2.1 The budget share payable will be calculated as follows:

- a Option 1: Equal twelfth, of the non-staffing budget calculated from the

school budget plan, plus an estimate of VAT (currently 20%), less payments to the Council for business rates and certain services provided by the Council where this is agreed as part of the service level agreement or other contract with the school, less any relevant previous year-end balance. The initial estimate of non-staffing expenditure prior to the receipt of the budget plan will normally be 15% of the budget. Payments will not normally be made for budgeted non-staffing expenditure in excess of 30% of the budget share within the first nine months of the financial year. Where the Council also provides payroll, the April instalment will be reduced to reflect that payment is made one month in arrears.

- b Option 2: Claim made on the Imprest return
- c Options 3 & 4: Equal twelfths of the budget share less payments to the Council for rates and certain services provided by the Council where this is agreed as part of the service level agreement or other contract with the school, less any relevant previous year-end balance.

3.2.2 There will be additions or deductions to the standard monthly payment for in-year budget changes, such as new statements and excluded pupils, and re-imbursments of such items as VAT (from a monthly return provided by the school).

3.2.3 Where the authority is entitled to charge the school's budget share in relation to costs incurred on its behalf these will be deducted from the following month's instalment. Where there has been non- payment of invoices to the authority under a service level agreement the amount outstanding will be deducted from the instalment following the lapse of 90 days from the original invoice date or due date which is later.

3.2.4 The authority will give written notice of this. Where a school changes bank account, the carry forward will be transferred at the point at which the new account opens or on the next monthly payment date.

### **3.3 Interest and Payroll**

3.3.1 For option 3 and 4 schools using the Council payroll service the gross cost of the payroll will be charged to the next monthly payment. No interest will be credited to schools for the interest earned by the Borough on the tax, National Insurance and superannuation contributions not due to be paid over until after the pay date

#### **3.3.2 Interest on late budget share**

The Council will add interest to late payments of budget share instalment, where such payments are late because of Council error.

The interest rate will be at least the Bank of England base rate or that used for clawback calculations. For the purposes of this clause, 'late' means after the last Thursday of the month.

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

- 3.4.1 The local authority has a Cabinet approved policy for implementing school closures. The full document is available on the Slough schools intranet. Where approval has been granted for the discontinuation of a school, or part of, instalments of the budget share may be made monthly net of estimated pay costs, even where a different basis had previously been agreed.

### **3.5 Bank and Building society accounts**

#### **3.5.1 Restrictions on Accounts**

All schools will have a bank or building society account, which will be in the name of the school. However, if a school has such an account the scheme should require that the account mandate provides that the authority is the 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 authority. When choosing a bank or building society schools are required to be consistent with the local authority's Treasury Management policy. Schools may change their bank or building society on giving two months' notice in writing to the Director of Children Learning and Skills and the Director of Finance and Resources. Schools without banking arrangements outside the authority's group at the commencement of this scheme may be refused one until any deficit balance is cleared: and any school requesting a bank account at a later date may also be refused one until any deficit balance is cleared.

- 3.5.2 The authority can continue to have arrangements negotiated with certain banks whereby the accounts are in the name of the authority but specific to each school and offer such arrangements to schools.

Budget share funds paid by the authority and held in school accounts remain authority property until spent (s.49 (5) of the Act). Taken from DfE Scheme

- 3.5.3 Schools must have at least one bank of account which is a normal current account, and which will be used for paying cash instalments or Imprest reimbursements into. Any other school bank accounts must be selected in line with the local authority's Treasury Management policy and not involve any type of account where the capital value of the investment is at risk. A school budget is predominantly to meet expenditure due to be incurred in the current financial year and therefore schools should not seek to tie themselves into arrangements

of longer than one year or with a notice period longer than three months. A balance must be struck between return and liquidity.

### **3.6 Borrowing by schools**

- 3.6.1 Governing bodies may borrow money only with the written permission of the Secretary of State (this includes finance leases).
- 3.6.2 A finance lease **is effectively a borrowing agreement** It is a leasing contract in which the school takes ownership of the asset and is responsible for all maintenance and insurance but pays for the asset over a period of time.
- 3.6.3 An operating lease **is a rental agreement**. It is a leasing contract in which the ownership for the asset remains with the lessor and they remain responsible for the maintenance, insurance and repairs and the future residual value risk of the asset.
- 3.6.4 The use of procurement cards by schools is permissible and can be a useful means of facilitating electronic purchases.
- 3.6.5 Schools may use credit or charge cards. However, no interest charges should be incurred by the school, with balances fully cleared monthly.
- 3.6.6 However from time to time, the Secretary of State may introduce limited schemes in order to meet broader policy objectives which are available to school i.e., Salix Scheme designed to support energy saving and these schemes will not require specific approval.

### **3.7 Other Provisions**

#### **3.7.1 Budget advances**

Option 1 and 3 schools may request a budget advance for cash flow purposes. Any such advance will be subject to a deduction of interest for the estimated number of days multiplied by the interest rate.

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

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

- 4.1.1 Schools will carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

- 4.1.2 Where the school banks with the council's bankers, the school will receive interest on the budgeted carry forward for the year at the average base rate for the year.

## **4.2 Control of Surplus Balances**

- 4.2.1 Schools are required to complete a return on their planned use of balances, and this must accompany the approved budget plan submitted to the local authority by 31<sup>st</sup> May. A proforma return will be available to all schools and the information to be supplied includes:

- Detail of projects or works to be completed; resources to be purchased or contracted
- Amount earmarked for each item
- Expected date of expenditure
- Supplier or provider to be commissioned
- Budget heading expenditure will be recorded against

Evidence of planned use must accompany the return. Acceptable evidence includes:

- List of outstanding orders at 31<sup>st</sup> March and copies of orders, delivery notes or invoices; Finance will be mindful of the amount of school administration required and if the number of outstanding orders is high may restrict the request for evidence to a sample of orders
- Tenders and quotes
- Governing Body minutes showing discussions on planned use of balances
- Relevant costed items in School Development Plan
- Correspondence and emails from local authority officers

## **4.3 Revenue Balance Control Mechanism (BCM)**

- 4.3.1 The local authority shall calculate by 30 April each year the surplus balance, if any, held by each school as at the preceding 31 March. For the purpose of the Balance Control Mechanism (BCM) the balance will be the total revenue balance as reported on the final Consistent Financial Report (CFR) return.
- 4.3.2 The revenue balance will be calculated as a percentage of the new financial year's budget share. This is purely to clarify the year that will be used for comparison. Budget share will consist of school block funding, high needs block funding and early years block funding (if appropriate) as well as Pupil Premium and EFA Sixth Form Funding (if appropriate).
- 4.3.3 The BCM threshold is set at 5% for secondary schools and 8% for primary and special schools. For any school exceeding the threshold,



local authority officers will review the school's return on Planned Use of Balances. Amounts not fully supported by evidence will be considered as potentially subject to clawback. For example, if a primary school has a balance of 10% then it will be asked to supply evidence to cover all of that balance. If evidence is supplied for 8% then 2% would be recoverable; being the figure above 8%. Similarly, for a primary school with a balance of 10%, if evidence for 7% were supplied, 2% would be recovered, again being the amount above 8%. However, there would be no recovery if evidence were supplied for 10%.

4.3.4 The following funds will be viewed as exempt from potential clawback if sufficiently supported by relevant evidence:

<b>Category</b>	<b>Evidence</b>
Committed expenditure i.e., prior year committed orders ( <i>this should equal the amount reported as CFR balance B01</i> ).	Orders, delivery notes or invoices
Funds held on behalf of other schools e.g., cluster funding, federation grants	Correspondence, allocations
Planned reserves for future years' budgets i.e., funds required to support a budget as the school moves through change	Calculations, plans, projections, multi-year budget tool
Allocations of local authority funding made after 1 <sup>st</sup> January	Correspondence with LA officers
Planned reserves for provision of additional places	Correspondence, allocations

4.3.5 Local authority finance officers will identify schools exceeding the threshold and not providing full supporting documentation for the planned use of their revenue balance and these will be referred to the Schools Forum. The Schools Forum will then decide the suitable group to review each school with the presumption that the school(s) concerned will be fully involved in the process.

4.3.6 Any amounts that are clawed back will then be referred to the Schools Forum for a decision on their use. That decision will take into account the prevailing needs of Slough's schools as a group and extant DfE guidance. For example, clarification will be sought regarding the status of academies if funds are redistributed through the funding formula.

Schools requiring support or advice on collecting appropriate evidence should contact the Schools Finance team before the 31<sup>st</sup> May deadline for the return.

#### **4.4 Interest on surplus balances**

4.4.1 Option 2 & 4 schools will receive interest on relevant reserves remaining with the Council Identified in their budget plan. Option 1 & 3 schools may deposit with the Council and receive interest on their

reserves. These reserves must be maintained throughout the financial year.

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

4.5.1 Schools will carry forward from one year to the next any deficit balances. Deficits at the end of one financial year (i.e., at 31 March) will be equal to those at the commencement of the new financial year (i.e. at 1 April). Deficits will be deducted, as the first charge, from the following year's budget share at the commencement of the new financial year. That is with the exception of those agreed deficits known as 's' where the schedule of payments which existed at 31 March 1999 will continue. Amounts due for repayment may be charged by the authority against schools' budget shares.

#### **4.6 Planning for deficit budgets**

4.6.1 In the event of an unplanned budget arising during a financial year, maintained schools are required to review its financial priorities to ensure it can bring its expenditure back into balance within the current financial year. Schools should also plan for end of year contingencies of at least 8% (primary phase), and 5% (secondary phase) of its budget share to ensure it has sufficient cash flows to absorb unplanned for expenditure. Schools that submit a Governor Approved Budget Plan showing a deficit position will be asked to re submit a balanced budget. On exception, where the school's governors demonstrate that a balanced budget can only be achieved to the severe detriment of the functions of the school, the school can apply to the LA for a licensed deficit, and by demonstrating how it intends to balance its budget over a period longer than one year via a recovery plan.

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2022.

#### **4.7 Interest on deficit balances**

4.7.1 Interest may be charged on deficit balances at the estimated average, base rate. A reduced rate may be charged on agreed deficits.

#### **4.8 Writing off deficits**

4.8.1 The authority cannot write off the deficit balance of any school. If an authority wishes to give assistance towards elimination of a deficit balance this should be through the allocation of a cash sum, from the authority's schools budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in

financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum).

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

- 4.9.1 Where in the funding period, a school has been established or is subject to a prescribed alteration because of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes
- 4.9.2 The exception is that a surplus transfers to an academy where a school converts to academy status under section 4(1) of the Academies Act 2010.

#### **4.10 Licensed deficits**

- 4.10.1 Slough's licenced deficit scheme will operate on a 'cash advance' option only. This is where a schools budget share can be re-profiled to allow for them to draw an advanced payment on their school budget share with deductions in later months to enable time for the school to address the budget deficit.
- 4.10.2 If any school optimises the cash advance system, schools forum will be appropriately updated.
- 4.10.3 The request for a licensed deficit will be reviewed by LA finance officers and, if satisfied, be sent to the Director of Children, Learning and Skills and the Director of Finance and Resources (S151 Officer) for approval.
- 4.10.4 The maximum amount of time that a school can set a deficit budget is for 3 years, subject to approval, however this can be reviewed under exceptional circumstances.
- 4.10.5 The purpose of the Licensed Deficit process is to enable maintained schools to:
- Identify and acknowledge they are experiencing financial challenges;
  - Agree with the LA a plan of action and to monitor progress against that plan;
  - Take strategic action to improve the long-term financial health of the school.
  - Balance their budget over an agreed period of time, no longer than **3 years**.

The purpose of a recovery plan is to identify the actions that can be taken to bring a school budget back to a balanced position within an agreed period of time.

Schools with a licensed deficit agreement must produce a recovery plan that demonstrates they are able to achieve a balanced budget over the agreed licensed deficit period.

4.10.6 The plan will include reasons for the deficit having arisen, details of measures that will be taken to bring the school back in to a balanced budget situation, including management arrangements, a forecast of future pupil numbers, school expenditure and school budget shares; forecast deficits at the end of each financial year and a timescale for bringing the budget into balance.

4.10.7 Access to a deficit recovery agreement:

To apply for a licensed deficit a school must complete by the **31<sup>st</sup> May**;

- A licensed deficit application form. (Appendix A).
- A 3-year Governor approved budget plan.
- A recovery plan detailing how they will balance their budget.

(For example, demonstrating cost reduction plans, and seeking new income sources).

Following the submission of a 'Governor Approved Budget Plan' and Recovery Plan, a number of validation checks will be completed by the Local Authority to ensure that the plans are reasonable. This will be achieved by:

-Comparing the current year's income and expenditure budgets with previous years' trends to identify any significant differences.

-Checking that the correct balances have been brought forward into the current year and all funding delegated by the LA have been taken into account.

-Actions included in the recovery plan are realistic and that by implementing them the required level of savings can be achieved.

-Any areas that are unclear or simply not achievable will be queried with the school and clarification sought.

Where the plans are deemed to be suitable, they will be passed to the Director of Children's Services and S151 for a decision to be made.

Written confirmation will be sent to the school on the outcome of the review. The LA will not unreasonably reject an application for a licensed deficit and will consider the following in reaching a decision:

The nature of the circumstances which gave rise to the deficit and specifically whether:

-They could have been foreseen, or if the decisions made by the school had financial consideration.

-The school's track record in financial management.

-The robustness of the deficit recovery plan and the appropriateness of the timescales proposed.

-Any other mitigating circumstances such as the size of the deficit.

#### 4.10.8 Live Agreements:

Where a timescale for the school to balance its budget has been agreed, it must demonstrate its commitment to achieving this.

4.10.9 A joint budget monitoring review programme will be agreed for the period of the plan. This will include monthly monitoring reports being sent to the Director of Children, Learning and Skills. The authority will agree any appropriate management support that will be provided for the school.

4.10.10 Schools will be contacted by telephone and in writing if there are any queries about the financial information or projected financial position, and if a projection is made that is worsening and/or contrary to the recovery plan, then it will need to demonstrate mitigating plans.

4.10.11 Where the school has a change of circumstances which results in a deviation from the agreed plan, the school must discuss the situation with the respective LA finance officer at the earliest opportunity.

4.10.12 In exceptional circumstances only, it may be possible to extend the recovery period. Such requests will need to be approved by the Director of Children, Learning and Skills and the Director of Finance and Resources (S151 Officer) who will need to be satisfied that the circumstances are indeed exceptional, and that all reasonable action will be taken to clear the deficit at the earliest opportunity.

4.10.13 Schools not engaging with the process or who are persistently in breach of the Scheme of Finance will be required to attend a financial review meeting with the LA to discuss their financial position.

#### 4.10.14 **Local Authority Intervention**

Local Authority intervention will apply where:

-The school is persistently in breach of the Scheme for Financing Schools.

- The school will not/cannot set a balanced budget.
- The school will not engage in the licensed deficit process.
- The deficit is worsening, and no action is being taken by the school.
- There is evidence of financial mismanagement by the school.

Intervention is proposed to escalate at three levels. It is envisaged that deficit schools will engage with the LA well before the need for intervention as these arrangements are the last resort, for the protection of public monies. The levels of intervention are:

1. Financial Review Meeting
2. Notice of Concern
3. Suspension of delegated financial powers.

#### Level 1 - Financial Review Meeting

Schools that do not return a balanced budget or apply for a licensed deficit will be required to attend a Financial Review Meeting with the LA. A similar requirement will apply to schools with a worsening deficit and also for those schools who persistently are in breach the Scheme for Financing Schools.

The review meeting will include Senior Officers from the LA, the Head Teacher and Chair of Governors or representative Governor.

The meeting will:

- Review the financial position of the school.
- Seek an explanation from the school about the action being taken to safeguard the school's financial position.
- Assess what support the school may require.
- Agree an action plan to set a balanced budget.

#### Level 2 - Notice of Concern

A school that does not take the necessary action required under the Financial Review Meeting, will be required to attend a Notice of Concern meeting with the DCS and S151 Officers. They will be given a formal notice of the action the LA recommends they should take to bring the budget back in to balance. The school will be given a month to respond.

#### Level 3 - Suspension of Delegation

Where a school does not take the necessary action identified under the Notice of Concern review, a further meeting will be requested with the DCS, where the LA will seek to suspend delegation as described under

1.1.5 (Section 51 of the School Standard & Framework Act) within the Scheme for Financing Schools.

#### **4.11 Loans**

4.11.1 The local authority is prohibited from loaning revenue funds to schools including loans to offset a deficit. Loans for capital expenditure are still permissible.

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

#### **4.12 Credit union approach**

4.12.1 Schools may wish to group together to utilise externally held balances for a credit union approach to loans. For any proposed credit union approach the Director of Finance and Resources, or his/her representative should be contacted at the earliest opportunity.

4.12.2 Any credit union will be required to be agreed to by the Council before proceeding. Any legal or other specialist costs incurred by the authority as a result will be charged equally to the parties of the credit union. The authority will require credit union activities to be subject to an initial audit, and at least one annual audit thereafter, by an appropriate registered auditor, if not audited within the authority's own audit arrangements. The costs of the audit will be charged under the terms of credit union agreement.

### **SECTION 5: INCOME**

Schools will generally be able to retain income from lettings, fees and charges, the sale of assets and fund-raising activities except in the circumstance listed below or where there would be a breach of legislation. Income from letting of school premises should normally be payable into the school budget share and should not be paid into private or voluntary funds held by the school.

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

- 5.1.1 Schools may retain income from lettings in relation to their agreed school premises, subject to alternative provisions arising from any joint use, PFI/PPP or similar arrangements. The school cannot enter into an agreement, where the authority is the owner of the premises, which gives a third party a substantial and/or long-term interest in the premises (including land) without the prior written consent of the authority. Where the authority is not the owner of the buildings the school is required to consult with the authority before entering into such an agreement. If such an agreement could be reasonably foreseen to be detrimental to the supply of school places within the local authority and/or the advice of the authority is not heeded, and additional costs are incurred by the authority as a result of the need to make additional places available, then these costs may be charged to the school's budget share.
- 5.1.2 Schools can cross subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share, and the purpose of the cross subsidy must be of direct or indirect benefit to the school. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land
- 5.1.3 Schools should have regard to directions issued by the Council as to lettings and the use of school premises.

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

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

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

The Scheme provides for schools to retain income from fund-raising activities.

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

Income from sale of assets purchased with delegated funds will be retained by the school and may only be spent for the purposes of the school. Where the asset was purchased with non-delegated funds the authority will decide whether the school should retain the proceeds. Proceeds from the sale of land or buildings forming part of the school premises and which the Council owns will be retained by the authority.

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



Schools should seek to bank any cash received on the same day as it is received or as soon as possible thereafter. All cash should be banked 'intact'. Schools will have due regard to insurance limits for cash to be retained on the premises if same day banking is not always possible.

## **5.6 Purposes for which income maybe used.**

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

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

### **6.1 General provision**

6.1.1 The budget share of a school may be charged by the authority without the consent of the governing body only in the circumstances set out below and under other specific sections contained elsewhere within this scheme.

6.1.2 Schools are reminded that the LA cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996. The local authority will consult schools as to the intention to charge and notify schools when it has been done. Where the Council provides payroll services to schools then it will be required to charge the actual cost of school-based staff salaries to school budget shares. For the avoidance of doubt, local authorities may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

6.1.3 The authority will consider establishing procedures for arbitration where disputes arise.

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

6.2.1 Where premature retirement costs have been incurred without the prior written agreement of the local authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the local authority).

6.2.2 Other expenditure incurred to secure resignations or redundancies where the school had not followed local authority advice or had not sought it.

6.2.3 Awards by courts and industrial tribunals, or out of court settlements, against the authority arising from action or inaction by the governing

body contrary to the local authority's advice or where such advice has not been obtained. Any publicity, legal or associated costs which the authority incurs as a result and in seeking to protect its good name.

- 6.2.4 Expenditure by the local authority in carrying out health and safety work, including inspections and risk assessments, 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 undertake the required work.
- 6.2.5 Expenditure by the local authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the local authority, or the school is voluntary controlled or where the safety of pupils is at risk such that if the authority did not take action, it would be in breach of its duty of care to these.
- 6.2.6 Expenditure incurred by the authority in ensuring its own interests, including those as an employer and as guardian of pupils, at 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.
- 6.2.7 Recovery of monies due from a school for services provided to the school by the local authority, where a dispute over the monies due has been referred to a dispute's procedure set out in an SLA and this has concluded in the local authority's favour.
- 6.2.8 Recovery of penalties imposed on the local authority by HM Revenue & Customs, Teachers' Pensions, Environment Agency, or other regulatory authorities as a result of school negligence, errors or inaction.
- 6.2.9 Correction of local authority errors in calculating charges to a budget share (e.g., pension deductions).
- 6.2.10 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.
- 6.2.11 Legal costs or publicity costs that are incurred by the local authority because the governing body did not accept the advice of the local authority (see also section 11).
- 6.2.12 Costs of necessary health and safety and child protection training for staff employed by the local authority, where funding for training has been delegated but the necessary training not carried out.
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect. Taken from DfE Scheme 6.2.13)

- 6.2.14 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.
- 6.2.15 Costs incurred by the authority in securing provision specified in an Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low-cost high incidence SEN and/or specific funding for a pupil with High Needs. DfE update to scheme.
- 6.2.16 Costs incurred by the local authority due to submission by the school of incorrect data.
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes.
- 6.2.18 Costs incurred by the local authority as a result of the governing body being in breach of the terms of a contract.
- 6.2.19 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.
- 6.2.20 Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admissions appeals has been delegated to all schools as part of their formula.
- 6.2.21 Compensation paid to a lender where a school enters into a contract or borrowing beyond its legal powers, and the contract is of no effect.
- 6.2.22 Any other compensation payments and associated administrative costs arising from the authority's position as an employer or other statutory duties placed upon it for which the funding has been delegated to schools but where they have not fulfilled the corresponding responsibility (e.g., contracts of employment, pay dates, time off for union activities etc.).
- 6.2.23 where the authority has good reason to doubt the validity of financial Information and reports it will be entitled to obtain independent verification, take corrective action and charge the school's budget share accordingly.
- 6.2.24 Any costs including, penalties, legal or administrative costs incurred by the authority as a result of a school's non or late payment of bill, salaries or VAT returns will be charged to the school's budget share.

6.2.25 where additional time and costs are incurred by the authority's auditors as a result of inadequate records or there is unreasonable non-cooperation by schools these will be charged to the school's budget share.

6.2.26 Where the school engages in vexatious activities the authority will be entitled to charge the school's budget share an amount equivalent to the costs incurred on the activity and any costs incurred by the local authority in seeking to remedy the effects of such activities.

## **SECTION 7: TAXATION**

### **7.1 Value Added Tax**

- 7.1.1 Where the school engages in vexatious activities the authority will be entitled to charge the school's budget share an amount equivalent to the costs incurred on the activity and any costs incurred by the local authority in seeking to remedy the effects of such activities.
- 7.1.2 All VAT incurred by schools when spending any funding made available by the Council is treated as being incurred by the local authority and qualifies for reclaim from HM Revenue & Customs by the authority. This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings.
- 7.1.3 VAT reclaimed by schools will be passed back to schools. The procedure for reclaiming VAT will depend on the banking option chosen by the school.
- 7.1.4 Option 1 & 2 schools - VAT is identified on the monthly imprest claim and included in the re-imburement.
- 7.1.5 7.1.4 Option 3 & 4 schools - There will be a separate monthly VAT reclaim form and re-imburement will be on the next monthly payment of budget share by the authority.
- 7.1.6 The authority will periodically issue detailed guidance on VAT.

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

- 7.2.1 Schools will comply with the procedures issued by the authority in connection with CIS.

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

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

- 8.1.1 The authority will determine on what basis services from centrally retained funds will be provided to schools. This includes existing premature retirement compensation (PRC) and redundancy payments.
- 8.1.2 The authority will not discriminate in its provision of services based on categories of schools except in cases where this would be allowable under the School and Early Years Finance (England) Regulations 2020 or the dedicated schools grant (DSG) conditions of grant.
- 8.1.3 Provision of services from centrally retained budgets may be different between schools based on a school's individual assessment of need.

### **8.2 Timescales for the provision of services brought back from the local authority using delegated budgets**

- 8.2.1 Services bought back from the Council will initially be for a maximum of three years from the inception of the scheme, or the date of the agreement, whichever is the later, and then for a maximum of five years for any subsequent agreement relating to the same services.
- 8.2.2 Services offered by the authority for which funding has been delegated will not be packaged in a way which unreasonably restricts schools' freedom of choice among services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.
- 8.2.3 When a service is provided for which expenditure is not retainable centrally by the Council under the Regulations made under section 45A of the Act, it should 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 should be met by the total income, even if schools are charged differentially. The authority may provide services as part of an extended agreement as well as on an ad hoc basis.

### **8.3 Service level agreements**

- 8.3.1 Any services or facilities provided by the authority under a service level agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

8.3.2 Services provided by the authority will be priced in order to ensure that, across all schools buying the service, the income generated at least matches the cost of providing the service.

8.3.3 Service Level Agreements, where in operation, will be provided in advance of their operation, giving schools at least a month to consider the terms of the agreements.

#### **8.4 Teachers' Pensions**

8.4.1 Governing bodies of schools that provide payroll services should submit an annual return of salary and service to the authority. Governing bodies must also ensure that details of Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit showed in the AVC scheme.

8.4.2 The DfE requires that the following be included in this Scheme with regard to 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 monthly 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.

## **SECTION 9 : PFI/PPP**

- 9.1 Where the authority proposes to enter into PFI/PPP schemes in relation to the provision of buildings or services the terms of this scheme may need to be varied, in year, accordingly. The authority has the power to charge the school's budget share amounts agreed under a PFI/PPP agreement entered into by the school / authority.

## **SECTION 10: INSURANCE**

### **10.1 Insurance cover**

- 10.1.1 If funds for insurance are delegated to any school, the authority will require the school to demonstrate that cover relevant to the authority's insurable and other interests, under a policy arranged by the governing body, is appropriate in terms of the actual risks which might reasonably be expected to arise at the school in question. The authority will set out reasonable minimum levels.
- 10.1.2 Schools are required to submit copies, on demand, of relevant documentation to the authority proving the adequacy of cover. Where there is delay in providing such evidence then the authority will arrange temporary cover until it is satisfied as to the adequacy of the school's cover and will charge the school's budget share for any additional costs incurred, including the cost of any temporary cover.
- 10.1.3 The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.
- 10.1.4 As from 1st April 2020, schools may join the Secretary of State's Risk Protection Arrangement (RPA). They may do this individually when any insurance contract of which they are a part expires. Primary and/or secondary maintained schools may join the RPA collectively by agreeing through Schools Forum to de-delegate funding.

## **SECTION 11: MISCELLANEOUS**

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

Governing bodies have a duty to supply all financial and other information which might reasonably be required to enable the authority



to satisfy itself as to the school's management of its delegated budget share, or the use made of any central funding allocated by the authority (e.g., earmarked funds) to the school.

## **11.2 Liability of governors**

11.2.1 The governing body is a corporate body, and under the provisions of s50 (7) of the SSFA, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith. Governing bodies will be required to have insurance against acts that are not in good faith.

11.2.2 An example of behaviour which is not in good faith is the carrying out of fraudulent acts. Breaches of the scheme are not in themselves failures to act in good faith; neither is rejection of authority advice as to financial management.

## **11.3 Governors' Expenses**

11.3.1 Only allowances in respect of purposes specified in regulations under Section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. The payment of any other allowances is forbidden. The authority may publish a guide as to what it considers to be reasonable expenses and it would expect schools to adhere to this.

11.3.2 Schools should not pay the 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**

11.4.1 Legal costs, including the cost of legal actions awarded against the local authority, incurred by the governing body, although the responsibility of the local authority as part of the costs of maintaining the school unless they relate to the statutory responsibilities of aided or foundation school governors for buildings or employees, may be charged to the schools' budget share unless the governing body acts in accordance with the advice of the authority.

11.4.2 Where a school is justified in seeking additional legal advice where there is a conflict of interest between the authority and the school, then the costs (action and advice) will fall to be met in its entirety by the governing body. Seeking legal advice contrary to that given by the authority against the authority for vexation reasons is not expenditure for the purposes of the school.

## **11.5 Health and Safety**

11.5.1 The primary responsibility for health and safety rests with the employer - the local authority for community, community special and voluntary controlled schools and the governing body for foundation and voluntary aided schools. The costs of complying with health and safety legislation are a delegated responsibility of the school's governing body with the exception of those costs specifically excluded by the authority in relation to the capital costs of the building where it is the owner of the building.

11.5.2 Schools' responsibilities for health and safety include (amongst others) the following. This list is not exhaustive and should not be taken to be so.

- The purchase and maintenance of equipment, in accordance with the Provision and Use of Work Equipment Regulations 1998
- Repairs and maintenance (e.g., to doors and windows)
- Workplace safety management in accordance with the Workplace Health, Safety and Welfare Regulations 1992.
- Cleaning of swimming pools
- Food Safety and Hygiene (schools with own catering)

11.5.3 In expending the school's budget share governing bodies must have due regard to the duties placed on the authority in relation to health and safety and comply with the authority's policy on health and safety matters and in the management of the budget share.

11.5.4 School must, on a regular basis and on request, provide evidence to the authority that they are complying with relevant health and safety legislation and approved codes of practice. Where schools are unable to do this in a satisfactory way and on a timely basis or the authority has good reason to believe that the school is not complying with relevant health and safety legislation, then it will be entitled to require the school to undergo a health and safety audit, the costs of which will be charged to the school's budget share. Any costs of corrective action arising from the audit which is not carried out within the required time scale, the authority will be entitled to arrange for the work to be carried out and charged to the school's budget share. The authority will require unfettered access to the school premises to undertake the audit and corrective action if required.

## **11.6 Right of attendance for Director of Finance and Resources**

The Director of Finance and Resources or his/her representative shall have a right to attend meetings of the governing body at which there are any agenda items relevant to the exercise of her or his responsibilities. The authority will give prior notice of such attendance unless it is impracticable to do so.

### **11.7 Provision for pupils with special educational needs**

In addition to their statutory requirements, schools are required to use their best endeavours in spending their budget share to ensure adequate and appropriate provision for pupils with special educational needs. Where this is not the case delegation may be suspended.

### **11.8 “Whistle Blowing”**

Staff or governors at a school who wish to complain about financial management or financial propriety at the school should contact the Director of Children Learning and. Procedures previously adopted for non-school based staff will be followed with the aim of protecting the individual and confidence in public service. A copy of the authority’s whistle blowing policy guidelines for schools is available on the Slough Borough Council website.

<http://www.slough.gov.uk/services/17856.aspx>

### **11.9 Child Protection**

School staff are expected to attend child protection case conferences where appropriate. Supply cover for staff release including attendance at case conferences is fully delegated.

### **11.10 Redundancy/early retirement costs**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Slough Borough Council follows this guidance. A summary of responsibilities is set out at Annex B.

## **SECTION 12:**

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

12.1 Funding for all repairs and maintenance is the delegated responsibility of schools. Only capital expenditure is 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. In particular, where, in line with the Code of practice local

authorities use de minimis limits for defining what expenditure is treated as capital and what is revenue in their financial accounts, the same de minimis limits must be used in defining what is delegated.

- 12.2 VA governors will continue to be eligible for grant from the DfE in respect of their statutory responsibilities and in addition they will have responsibility for other repair and maintenance items on the same basis as Community and Foundation schools.

## **SECTION 13: COMMUNITY FACILITIES**

### **13.1 Governing Bodies' Powers to Provide Community Facilities**

- 13.1.1 With effect from 2nd September 2002, school governing bodies have powers to provide community services and facilities to the local community on the school premises (Section 27(1) Education Act 2002). Schools are subject to a number of regulations in respect of these powers.

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

- 13.1.2 a school is no longer required to consult before establishing community facilities, and there is no longer a need for a school to be mindful of a local authority's advice, under section 27 of the Education Act 2002

- 13.1.3 The main limitations and restrictions on the power are:

- a. Those contained in schools' own instruments of government, if any; and
- b. in the maintaining local authority's scheme for financing schools

### **13.2 Implications for Delegated Budget**

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

### **13.3 Consultation with the authority – Financial Aspects**

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

13.3.2 The requirement to seek authority advice should be met by submitting detailed written proposals to the Director of Children Learning and Skills. This should be done at least a term before any formal consultation process, planning applications and so on relating to the provision of any new facilities by the school.

13.3.3 The authority will undertake to provide advice, at no charge, within one month of having received written proposals from the school. There is also a requirement for schools to inform the authority what action has been taken following authority advice.

#### **13.4 Funding Arrangements: Authority powers**

13.4.1 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.

13.4.2 Any such proposed agreement should be submitted to the authority for its comments; and there is a term lead time requirement for doing so to give the authority adequate notice and time for comment from Legal and other officers. The authority does not have a right of veto on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires authority consent to the agreement for it to proceed, such a requirement and the method by which authority consent is to be signified is a matter for that third party, not for the scheme.

13.4.3 Although the authority does not have a general power of veto for these agreements, if an agreement has been or is to be concluded against the wishes of the authority, or has been concluded without informing the authority, which in the view of the authority is seriously prejudicial to the interests of the school or the authority, that may constitute grounds for suspension of the right to a delegated budget.

#### **13.5 Other Prohibitions, Restrictions and Limitations**

13.5.1 Although the authority has no right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power, the authority may require that in a specific instance of use of the community facilities power by a governing body, 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. The authority would impose such a requirement only where it has good reason to believe that the proposed project carries significant financial risks.

13.5.2 Section 28 of the 2002 Education Act provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The authority expects that any proposal should be set in the context of the Authority's Community Plan, Education Development Plan and other Strategic Plans and Quality Frameworks.

### **13.6 Supply of Financial Information**

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

13.6.2 The authority may give notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power and may require such financial statements to be supplied every three months and, if the authority sees fit, to require the submission of a recovery plan for the activity in question. Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) framework.

### **13.7 Audit**

13.7.1 The school is 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.

13.7.2 Schools 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 authority to the records and other property of those persons held on the school premises or held elsewhere insofar as they relate to the activity in question, in order for the authority to satisfy itself as to the propriety of expenditure on the facilities in question.

### **13.8 Treatment of Income and Surpluses**

13.8.1 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.

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

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

### **13.9 Health and Safety Matters / Disclosure and Barring Service**

Health and safety provisions of the main scheme apply to the community facilities power. The governing body is responsible for the costs of securing the Disclosure and Barring Service (DBS) clearance for all adults involved in community activities taking place. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

### **13.10 Insurance**

It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The school should seek the authority's advice before finalising any insurance arrangement for community facility. The authority may 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, decide itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share. Such a provision is necessary for the local authority to protect itself against possible third-party claims.

### **13.11 Taxation**

Schools 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. If 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 – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules. Schools 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.

### **13.12 Banking**

The scheme requires that the school maintain separate bank accounts for budget share and community facilities. Schools are free to use a bank from the list appended to Appendix D of this Scheme and are advised that the bank account should be named as "(SCHOOL NAME) COMMUNITY FACILITIES". The general approach to these matters will

mirror those in the authority's Standing Orders and Financial Regulations and this Scheme

Schools are reminded that they may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by the local authority.



## ANNEX A    SCHOOLS COVERED BY THE SCHEME

<b>School</b>	<b>Category</b>
<b>Primary</b>	
Baylis Court Nursery School	Community
Chalvey Early Years Centre	Community
Cippenham Nursery	Community
Claycots School	Community
Holy Family Catholic Primary	Voluntary Aided
Iqra Slough Islamic Primary	Voluntary Aided
Khalsa Primary	Voluntary Aided
Lea Nursery	Community
Our Lady of Peace Catholic	Voluntary Aided
Penn Wood Primary & Nursery	Community
Pippins School	Foundation
Priory School	Foundation
Slough Centre Nursery	Community
St Mary's CoE	Voluntary Controlled
Wexham Court Primary	Community
<b>Secondary</b>	
St Bernard's Catholic Grammar	Voluntary Aided
Wexham School	Community

## **ANNEX B**

### **RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS**

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools' budget.

Section 37 of the 2002 Education Act says:

(4) costs incurred by the local education 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

(5) costs incurred by the local education 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.

(6) The fact that the authority has a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); 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 must 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. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget:

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy

- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

Charge of premature retirement costs to local authority non-school's budget:

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards
- Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit
- Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale
- Where a school is in special measures, does not have excess balances and employment of the relevant staff is being/has been terminated as a result of local authority or government intervention to improve standards

Costs of early retirements or redundancies may only be charged to the central school's services block of the schools budget, as a historic commitment, where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

The local authority can retain a central budget within the school's budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.

It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

A de-delegated contingency could be provided, if Schools Forum agrees, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share".

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, but not from the delegated budget. Section 37 states:

(7) Where a local education authority incurs 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.

(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 7(B) is met.

(7B) The condition is that the governing body is 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.

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

## ANNEX C

### **APPLICATION OF SCHEMES FOR FINANCING SCHOOLS TO THE COMMUNITY FACILITIES POWER**

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 controls. Regulations made under section 28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power.

Section 88 of the Children and Families Act 2014, has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its authority and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their local authority when offering this type of provision.

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 as amended by paragraph 2 of Schedule 3 to the Education Act 2002.

This amendment extended the coverage of schemes to include the exercise of 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 part 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

## ANNEX D LIST OF BANKS AND BUILDING SOCIETIES

Barclays
HSBC
Lloyds TSB
National Westminster
Nationwide Building Society
Royal Bank of Scotland
Santander UK

## Appendix E

### Section 27 of the Education Act 2002

Power of governing body to provide community facilities etc.

- (1) The governing body of a maintained school shall have power to provide any facilities or services whose provision furthers any charitable purpose for the benefit of —
  - (a) Pupils at the school or their families, or
  - (b) People who live or work in the locality in which the school is situated.
  
- (2) The power under subsection (1) includes, in particular, power for a governing body to—
  - (a) Incur expenditure,
  - (b) Enter into arrangements or agreements with any person,
  - (c) Co-operate with, or facilitate or co-ordinate the activities of, any person, and
  - (d) Provide staff, goods, services, and accommodation to any person.
  
- (3) Subject to the provisions of Chapter 3 of Part 6 of the Education Act 1996 (c. 56) (charges in connection with education), a governing body may charge for any services or facilities provided under this section.
  
- (4) This section has effect subject to section 28.

## Appendix F: Glossary of Terms

AVCs	Added Voluntary Contributions
BCM	Balance Control Mechanism
CFR	Consistent Financial Reporting
CIPFA	Chartered Institute of Public Finance and Accountancy
CIS	Construction Industry Taxation Scheme
DBS	Disclosure and Barring Service
DfE	Department for Education
ISB	Individual Schools Budget
LA	Local Authority
PFI/PPP	Private Finance Initiative/Public Private Partnership
PRC	Premature Retirement Compensation
PSAA	Public Sector Audit Appointments Ltd
SBC	Slough Borough Council
SFVS	Schools Financial Value Standards
SLA	Service Level Agreement
SSFA	Schools Standards and Framework Act 1998
VA	Voluntary Aided
VAT	Value Added Tax



	Previous Wording	New Wording	Reason for change
	<p><b>Purchasing, tendering and contracting requirements.</b></p> <p>2.10.1 Schools must comply with the provisions in the authority's Financial Regulations and standing orders with regard to purchasing, tendering and contracting matters (along with all other requirements) except where they specifically do not apply to schools. This will include a requirement to assess in advance, where relevant, the health and safety competence of contractors, <b>taking into account</b> the authority's policies and procedures.</p> <p>2.10.2 However, schools must not do anything incompatible with any of the provisions of this scheme, or any statutory provision, or any <b>EU</b> Procurement Directive.</p> <p>Schools must:</p> <ul style="list-style-type: none"> <li>• comply with any statutory provision or any <b>EU</b> Procurement Directive</li> <li>• Seek local authority approval i.e. countersignature, for any contract for goods and services for a value more than £60,000.</li> <li>• Seek at least three tenders in respect of any contract with a value exceeding £10,000 in any one year.</li> </ul>	<p><b>Purchasing, tendering and contracting requirements.</b></p> <p>2.10.1 Schools must comply with the provisions in the authority's Financial Regulations and standing orders with regard to purchasing, tendering and contracting matters (along with all other requirements) except where they specifically do not apply to schools. This will include a requirement to assess in advance, where relevant, the health and safety competence of contractors, considering the authority's policies and procedures.</p> <p>2.10.2 However, schools must not do anything incompatible with any of the provisions of this scheme, or any statutory provision, or any Procurement Directive.</p> <p>Schools must:</p> <ul style="list-style-type: none"> <li>• comply with any statutory provision or any Procurement Directive</li> <li>• Seek local authority approval i.e. countersignature, for any contract for goods and services for a value more than £60,000.</li> <li>• Seek at least three tenders in respect of any contract with a value exceeding £10,000 in any one year.</li> </ul>	<p><b>Updated in line with the legislations that apply</b></p>

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## SLOUGH SCHOOLS FORUM

### PROPOSED FORWARD AGENDA PLAN 2021/22

<b>Meeting 2 – January 2022</b>		
<b>Item</b>	<b>Description</b>	<b>Lead</b>
1	Update on national/local funding issues	Kamaljit Kaur
2	Schools Block budget – final APT and timeline	Kamaljit Kaur
3	Growth Fund 2022/23 allocations and issues	Tony Madden
4	DSG Management Plan update	Johnny Kyriacou
5	High Needs Place Change notification	Johnny Kyriacou
6	Early Years update	Johnny Kyriacou
7	Update from task groups	
8	Academies Update	
9	2021/22 Forward Agenda Plan/Key decisions log	

<b>Meeting 3 – March 2022</b>		
<b>Item</b>	<b>Description</b>	<b>Lead</b>
1	Update on national/local funding issues	Kamaljit Kaur
2	Conformation of schools' budgets 2022/23	Kamaljit Kaur
3	Centrally retained items update	Johnny Kyriacou
4	Early Years update	Johnny Kyriacou
5	DSG Management Plan update	Johnny Kyriacou
6	SEND quarterly update	Johnny Kyriacou
7	Update from task groups	
8	Academies Update	
9	2021/22 Forward Agenda Plan/Key decisions log	

<b>Meeting 4 – May 2022</b>		
<b>Item</b>	<b>Description</b>	<b>Lead</b>
1	Update on national/local funding issues	Kamaljit Kaur
2	Early Years update	Kamaljit Kaur
3	DSG Management Plan update	Johnny Kyriacou
4	Update from task groups	
5	Academies Update	
6	2021/22 Forward Agenda Plan/Key decisions log	

<b>Meeting 5 – July 2022</b>		
<b>Item</b>	<b>Description</b>	<b>Lead</b>
1	Update on national/local funding issues	Kamaljit Kaur
2	Growth Fund update	Tony Madden
3	Annual DSG report 2021/22 including impact	Kamaljit Kaur
4	Early Years update	Johnny Kyriacou
5	DSG Management Plan update	Johnny Kyriacou
6	SEND quarterly update	Johnny Kyriacou
7	Update from task groups	
8	Academies Update	
9	2021/22 Forward Agenda Plan/Key decisions log	

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