

Dear Colleague

LEICESTERSHIRE SCHOOLS' FORUM

I would like to invite you to a meeting of the Leicestershire Schools' Forum to be held on **Monday, 21 September 2015 at 2.00 pm at Beaumanor Hall, Beaumanor Drive, Woodhouse, Leicestershire** with the room being available from 1.30 pm.

Please see below for the agenda for the meeting.

Yours sincerely

Karen Brown / Bryn Emerson (Tel. 0116 305 6432)

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AGENDA

<u>Item</u>	<u>Paper</u>
1. Welcome to new members	
2. Apologies for absence/Substitutions.	
3. Election to Chair and Vice-Chair (all members are asked to consider their position and of their groups)	
4. Minutes of the Meeting held on 18 June 2015 and matters arising	4
5. Schools' Forum Self Assessment	5
6. 2014/15 Maintained School Balances	6
7. Early Years Call for Evidence	7
8. Policy for Funding Schools Growth	8
9. SEN Overspend	9
10. Scheme for Financing Schools	10
11. Any other business.	
12. Date of next meeting.	

Thursday 10 December 2015
2.00 – 4.00pm at Beaumanor Hall

Monday 22 February 2016
2.00 – 4.00pm at Beaumanor Hall

Tuesday 21 June 2016

2.00 – 4.00pm at Beaumanor Hall

Minutes of a meeting of the Leicestershire Schools' Forum held at Beaumanor Hall on Thursday, 18 June 2015.

Present

In the chair

Tim Moralee	Secondary Academies Headteacher / PRU
Jean Lewis	Primary Academies Governor
Michael Murphy	Secondary Academies Governor
Suzanne Uprichard	Secondary Academies Governor
Alex Green	Secondary Academies Headteacher
Brian Myatt	Secondary Academies Headteacher
Sonia Singleton	Secondary Academies Headteacher
David Lloyd	Primary Maintained Headteacher
Heather Sewell	Primary Maintained Headteacher
Karen Allen	Primary Maintained Headteacher
David Thomas	Primary Maintained Governor
Tony Gelsthorpe	Primary Maintained Governor
Chris Davies	Roman Catholic Representative

In attendance

Jenny Lawrence, Finance Business Partner, Corporate Resources
 Gill Weston, Assistant Director, Education, Learning and Skills
 Chris Bristow, Strategic Lead SEND Reform, Children and Family Services

Apologies for absence

Bill Nash	Secondary Academies Governor
Richard Spurr	Secondary Academies Governor
Nigel Leigh	Post 16 Providers
Ian Sharpe	Church of England Representative
Alison Deacon	Joint Consultative Committee

65. Apologies for absence/Substitutions.

Apologies were received from Mr Ivan Ould, Lesley Hagger, Ian Sharpe, Richard Spurr, Bill Nash, Nigel Leigh and Alison Deacon.

Jenny Lawrence reported that Mr Ould was attending an F40 meeting today at Westminster talking to the School's Minister.

The Chair welcomed everyone to the meeting.

66. Minutes and Matters Arising

The minutes of the meeting held on Monday 23 February 2015 were agreed as a true record subject to an amendment under Any Other Business. The sentence “David Lloyd questioned the closing of Sure Start provision” should read “David Lloyd questioned the reduction in funding”.

Jenny Lawrence referred to first bullet on school growth funding and said she was expecting to bring a policy to the meeting in September.

Karen Allen and Suzanne Uprichard both gave a declaration of interest regarding Agenda item 5 – Oakfield Outreach Traded Service Offer. Karen sits on the Membership Board and Suzanne as the PRU representative.

67. 2014/15 Schools Budget Outturn

Jenny Lawrence introduced the 2014/15 Schools’ Budget Outturn, an annual report to Schools’ Forum, which details the financial position of the Schools’ Budget, sets out the use of reserves and raises issues for the future.

Jenny outlined that the Schools’ Budget at the end of the financial year had an underspend of almost £2.9M. Jenny reported significant issues around Early Years and SEN. SEN was not expected to underspend moving forward as contingency had been used to increase Special School budget for 2016/17. Early Years difficult to predict as it was based on birth data and parental choice.

Jenny referred to the table in Paragraph 9 detailing the use of reserve and reported there had been changes since the Schools’ Budget was set in February. Almost £2.9M unallocated funding in the Dedicated Schools Grant (DSG) reserve, which Jenny proposed was held for the commissioning of new school places. Costs over next few years estimated to be in the region of £14M - £19M. Jenny confirmed that the Local Authority also receives lagged funding which meant that places are funded for 7 months in advance of receipt of grant.

Jenny highlighted that the Local Authority is proposing no changes to the school funding formula for 2016/17 and added the following points:

- No indication what the new Government policy will be moving forward.
- Comprehensive Spending Review end of year.
- DfE looking at special needs funding. Leicestershire has participated in a research project – initial feedback, but no news from DfE how they are taking that forward.
- Free Entitlement to Early Education for 3 and 4 year olds - will double in 2016/17, DfE reviewing rates to providers.
- 2014/15 more funding to commission school places.

Suzanne Uprichard raised the following questions:

- Paragraph 10 - when schools become academies, does that mean becoming £2.3M?

Jenny responded that £2.1M will be written off which reduces the provision, it is not extra.

- Paragraph 13 – who carries the cost for the 7 month period - is it the Local Authority or schools?

Jenny responded that the Local Authority has to put that funding in before receiving funding from Government.

David Lloyd asked for clarification – Local Authority or schools budget? Jenny responded through Schools' Budget but the Local Authority is responsible for doing it.

Tony Gelsthorpe asked a question on how many schools were required to enter into sponsored academy arrangements? Jenny agreed to find out and include that information in the minutes.

[11 maintained schools have been required to enter into sponsored academy arrangements].

The Schools' Forum noted the paper.

68. Schools Forum Membership Update

Jenny Lawrence reported that Schools' Forum membership was reviewed on an annual basis. For 2015/16 there were no changes required although as there were vacancies, some movement was needed between groups.

Jenny commented that the position with academy conversion was much more stable and therefore do not need to change membership numbers.

Jenny reported that:

- Paragraph 10 sets out that 2 current members could remain but switch between maintained and academies without going through the election process, if Schools' Forum deemed it appropriate.
- Paragraph 11 outlines current vacancies. Various different bodies have been approached to elect representatives.

Jenny reported perceived issues of communication, especially around LSH who continue to feel that the allocation of additional money was not appropriately communicated. Jenny stated that information was publically available, an operational understanding was included in the constitution that members feedback to groups that represent them. Jenny explained that when working with schools on school funding issues in 2013 and 2014 was totally reliant for people to work with the Local Authority over the schools break. Business Managers have communicated that they would like to become members, with the requirement to reflect academy/school split, a third group of school members could make business quite difficult.

Heather Sewell referred to Paragraph 11 and reported that there would be 3 Primary Headteachers required as Ed McGovern was retiring and 1 maintained as David Lloyd was also leaving. LPH had nominated members and there would be no primary headteacher vacancies from September onwards.

Jean Lewis said she was not clear about ALG approach to elect a member. Jenny agreed to seek clarification and report back to Jean.

Karen Allen reported that communication had been discussed at LPH, who felt a challenge that paperwork issued one week before meetings, and requested if the meeting schedule could be planned further in advance in order to arrange LPH meetings to discuss the reports. Jenny agreed to keep a rolling programme of four meetings in advance.

Alex Green commented that communication was a two-way street and was the responsibility of the receiver to engage in that communication. If schools are not getting information then it is not a fault of Schools' Forum. Tim Moralee responded to paragraph 14 that most of the information discussed at these meetings was in the public domain and it was headteacher responsibility to access information. He felt that colleagues need to understand better the workings of the Forum.

Suzanne Uprichard referred to paragraph 12 and asked whether the term of office would always remain 4 years?

Jenny responded that it had always been 4 years from appointment.

AGREED: Schools' Forum supported Paragraph 10 and agreed that:

- **David Thomas switch from maintained primary governor to academy primary governor.**
- **Bill Nash switch from academy governor to fill the vacancy to maintained school governor.**

The Schools' Forum membership list would be updated and re-circulated to Forum members.

69. Oakfield Outreach Traded Service Offer

Gill Weston introduced the report which was for noting. Gill explained that the Traded Service Offer was essentially for primary schools but sits alongside the work with the Behaviour Partnerships in secondary schools.

Gill reported that Oakfield had received a successful inspection a year ago and the removal of behaviour services and changes to behaviour forums in the primary sector resulted in a need to look at interactions and support mechanism in the system, to ensure that the pressure on Oakfield was not increasing and that children are well supported in schools.

The proposal in paragraphs 6 and 7 to develop a Traded Offer to schools, alongside a strong school-to-school support system to ensure children are getting the best possible chance and reducing permanent exclusions. Consultation took place with groups of headteachers to create an Offer which they felt met their needs and was viable and affordable.

In order for the proposal to be viable a percentage of schools are required to take-up the service in order for it to run. Information to go out to schools to obtain an indication of interest, viability to take the service forward to the next academic year. If not enough take up would then have to reconsider.

Karen Allen raised the following points from Oakfield Management Resources Committee:

- One of the strategic risks is that Oakfield is a Local Authority service but also a school, as a service if it was not to be viable and there was a loss, that would have to be picked up by Oakfield. However, if a profit was made, that would have to go back into the 'big pot', Oakfield would not keep profit.

Karen commented this was a very difficult and challenging position to be in.

- Oakfield has appointed a Deputy Headteacher in order to get this service up and running from September 2015.

Tim Moralee referred to Paragraph 18 and commented that buying into the Traded Service may be an issue for primary schools where budgets are so tight.

Karen Allen reported that a pay as you go system had been discussed but this would be too difficult to sustain in terms of staffing.

Brian Myatt reported there had been good evidence in the secondary sector where schools felt they could manage without support, by using their own funding, until they have to deal with one pupil. Once that happens...one student could turn that around, and he therefore advised schools to pay into the service.

Karen Allen reported that LEEP had provided some funding for this year as part of the school to school capacity building.

Jean Lewis raised concerns about the speed of response. Agreed that there needed to be an efficient response to ensure that the right support is available which might require SEN support.

Tony Gelsthorpe asked about the volume and capacity and take up - has any work been done exploring that provision across teaching school alliances? Yes this is part of a system wide approach.

Gill reported one of the successes of the pilot work was linking into Secondary Behaviour Partnerships and the Early Help teams, like Supporting Leicestershire Families. Oakfield not intended to be the only place for support, but enhancing what is already in the system.

David Thomas raised concern about financial issues, based on 63% take up - if some schools are charged £4,000-£5,000 what is the incentive to sign in? Karen reported that timescales were a concern. Based on LPH briefing, 55 returns out of 200 headteachers, 85% said they would buy in to the service, which is a good indication there is a need.

Karen raised a concern from headteachers on the edge of the City where children may require support but Leicestershire does not have the funding from the City.

Tony queried whether there is any differential between different types of primary schools in the area? Are we charging different from mainstream and academies? No, the charges are the same.

Tim commented that this needed to be a piece of joined up thinking between primaries and secondaries so that everyone could see the collective benefit.

70. Education Services Update

Chris Bristow introduced his report on Education Services and gave an update on the current position for Schools' Forum to note.

Chris reported that as part of the Medium Term Financial Strategy savings had to be made within the Leicestershire Psychology Service (LPS). An initial saving made of £240,000 with a further saving of £150,000 required in 2016/17. The action plan resulted in industrial action being taken, but had now been suspended for three months. Paragraphs 12-14 future LPH allocations will be coming out as previously, reduction in staffing, inevitable, allocations to schools will be reduced, which clearly has implications for schools.

Chris advised in Paragraph 13 that the Local Authority will no longer be the sole provider of Educational Psychology services given the change in the National SEN Code of Practice since September 2014. The Local Authority are actively working with groups of schools seeking to appoint their own Educational Psychologist in partnership. The Service will be funded to approx. £950,000 to provide statutory work.

Paragraph 14 – conversations underway with schools, about the Traded Offer for work that schools may wish to commission in from the Local Authority's Psychology Service – out now, with continuation of Link Educational Psychology role, this will be the way to formulate and decide what that will look like. Allocations will be based on school by school basis.

About vulnerable groups, school led system, commissioning approach. Also working towards a clear commissioning framework with key performance indicators which will improve the outcomes of all vulnerable children in schools. The Local Authority is looking to develop an improved joined up working of 0-5 years services, a real opportunity to get more co-ordinated approach across children's services and others to improve the Offer for pre-school children who are vulnerable.

There is an issue where children in care placed in residential settings outside the Local Authority, where that residential setting cost is incurred by County Council budget as opposed to the High Needs Block. This will need to be revisited by Schools' Forum in the future.

Karen Allen commented that it was good to know schools can get Educational Psychology reports from elsewhere than LPS, but felt it would be useful to have a list of key information to ensure schools can produce good quality reports that will be accepted by SENA. Chris confirmed that advice to schools would be provided.

An issue was raised regarding capacity of the new Traded Service, before promising schools, the Local Authority must have the capacity to honour that service.

Chris responded that capacity was an issue, staff turnover more than anticipated and have to be realistic. There is a national shortage of Educational Psychologists – Leicestershire is not unique in this.

Jean Lewis - joined up working – paragraph relating to Social Care developing 0-25 services, wonderful extending this to 25, as same time as agencies, Adult Social Care is being slashed to the bone, where is the joined up working.

71. Any other business.

- a) Alex Green announced his resignation from the Schools' Forum with immediate effect. He reflected over the years the Schools' Forum partnership had become great and hoped that future members would focus on future partnership working. He acknowledged that communication is a problem but was not the fault of this group. Alex thanked Forum members for their patience and support for schools over the years and wished colleagues well for the future.

The Chair thanked Alex, as the longest serving of the Headteachers, who always reported back to LSH in great detail.

The Chair thanked David Lloyd also for his longevital service on the Schools' Forum.

Tim Moralee announced that he would be stepping down as Chair from today. He expressed his appreciation to Jenny Lawrence, for her excellent support and for producing papers which are as clear as can be, he thanked Jenny personally as Chair of the Forum and himself as an individual, and wished Schools' Forum members well in the future.

Brian Myatt informed that he would be stepping down as Secondary representative on the Schools' Forum.

Jenny reported there would be a number of new Primary/Secondary representatives and an induction meeting for new Forum members would be arranged after the summer break, before the September meeting.

Gill Weston acknowledged the service and thanked all those stepping down for the work done with Schools' Forum for "running a smooth ship in Leicestershire". Partnership working is the underlying philosophy in Leicestershire.

72. Date of next meeting.

Thursday 10 September 2015
3.00 - 5.00pm at Beaumanor Hall
Induction session aimed at new members

Monday 21 September 2015, 2.00 pm
Thursday 10 December 2015, 2.00 pm
Monday 22 February 2016, 2.00 pm
Tuesday 21 June 2016, 2.00 pm

All the above at Beaumanor Hall

2.00 - 3.30 pm
18 June 2015

CHAIRMAN



SCHOOLS FORUM

Schools Forum Self-Assessment

21 September 2015

Content Applicable to;		School Phase;	
Maintained Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	X
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report sets out the self assessment for the Leicestershire Schools Forum

Recommendations

2. That Schools Forum note and comment upon the self assessment

Introduction

3. The Department for Education (DfE) issued a template in March to allow local authorities to assess the strengths and weaknesses of their Schools Forum. In light of a number of concerns expressed by schools on the effectiveness of the Leicestershire Schools Forum the local authority has completed the self assessment and now presents that information to Schools Forum for comment.

The Self Assessment

4. The self assessment suggests some areas of improvement;

- Election Process, Academy Members – headteacher representatives are elected through Leicestershire Secondary Headteachers (LSH) but the process for electing governors is not defined. For the last wave of vacancies LSH also sought nominations for governor representatives and have been approached to see if they would be willing to undertake the election. The Schools Forum regulations require that academy members are elected by the proprietor bodies of academies, they are silent over who the proprietor is. The local authority does not have information on who are the trustees of academies, it is proposed that election of governor representatives continues to be through headteachers.
- Canvassing Views and Representing Views – Schools, Forum members have historically reported that this can be the most difficult aspect of the role. Members need to consider all options available to them to ensure that there is a two way communication with represented groups taking into consideration the information on undertaking business is publicly available on the Leicestershire County Council Website.

<http://politics.leics.gov.uk/mgCommitteeDetails.aspx?ID=1018>
- Publication of Minutes – the timescale for publication of the minutes of meetings is inconsistent. The local authority will aim to publish minutes within three weeks of the meeting date
- Constitution – the self-assessment identifies some areas where more clarity could be built into the constitution. Cabinet approval is required for any constitution changes, it is proposed not to undertake formal changes at this time but set out that clarity in an additional document to support the constitution.

Conclusions

5. The Leicestershire Schools Forum operates well when the self- assessment tool is applied and the method of operation is considered against the Operational Guidance issued by the Education Funding Agency (EFA).
6. The local authority remains committed to operating a transparent Schools Forum which operates with integrity and within the regulations governing its role and purpose. In order however to ensure continual improvement the thoughts of Schools Forum are sought on both the self-assessment and actions that may arise from it.

Equal Opportunities Issues

7. None specifically arising from this report.

Financial Implications

8. None arising specifically from this report.

Officer to Contact

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Schools forum self-assessment toolkit

This toolkit provides local authority officers and elected members with a framework for assessing the strengths and weaknesses of their schools forum. The toolkit is designed as a set of questions which can be considered by individuals or the forum as a whole.

This self-assessment has been undertaken by Leicestershire County Council

Question	Yes / No	Notes
1. Are meeting dates set in well advance and details (including time and venue) published in an accessible manner to enable interested parties to plan their attendance?	Yes	Meetings published on County Council website. Rolling advance dates for 4 meetings are to be issues
2. Are meetings timed to coincide with key dates? (e.g. reporting of funding formula)	Yes	
3. Are meetings held in an accessible venue to enable observers to attend easily?	Yes	Observers now routinely attend meetings
4. Is there a dedicated website link for schools forum, is it current and regularly updated?	Yes	Held within the meetings area of the Leicestershire County Council website
5. Are the agenda and papers publicly available on the authority's website at least 6 working days in advance of the meeting?	Yes	
6. Are the papers published as a single document, so that users can download easily?	Yes	
7. If papers are tabled at the meeting, are they published on the website promptly after the meeting?	Yes	Reports are tabled at the meeting only on an exceptional basis
8. Are draft minutes published a reasonable time (e.g. within 2-3 weeks) after the meeting, rather than waiting until the following meeting?	Yes	Published before meeting but can be delayed

Question	Yes / No	Notes
9. Are the minutes clear and unambiguous, with sufficient detail to illustrate the discussions, without reporting verbatim every point made?	Yes	
10. Is the constitution clear and appropriate? Including eg <ul style="list-style-type: none"> - a clear process for ensuring proportional representation - the process for electing members and their tenure - the timescale for review is clearly set out - the process for dealing with repetitive non attenders 	Yes	It could be more explicit about proportional representation, membership and attendance could be monitored more effectively
11. Is there an induction pack or training programme available for new members?	Yes	
12. Is the election process clear and transparent? i.e. representatives are elected only by the group they are representing, whether phase-specific for maintained schools, or by the proprietors of academies for academy members.	Yes	No clear process set for the election of academy representatives and needs to be reviewed
13. Do the papers contain clear recommendations and indicate in a consistent manner whether the item is for information, consultation or decision?	Yes	
14. Is it clear to observers who attendees at the forum are representing? (eg by use of name plates, indicating sector)	Yes	
15. Does the chair manage the meeting well, ensuring that all are able to contribute to the agenda items, that no bias towards any sector is evident and that no single person or organisation is able to dominate the discussion?	Yes	Noting that new chair will be elected in September
16. Is there inclusive participation in discussions for all phases and types of members?	Yes	
17. Do members actively canvass views and objectively represent their whole	Partly	Picture is mixed, governors regularly report difficulties in the ability to engage

Question	Yes / No	Notes
peer group at the forum and provide feed back after meetings?		widely with peers
18. Where votes are required, is it clear who is eligible to vote for different items?	Yes	
19. Where votes are required, are the arrangements for recording the votes clear and unambiguous?	Yes	
20. Is there a system in place for a decision if votes are tied?	Yes	But isn't written into the constitution
21. Is the operational & good practice guide used to regularly review the forum's adherence to good practice?	Yes	

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SCHOOLS FORUM

2014/15 Maintained School Balances

21 September 2015

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies		Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	X
Decision		Maintained Secondary School Members	X
		Maintained Special School Members	X
		Academy Members	
		All Schools Forum	

1. This report sets out the position in regard to school balances for all schools that were maintained by the local authority on March 31 2015 and the 2014/15 financial year.

Recommendation

2. That Schools Forum note the position on the 2014/15 school balances for local authority maintained schools.

Introduction

3. This report presents the annual position on school balances, it provides that information at individual school level for each school maintained by Leicestershire County Council on March 31st 2015.

4. It should be noted that the Education Funding Agency (EFA) does not publish information which allows for an overview of reserves held by academies at the end of each financial year. Academies are required however to publish their annual statement of accounts which can be 6 -9 months after the financial year closure. Different financial years for maintained schools and academies would not allow for easy comparison if additional information were to be made available.
5. With a large number of academies in Leicestershire, and the limited financial information publicly available, it is not possible for the local authority to have an overview of the financial health of schools and the issues affecting their financial position.

Background

6. School balances are only able to be formally measured by the local authority at the closure of the financial year. Balances are taken from the Consistent Financial Reporting return submitted by individual schools to the local authority.
7. Reporting locally is the first stage of publication of school balance information. Once all school returns are consolidated that information is submitted to the Department for Education (DfE) who subsequently publish that information on a national basis at both local authority and individual school level.
8. Whilst this report presents the position for maintained schools, information on the financial position of academies is not published in the same manner. The DfE publish the individual statutory financial statements for academies, the information is difficult to locate, does not allow an easy view on unspent funds and is not brought together in a manner in which it would be possible to ascertain the overall financial position of academies in a particular location.
9. Schools Forum agreed at its meeting on June 20 2013 to remove the mechanism for controlling maintained school revenue balances, however national controls remain on Devolved Formula Capital (DFC) which remains limited to use over three years.

2014/15 School Balances

10. The analysis of school balances is shown in Appendix 1. The figures include all schools that were local authority maintained schools for the full financial year i.e. between 1 April 2014 and 31 March 2015.
11. Given the exclusion of balances for converted academies during 2014/15 the balances reported here will not match those reported at the end of 2013/14 but the comparison between years is valid.
12. The total level of all school balances at 31st March 2015 was £7.610m which shows a slight decrease from the comparative 2013/14 position of £7.729m. The gross revenue position of £6.946m again is a minor decrease from the 2013/14 position of £6.954.
13. Overall 77% of maintained primary schools have balances over 3%. For secondary schools whilst the percentage of school in each revenue balance banding is high, the low number of schools makes any comparison of the financial position in each phase unreliable.

	Primary	Secondary
Deficit	11 (8%)	3
Surplus 0% - 1%	3 (2%)	1
Surplus 1.1% - 3%	8 (5%)	-
Surplus 3.1% - 5%	13 (6%)	-
Surplus 5.1% - 8%	18 (14%)	-
Surplus 8.1% +	77 (65%)	1
Total	130	5

13. No percentage figure is available for special schools. National school funding reform implemented in 2013 means that special schools no longer have a fixed budget against which the level of balances can be compared. Special schools are funded at a place rate of £10,000 per place and top-up funding for each occupied place which is dependent on the needs of individual children.
14. Care needs to be taken when analysing school balances as they only show a position at a single point in time. It is the responsibility of the governing body to set a school budget that does not exceed the funding available, the finance team analyse the budget intention returns from schools to identify whether any of the schools currently reporting a surplus expect to move to deficit and if necessary that those schools are operating with an appropriate and agreed deficit recovery plan. The local authority has limited tools to undertake this type of exercise and is fully dependent upon schools sharing accurate and timely information and responding to requests for information, unfortunately this is often not the case. The local authority however is not responsible for monitoring school budgets, that responsibility is clearly delegated to governing bodies.
15. The finance service works pro-actively with schools in, or at risk of, a deficit budget and schools must gain local authority approval for any deficit and within that process must identify the actions to be taken to ensure the school returns to a balanced budget.
16. Where a maintained school is in a deficit position the local authority will agree a deficit recovery plan that minimises any negative impact on school performance which may result in a school being in a deficit position for a number of years. In such instances the finance service rigorously monitors the financial position of the school and to ensure the actions agreed to reduce expenditure are implemented.

Balance Control Mechanism

17. Schools Forum removed the mechanism for controlling schools balances when approving The Scheme for Financing Schools at its meeting on 20 June 2013 given that no such scheme exists for academies. The finance service requested information from all schools with revenue balances in excess of 10% to determine

how they are being used, a number of schools haven't provided information. From the information available schools are stating a number of reasons for holding funding. The largest amounts held are for land & building works and ICT investments. Funding in a number of instances is held to smooth out budget changes and to employ additional staff. The latter gives cause for concern given the use of one off reserves isn't a sustainable source of funding for on-going costs.

School Funding and Financial Management

18. School balances are unable to be taken into account by local authorities in determining funding arrangements for schools. There is no correlation between the level of balances to any of the funding formula factors, school performance, type of school, location of school, levels of deprivation etc. The reasons for deficits are varied and are unique to individual schools.
19. There are some concerns within the finance team on the level of financial information presented to governors upon which financial decisions are based and the level of financial challenge from governors. There have been instances where decisions have been based upon inaccurate or incomplete financial information which has had a significant impact upon the overall financial position of the school. The team are considering what additional guidance may be able to be provided to both headteachers and governors to enable them to validate the accuracy and completeness of financial information presented to them.
20. Many schools are now employing business managers either individually or to work across a group of schools, it would appear however that in some recruitment processes there is often not a requirement for professional finance qualifications and / or there is more emphasis on the non-financial aspect of the role which is a concern.
21. Anecdotal information from secondary schools is suggestive of a worsening financial position across the sector, falling rolls as a result of school re-organisation and the impact of reduced post 16 funding settlements are being reported by a number of secondary schools as having an adverse financial impact.

Conclusions

22. Whilst the information in this report is presented to Schools Forum to note, it isn't possible to form any conclusion from it on the financial health of schools in Leicestershire. The data covers less than 50% of schools and contains little information on secondary schools.
23. Balance information is a snapshot in time and as such provides no information on how funding will be deployed or whether resources have been accumulated for particular reasons. A school budget provides the resources to provide for pupils over the period for which it is allocated, however schools should at all times plan over a 3 – 5 year period. Employing effective strategic financial management techniques may therefore result in either a surplus or a deficit that will not be a reflection of financial health.

Resource Implications

24. Resource implications are included throughout this report.

Equal Opportunity Issues

25. Non arising directly from this report

Background Papers

None

Officer to Contact

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	2014-15										2013-14 excluding 2014-15 academies									
	B01 Committed Revenue Balance	B02 Uncommitt ed Revenue	B03 Devolved Capital Balance	B05 Other Capital Balance	B06 Communit y Focused Extended	Total Balance	Total Revenue Balance	Surpluses	Deficits	Total Revenue Balance % of S251	B01 Committed Revenue Balance	B02 Uncommitt ed Revenue	B03 Devolved Capital Balance	B05 Other Capital Balance	B06 Communit y Focused Extended	Total Balance	Total Revenue Balance	Surpluses	Deficits	Total Revenue Balance % of S251
Primary Schools																				
Sherard Primary School & Community Centre	0	-198,216	0	0	0	-198,216	-198,216	0	-198,216	-24.2%	0	-246,996	0	0	0	-246,996	-246,996	0	-246,996	-30.2%
Albert Village Community Primary School	0	-34,843	0	0	0	-34,843	-34,843	0	-34,843	-5.7%	0	16,866	4,108	0	0	20,974	16,866	16,866	0	3.4%
Greenfield Primary School	0	-49,232	0	0	0	-49,232	-49,232	0	-49,232	-3.2%	0	-25,112	0	0	0	-25,112	-25,112	0	-25,112	-1.6%
Swinford Church of England Primary School	0	-14,404	4,600	0	0	-9,804	-14,404	0	-14,404	-2.4%	0	12,958	0	0	0	12,958	12,958	12,958	0	3.2%
Claybrooke Primary School	0	-10,425	1,438	0	0	-8,987	-10,425	0	-10,425	-2.2%	0	24,418	1,770	0	0	26,188	24,418	24,418	0	6.4%
Kilby St. Mary's Church of England Primary School	0	-6,632	0	0	0	-6,632	-6,632	0	-6,632	-1.8%	1,096	8,593	0	0	0	9,689	9,689	9,689	0	2.7%
Saint Francis Catholic Primary School, Melton Mowbray	0	-7,778	0	0	0	-7,778	-7,778	0	-7,778	-0.9%	8,933	46,756	0	0	0	55,689	55,689	55,689	0	6.1%
Blaby Thistly Meadow Primary School	0	-4,886	0	0	0	-4,886	-4,886	0	-4,886	-0.7%	15,064	508	0	0	0	15,572	15,572	15,572	0	2.2%
Arnesby Church of England Primary School	4,201	-6,761	1,015	0	0	-1,545	-2,560	0	-2,560	-0.5%	4,992	-497	0	0	0	4,495	4,495	4,495	0	1.5%
Swannington Church of England Primary School	1,670	-3,152	225	0	0	-1,257	-1,482	0	-1,482	-0.4%	0	-25,949	180	0	0	-25,769	-25,949	0	-25,949	-7.6%
Highgate Community Primary School	0	-3,683	1,602	0	0	-2,081	-3,683	0	-3,683	-0.3%	0	25,916	2,699	0	0	28,615	25,916	25,916	0	4.3%
Willesley Primary School	0	4,536	0	0	0	4,536	4,536	4,536	0	0.4%	0	71,196	0	0	0	71,196	71,196	71,196	0	7.0%
St Margaret's Church of England Primary School	0	4,982	0	0	0	4,982	4,982	4,982	0	0.7%	0	19,968	0	0	0	19,968	19,968	19,968	0	2.9%
Hallbrook Primary School, Broughton Astley	12,887	-24,279	19,426	0	0	8,034	-11,392	0	-11,392	1.0%	0	-17,730	12,715	0	0	-5,015	-17,730	0	-17,730	-0.6%
Saint Peter's Catholic Primary School, Hinckley	0	7,478	0	0	0	7,478	7,478	7,478	0	1.1%	0	14,737	0	0	0	14,737	14,737	14,737	0	2.2%
Moirs Infant School	0	12,079	288	0	0	12,367	12,079	12,079	0	1.9%	0	44,994	13,818	0	0	58,811	44,994	44,994	0	9.0%
Little Bowden School	0	22,227	0	0	0	22,227	22,227	22,227	0	1.9%	0	51,364	4,623	-7,869	0	48,118	51,364	51,364	0	4.1%
Croft Church of England Primary School	0	-30,670	10,491	0	28,334	8,155	-2,336	0	-2,336	2.0%	0	24,252	0	16,058	5,921	46,231	30,173	30,173	0	11.4%
Thurnby, St Luke's Church of England Primary School	4,268	6,489	5,778	0	0	16,535	10,757	10,757	0	2.3%	11,650	17,159	12,574	0	0	41,383	28,809	28,809	0	5.7%
Newcroft Primary School	0	18,377	0	0	0	18,377	18,377	18,377	0	2.4%	0	32,638	534	0	0	33,173	32,638	32,638	0	4.4%
Ullesthorpe Church of England Primary School	0	10,704	536	0	0	11,240	10,704	10,704	0	2.9%	3,872	36,940	10	0	0	40,822	40,812	40,812	0	10.4%
Westfield Infant School, Hinckley	0	27,041	0	0	0	27,041	27,041	27,041	0	3.0%	9,502	97,886	0	0	0	107,388	107,388	107,388	0	11.8%
Badgerbrook Primary School	0	27,855	12,177	0	0	40,032	27,855	27,855	0	3.3%	706	22,176	14,017	0	0	36,899	22,882	22,882	0	3.1%
St Peter's Church of England Primary School, Whetstone	0	26,296	0	0	0	26,296	26,296	26,296	0	3.4%	0	66,725	0	0	0	66,725	66,725	66,725	0	8.6%
Richmond Primary School	12,474	26,702	6,270	0	0	45,446	39,176	39,176	0	3.4%	0	1,429	6,080	-2,960	0	4,550	1,429	1,429	0	0.3%
Ravenhurst Primary School	4,700	59,695	7,425	0	0	71,820	64,395	64,395	0	3.7%	2,227	61,227	0	0	0	63,454	63,454	63,454	0	3.3%
Bishop Ellis Catholic Primary School, Thurmaston	0	45,365	0	0	0	45,365	45,365	45,365	0	4.1%	0	92,677	0	0	0	92,677	92,677	92,677	0	8.4%
Billesdon Parochial Primary School	0	18,154	442	0	0	18,596	18,154	18,154	0	4.2%	0	30,610	4,492	0	0	35,102	30,610	30,610	0	7.9%
Saint Charles's Catholic Primary School, Measham	0	20,525	0	0	0	20,525	20,525	20,525	0	4.3%	0	17,138	0	0	0	17,138	17,138	17,138	0	3.6%
Great Glen St Cuthbert's Church of England Primary School	4,166	25,522	0	2,742	0	32,431	29,688	29,688	0	4.3%	4,937	18,045	6	0	0	22,987	22,982	22,982	0	3.1%
St Botolph's Church of England Primary School	0	31,916	3,649	0	0	35,565	31,916	31,916	0	4.3%	0	39,133	12,906	0	0	52,039	39,133	39,133	0	6.3%
St Denys Church of England Infant School, Ibstock	12,709	-2,998	14,987	2,183	0	26,881	9,711	9,711	0	4.5%	0	23,040	13,815	12,484	0	49,339	23,040	23,040	0	8.3%
Elizabeth Woodville Primary School	26,581	0	7,602	0	0	34,183	26,581	26,581	0	4.6%	0	-21,474	0	1,228	0	-20,246	-21,474	0	-21,474	-2.7%
Houghton on the Hill Church of England Primary School	19,168	0	7,810	0	0	26,978	19,168	19,168	0	4.8%	6,419	0	8,782	0	0	15,201	6,419	6,419	0	2.7%
Whitwick, St John The Baptist Church of England Primary School	22,121	36,141	132	0	0	58,394	58,262	58,262	0	5.0%	5,578	20,134	374	0	0	26,087	25,712	25,712	0	2.2%
Desford Community Primary School	0	46,456	0	0	0	46,456	46,456	46,456	0	5.2%	6,500	63,023	0	0	0	69,523	69,523	69,523	0	7.8%
Foxton Primary School	3,683	12,848	6,986	0	-1,367	22,150	15,164	15,164	0	5.4%	3,100	16,613	2,075	0	0	21,789	19,714	19,714	0	5.3%
Warren Hills Community Primary School	0	41,213	9,774	0	0	50,987	41,213	41,213	0	5.7%	780	46,904	15,863	0	0	63,546	47,684	47,684	0	7.0%
Orchard Church of England Primary School, Broughton Astley	4,539	37,524	15	0	0	42,078	42,063	42,063	0	5.9%	0	33,339	407	0	0	33,746	33,339	33,339	0	4.7%
Thythorn Field Community Primary School	0	29,159	7,038	0	0	36,197	29,159	29,159	0	6.0%	0	57,732	7,808	0	0	65,540	57,732	57,732	0	10.8%
Sherrier Church of England Primary School	0	68,488	2,784	3,837	0	75,109	68,488	68,488	0	6.3%	0	42,249	0	515	0	42,764	42,249	42,249	0	3.6%
Sheepy Magna Church of England Primary School	0	28,231	0	0	0	28,231	28,231	28,231	0	6.4%	0	24,302	0	0	0	24,302	24,302	24,302	0	5.5%
Oxley Primary School, Shepshead	0	46,049	3,478	1	0	49,527	46,049	46,049	0	6.5%	0	60,947	11,549	1	0	72,497	60,947	60,947	0	9.5%
Hallaton Church of England Primary School	646	26,035	1,952	0	0	28,633	26,681	26,681	0	6.5%	38	43,592	7,301	0	0	50,931	43,630	43,630	0	11.6%
Old Mill Primary School, Broughton Astley	6,322	61,872	9,638	0	0	77,832	68,194	68,194	0	6.6%	5,329	57,512	2,928	0	0	65,769	62,841	62,841	0	5.6%
Fleckney Church of England Primary School	0	76,757	0	0	0	76,757	76,757	76,757	0	6.9%	0	68,064	0	0	0	68,064	68,064	68,064	0	6.1%
Martinslaw Primary School, Groby	0	45,954	0	0	0	45,954	45,954	45,954	0	7.0%	0	54,453	0	2,320	0	56,773	54,453	54,453	0	8.7%
John Wycliffe Primary School	8,429	49,284	2,684	0	0	60,397	57,712	57,712	0	7.1%	0	72,282	5,857	0	0	78,139	72,282	72,282	0	9.2%
All Saints Church of England Primary School, Sapcote	0	42,707	0	0	0	42,707	42,707	42,707	0	7.1%	0	29,962	0	0	0	29,962	29,962	29,962	0	5.0%
Wymeswold Church of England Primary School	0	34,265	0	0	0	34,265	34,265	34,265	0	7.1%	0	33,750	0	0	0	33,750	33,750	33,750	0	7.0%
Ashby de la Zouch Church of England Primary School	0	63,650	9,334	0	0	72,984	63,650	63,650	0	7.4%	0	61,891	2,071	0	0	63,962	61,891	61,891	0	6.5%
Snaresstone Church of England Primary School	1,128	26,091	0	0	0	27,219	27,219	27,219	0	7.7%	0	3,627	0	0	0	3,627	3,627	3,627	0	1.0%
Packington Church of England Primary School	7,106	18,153	7,731	0	0	32,990	25,259	25,259	0	7.8%	0	6,026	6,489	0	0	12,515	6,026	6,026	0	3.0%
Burton on the Wolds Primary School	0	43,398	5,025	0	0	48,423	43,398	43,398	0	8.3%	0	13,995	0	1	0	13,996	13,995	13,995	0	2.4%
Sir John Moore Church of England Primary School	1,686	43,031	0	0	0	44,717	44,717	44,717	0	8.5%	0	29,189	0	0	0	29,189	29,189	29,189	0	5.5%
All Saints Church of England Primary School	0	77,438	0	0	0	77,438	77,438	77,438	0	8.7%	2,658	108,744	0	0	11,565	122,967	122,967	122,967	0	13.9%
Thurlaston Church of England Primary School	0	38,863	0	0	0	38,863	38,863	38,863	0	8.9%	0	46,751	0	0	0	46,751	46,751	46,751	0	10.7%
Kingsway Primary School	7,305	91,171	3,061	0	0	101,538	98,476	98,476	0	9.0%	0	96,775	7,185	0	0	103,960	96,775	96,775	0	9.2%
Kegworth Primary School	0	50,256	0	1,497	0	51,754	50,256	50,256	0	9.0%	0	63,753	0	0	0	63,753	63,753	63,753	0	11.1%
Buckminster Primary School	0	37,635	449	0	0	38,084	37,635	37,635	0	9.3%	0	26,247	10,082	0	0	36,329	26,247	26,247	0	8.9%
Fernvale Primary School	5,277	49,982	6,355	0	0	61,614	55,259	55,259	0	9.5%	0	49,909	8,090	29,330	0	87,329	49,909	49,909	0	13.4%
Dunton Bassett Primary School	0	36,061	4,300	0	0	40,361	36,061	36,061												

	2014-15										2013-14 excluding 2014-15 academies										
	B01 Committed Revenue Balance	B02 Uncommitt ed Revenue	B03 Devolved Capital Balance	B05 Other Capital Balance	B06 Communit y Focused Extended	Total Balance	Total Revenue Balance	Surpluses	Deficits	Total Revenue Balance % of S251	B01 Committed Revenue Balance	B02 Uncommitt ed Revenue	B03 Devolved Capital Balance	B05 Other Capital Balance	B06 Communit y Focused Extended	Total Balance	Total Revenue Balance	Surpluses	Deficits	Total Revenue Balance % of S251	
Breedon on the Hill, St Hardulph's Church of England Primary School	384	41,953	1,932	0	0	44,268	42,337	42,337	0	12.1%	1,880	38,686	199	0	0	40,765	40,566	40,566	0	11.2%	
Thorpe Acre Junior School	0	60,593	4,625	0	0	65,218	60,593	60,593	0	12.2%	0	62,683	21,649	-2,518	0	81,815	62,683	62,683	0	15.2%	
Ibstock Junior School and Special Unit	0	92,012	0	0	0	92,012	92,012	92,012	0	12.4%	0	23,418	0	0	0	23,418	23,418	23,418	0	3.2%	
Orchard Community Primary School	3,153	81,326	11,110	0	0	95,589	84,479	84,479	0	12.8%	0	74,807	4,882	0	0	79,690	74,807	74,807	0	10.7%	
Hugglescote Community Primary School	0	165,091	8,451	0	0	173,543	165,091	165,091	0	12.8%	0	120,952	10,865	0	0	131,817	120,952	120,952	0	9.8%	
Newton Burgoland Primary School	0	40,773	6,120	0	0	46,893	40,773	40,773	0	12.9%	0	40,140	14,050	0	0	54,190	40,140	40,140	0	14.9%	
St Edwards Church of England Primary School	73,420	0	10,366	0	0	83,786	73,420	73,420	0	13.2%	74,800	15,182	4,521	0	0	94,503	89,982	89,982	0	14.9%	
Belvoirdale Community Primary School	0	127,378	17,806	0	0	145,184	127,378	127,378	0	13.5%	0	-21,374	4,319	8,416	0	-8,639	-21,374	0	-21,374	-0.8%	
Congerstone Primary School	0	63,105	5,654	0	0	68,759	63,105	63,105	0	13.8%	0	53,942	0	0	0	53,942	53,942	53,942	0	10.8%	
St Bartholomew's Church of England Primary School	29,188	145,582	9,306	0	0	184,076	174,770	174,770	0	13.9%	7,233	80,749	626	0	0	88,608	87,982	87,982	0	6.7%	
Worthington School	0	43,460	9,429	0	0	52,889	43,460	43,460	0	14.0%	0	39,312	7,349	0	0	46,661	39,312	39,312	0	12.3%	
Barwell Infant School	0	105,405	0	0	0	105,405	105,405	105,405	0	14.2%	0	109,457	35	0	0	109,493	109,457	109,457	0	14.7%	
Richard Hill Church of England Primary School	19,964	53,040	0	0	0	73,004	73,004	73,004	0	14.2%	4,693	33,010	0	0	0	37,703	37,703	37,703	0	7.3%	
Woodhouse Eaves, St Paul's Church of England Primary School	0	105,416	0	0	0	105,416	105,416	105,416	0	14.5%	0	74,655	0	0	0	74,655	74,655	74,655	0	10.3%	
Hemington Primary School	4,795	40,368	2,703	0	0	47,866	45,163	45,163	0	14.5%	2,168	18,555	0	0	0	20,723	20,723	20,723	0	6.3%	
Donisthorpe Primary School	0	103,570	0	0	0	103,570	103,570	103,570	0	14.8%	0	57,680	0	0	0	57,680	57,680	57,680	0	8.3%	
Manorfield Church of England Primary School	0	169,551	0	7,998	0	177,549	169,551	169,551	0	15.3%	0	143,301	4,343	7,998	0	155,642	143,301	143,301	0	13.4%	
Little Hill Primary School	31,790	151,512	0	0	0	183,302	183,302	183,302	0	15.5%	0	117,047	0	0	0	117,047	117,047	117,047	0	9.9%	
Hathern Church of England Primary School	1,942	72,565	5,017	0	0	79,524	74,507	74,507	0	15.7%	3,400	39,075	2,569	0	0	45,044	42,475	42,475	0	8.9%	
Husbands Bosworth Church of England Primary School	10,081	38,566	7,962	0	0	56,609	48,647	48,647	0	15.8%	0	42,896	9,778	0	0	52,674	42,896	42,896	0	14.7%	
Woodcote Primary School	0	141,270	6,568	0	0	147,839	141,270	141,270	0	15.9%	16,181	101,432	4,572	0	0	122,185	117,613	117,613	0	13.2%	
Diseworth Church of England Primary School	10,403	31,821	1,590	0	0	43,814	42,224	42,224	0	16.1%	4,947	33,822	2,311	0	0	41,079	38,769	38,769	0	15.1%	
Witherley Church of England Primary School	0	59,020	9,958	0	0	68,978	59,020	59,020	0	16.3%	0	43,329	9,416	0	0	52,745	43,329	43,329	0	12.4%	
Booth Wood Primary School	0	134,804	0	0	0	134,804	134,804	134,804	0	16.5%	0	78,652	0	2,383	0	81,035	78,652	78,652	0	9.9%	
Harby Church of England Primary School	0	50,151	11,027	0	0	61,178	50,151	50,151	0	16.5%	0	-10,556	10,861	0	0	305	-10,556	0	-10,556	0.1%	
Swithland St Leonard's Church of England Primary School	0	57,784	13,419	0	0	71,202	57,784	57,784	0	16.7%	0	4,724	40,016	-27,059	0	17,681	4,724	4,724	0	4.2%	
The Hall School	97,702	137,828	8,725	586	0	244,841	235,530	235,530	0	17.2%	0	137,952	0	586	0	138,538	137,952	137,952	0	9.7%	
Griffydham Primary School	9,390	63,747	0	0	0	73,137	73,137	73,137	0	17.6%	0	52,824	2,225	0	0	55,049	52,824	52,824	0	13.2%	
Belton Church of England Primary School	0	70,169	0	0	0	70,169	70,169	70,169	0	17.7%	0	26,055	0	0	0	26,055	26,055	26,055	0	6.6%	
St Mary's Church of England Primary School, Hinckley	0	184,334	6	0	0	184,341	184,334	184,334	0	17.7%	0	107,414	13	0	0	107,426	107,414	107,414	0	10.3%	
Brookside School	14,630	163,327	12,594	0	0	190,551	177,957	177,957	0	17.9%	0	171,865	13,173	0	0	185,039	171,865	171,865	0	17.4%	
Long Clawson Church of England Primary School	0	70,156	11,871	0	0	82,027	70,156	70,156	0	17.9%	0	58,342	5,046	1,666	0	65,054	58,342	58,342	0	14.2%	
All Saints Church of England Primary School, Coalville	0	128,853	0	0	0	128,853	128,853	128,853	0	18.0%	0	82,381	20,021	-4,885	0	97,517	82,381	82,381	0	13.6%	
Holliers Walk Primary School	214,582	0	7,669	0	0	222,251	214,582	214,582	0	18.2%	0	135,499	7,669	0	0	143,168	135,499	135,499	0	11.7%	
Saint Peter's Catholic Primary School, Earl Shilton	0	137,523	0	0	0	137,523	137,523	137,523	0	18.7%	0	71,815	0	0	0	71,815	71,815	71,815	0	9.8%	
Cossington Church of England Primary School	14,230	63,930	4,721	0	0	82,880	78,160	78,160	0	18.9%	9,579	18,958	19,407	0	0	47,944	28,537	28,537	0	10.9%	
Viscount Beaumont's Church of England Primary School	23,780	57,628	0	0	0	81,408	81,408	81,408	0	19.3%	0	58,227	0	0	0	58,227	58,227	58,227	0	13.8%	
Barwell Newlands Community Primary School	21,903	168,643	6,903	0	0	197,449	190,546	190,546	0	19.4%	25,000	112,207	9,420	0	0	146,627	137,207	137,207	0	14.4%	
Thorpe Acre Infant School	0	106,077	4,739	0	0	110,816	106,077	106,077	0	19.6%	0	80,590	11,563	-2,408	0	89,745	80,590	80,590	0	15.8%	
Newbold Church of England Primary School	19,505	38,207	4,060	0	0	61,772	57,712	57,712	0	20.0%	0	41,183	4,060	0	0	45,243	41,183	41,183	0	14.6%	
Dove Bank Primary School	0	82,606	7,357	0	0	89,963	82,606	82,606	0	20.2%	0	73,846	11,528	0	0	85,374	73,846	73,846	0	19.2%	
Burbage Junior School	0	246,155	87	0	0	246,242	246,155	246,155	0	21.2%	0	203,735	937	0	0	204,672	203,735	203,735	0	17.6%	
Scaford Church of England Primary School	20,719	44,740	7,234	0	0	72,694	65,459	65,459	0	21.3%	5,887	44,220	3,884	0	0	53,990	50,106	50,106	0	15.8%	
Burbage Church of England Infant School	155,697	40,486	7,131	0	0	203,314	196,183	196,183	0	22.8%	120,144	40,925	2,091	0	0	163,160	161,069	161,069	0	18.3%	
Greystoke Primary School, Narborough	125,786	120,795	0	0	0	246,581	246,581	246,581	0	23.7%	191,168	117,039	96	1,369	0	309,672	308,207	308,207	0	29.7%	
Stathern Primary School	1,781	75,667	8,720	0	0	86,168	77,448	77,448	0	23.8%	0	81,719	9,766	-1,499	0	91,335	81,719	81,719	0	25.2%	
St Andrew's Church of England Primary School, North Kilworth	0	63,058	0	0	38,408	101,466	101,466	101,466	0	24.2%	0	5,766	0	0	55,494	61,260	61,260	61,260	0	14.6%	
Hose Church of England Primary School	9,840	62,908	1,079	0	0	73,826	72,748	72,748	0	25.4%	0	31,435	3,430	9,295	0	44,159	31,435	31,435	0	15.2%	
South Kilworth Church of England Primary School	0	43,872	7,225	46,391	0	97,488	43,872	43,872	0	25.8%	0	44,970	8,573	46,391	0	99,934	44,970	44,970	0	26.4%	
Oakthorpe Primary School	10,488	118,440	2,640	0	0	131,568	128,928	128,928	0	27.1%	15,432	50,164	6,616	0	0	72,211	65,596	65,596	0	14.9%	
Blaby Stokes Church of England Primary School	309,752	47,240	0	0	0	356,991	356,992	356,992	0	29.3%	64,787	185,484	0	0	0	250,270	250,271	250,271	0	20.5%	
Newbold Verdon Primary School	0	245,029	0	-3,867	8,171	249,332	253,199	253,199	0	33.9%	0	123,718	0	0	8,171	131,889	131,889	131,889	0	17.9%	
St Mary's Church of England Primary School Bitteswell	50,000	105,334	0	0	0	155,334	155,334	155,334	0	35.5%	0	112,555	0	40,170	0	152,725	112,555	112,555	0	34.9%	
Westfield Junior School	0	403,485	9,881	0	-12,077	401,289	391,408	391,408	0	38.6%	0	295,575	2,517	0	-12,077	286,015	283,498	283,498	0	27.5%	
Primary Total	1,518,704	7,398,691	555,367	61,369	61,469	9,595,599	8,978,863	9,326,732	-347,869	10.4%	730,831	6,695,132	583,983	138,917	69,073	8,217,936	7,495,036	7,864,226	-369,190	8.9%	
Secondary Schools																					
Burleigh Community College	0	-754,600	1,635	0	0	-752,965	-754,600	0	-754,600	-39.3%	0	-182,132	0	-14,852	0	-196,984	-182,132	0	-182,132	-10.3%	
Longslade Community College	0	-783,021	0	0	-49,307	-832,327	-832,327	0	-832,327	-30.4%	0	95,121	14,437	0	-55,851	53,706	39,269	39,269	0	2.0%	
Hind Leys Community College	0	-132,321	0	0	7,793	-124,528	-124,528	0	-124,528	-5.6%	0	-163,473	32,555	-29,459	28,043	-132,336	-135,431	0	-135,431	-6.0%	
Shepshed High School	0	3,330	2,058	0	179	5,567	3,509	3,509	0	0.2%	0	-21,715	32,074	-23,102	1,727	-11,017	-19,988	0	-19,988	-0.5%	
The Garendon High School	0	339,707	11,786	0	0	351,493	339,707	339,707	0	19.5%	0	-114,884									

	2014-15										2013-14 excluding 2014-15 academies									
	B01 Committed Revenue Balance	B02 Uncommitt ed Revenue	B03 Devolved Capital Balance	B05 Other Capital Balance	B06 Communit y Focused Extended	Total Balance	Total Revenue Balance	Surpluses	Deficits	Total Revenue Balance % of S251	B01 Committed Revenue Balance	B02 Uncommitt ed Revenue	B03 Devolved Capital Balance	B05 Other Capital Balance	B06 Communit y Focused Extended	Total Balance	Total Revenue Balance	Surpluses	Deficits	Total Revenue Balance % of S251
Countesthorpe Nursery School	0	12,307	5,320	0	0	17,626	12,307	12,307	0		0	-6,204	9,135	0	0	2,931	-6,204	0	-6,204	
PRU																				
Oakfield	30,000	7,492	9,755	0	0	47,247	37,492	37,492	0		0	51,871	5,384	0	0	57,255	51,871	51,871	0	
Grand Total	1,548,704	5,378,094	602,143	61,369	20,134	7,610,444	6,946,932	9,904,968	-2,958,036		730,831	6,180,985	703,111	71,503	42,991	7,729,422	6,954,808	8,332,946	-1,378,138	

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SCHOOLS FORUM

Call for Evidence: review of the cost of providing childcare

21 September 2015

Content Applicable to;		School Phase;	
Maintained Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings	X	Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report sets out the local authority's response to the recent consultation on the cost of providing childcare

Recommendations

2. That Schools Forum notes the response and the potential financial implications

Background

3. The Government has committed to increase the average rate paid to providers of early education and childcare and launched a 'Call for Evidence' in June to '*improve their understanding of what factors contribute to the cost of providing childcare*'
4. Whilst Leicestershire is not a significant provider of early learning and childcare, it has a responsibility to ensure a sufficient supply of childcare places and

through Dedicated Schools Grant (DSG) funds all places for the Free Entitlement to Early Education (FEEE).

5. Responses to the call for evidence were required by August 10th and the Department for Education (DfE) have stated that they will report in the autumn.

Implications

6. Local authorities are required to maintain a formula for funding FEEE, any increases in the rate would bring an additional cost burden, there is no explicit commitment within the July Budget announcement which makes provision for additional funding to local authorities to meet the cost of any increased rate.
7. The Childcare Act currently progressing through parliament proposes to increase childcare provision from the current 15 to 30 hours for working parents, this introduces further potential financial implications.
8. A further July Budget commitment was the introduction of the Living Wage, the childcare sector will be significantly impacted by its introduction.

Conclusion

9. Given the magnitude of these issues, whilst not a significant provider of childcare, Leicestershire has submitted a response which is attached at Appendix 1.

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Call of Evidence

The Family and Childcare Trust conducted a survey in 2015 and identified that the average cost of childcare for children aged 2 and over in the East Midlands is £107.74 per week for 25 hours. This averages at £4.32 per hour.

Leicestershire had not increased the Free Early Educational Entitlement (FEEE) rate for 5 years, but in 2015 there was an increase of 3.7%. Feedback from providers indicates that this has impacted on areas such as staff wages, training and development and investment in equipment and resources.

Currently the basic FEEE rate in Leicestershire is £3.58. There are supplements for deprivation and quality (Ofsted grade). The hourly FEEE rate therefore varies between £3.59 and £3.75, dependent on circumstances. Considering the average childcare costs for the East Midlands, the current funded rate will not cover the cost for the childcare.

Current Situation

Many sessional preschool settings have limited opening hours and are unable to open for any longer in their premises. Most of their income is derived from funded sessions. There has been a trend for some of these providers to use reserves in order to remain sustainable.

Since April 2015, 30 sustainability checks have been undertaken with providers in Leicestershire. 16.7% (5 out of the 30) say that current fees do not cover their costs.

In some instances, day nurseries have restricted the number of FEEE places in their settings in order to capitalise on income through their fees for additional hours.

Surveys indicate that providers are charging parents for additional hours at an increased rate to meet the cost of their business.

In discussions with managers and leaders, it has become apparent that the fees for additional hours are usually set at approximately £5.00.

Future Challenges

Some preschools have reported that they are unable to sustain the current levels of funding, particularly with the statutory auto-enrolment pension contribution (minimum of 1% rising on an annual basis) being introduced shortly.

Settings now have to budget for increased costs in staff training.

Inflation and interest rates are set to rise over the next twelve months.

Providers face increased charges for rent, heating and consumables, particularly for those operating from Church Halls and Community buildings.

Impact of the Living Wage on Childcare Providers

The Summer 2015 Budget introduced a National Living Wage (NLW) of £7.20 per hour for over 25s, from April 2016 rising to £9.00 per hour by 2020. This will have a major impact on the sustainability of settings within Leicestershire – particularly with the proposed introduction of 30 hours of free childcare for eligible parents in 2017.

The most recent Workforce Audit was carried out in Leicestershire in 2014. This found that there were 3,414 people employed within the Early Years Sector. 2,730 (80%) of staff working in the sector were over 25 and would be eligible for the increase to the Living Wage.

There is a current FEEE budget for 2, 3 and 4 year olds of £21,946,439. The increase in costs due to the introduction of the NLW is shown in the table below. This is based on 80% of total provider costs being attributed to salary costs at the current minimum wage and expectations on how the increase to £9.00 will be phased. This calculation does not include any additional costs from the increase to 30 hours provision for working parents.

Year	Living Wage increase £ April	Living Wage increase %	Total extra cost @ 80% provider wage spend £,000
2015/16	£6.50		
2016/17	£7.20	11%	£1,900
2017/18	£6.65	6%	£1,170
2018/19	£8.10	6%	£1,200
2019/20	£8.55	6%	£1,300
2020/21	£9.00	5%	£1,200
Total Cost			£6,800

The Workforce Audit in 2014 identified that Leicestershire had:

- 122 settings who employ an Early Years Professional/Teacher
- 107 Qualified Teachers who work in childcare
- 158 Nurseries and 228 Preschool/playgroups

1. An increase to the NLW will mean that the setting would have to consider an increase in wages across the whole business. Currently wages account for between 70% (Nurseries) and 80% (Pre-schools) of the total expenditure of the business. Further increases would be very difficult for the business to absorb.
2. The majority of income for preschools is from FEEE – this will have a huge impact on those preschools having to use their reserves to fund the additional wage bill. The settings that do not have reserves will become unsustainable

very quickly, having to close. This will impact on the Local Authority as it will become increasingly difficult to meet the sufficiency duty around providing funded places for 2, 3 and 4 year olds.

3. Fees will have to be increased in line with the NLW in order for the businesses to remain sustainable. However the current Dedicated Schools Grant is insufficient to meet this additional cost if the funding does not meet with the wage increase, day nurseries may choose not to be part of the funding scheme, once again impacting on the Local Authority's duty for sufficient free childcare places. However irrespective of whether providers choose or not to be included in the scheme the local authority will not have sufficient funding to meet its obligations.
4. If providers raise their rate for additional hours, parents may opt to choose to use more informal childcare arrangements. This could impact on school readiness, particularly in areas of deprivation.
5. Providers have historically charged for non FEEE hours at an hourly rate in excess of the rates paid by local authorities. With an extension to 30 hours of provision this will further reduce their financial sustainability.
6. Settings may not be able to employ/retain the higher qualified staff e.g. Early Years Professionals / Teachers (EYP/T) as the budget for employing the higher level of staff will have to be offset by the NLW for over 25year olds. The impact could be that the quality of these settings may not be maintained.
7. With the imminent introduction of the 30 hours of funded childcare for eligible working parents, providers will potentially incur a further loss of revenue.

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SCHOOLS FORUM

Funding School Growth

21 September 2015

Content Applicable to;		School Phase;	
Maintained Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies		Secondary	X
Local Authority		Post 16	
		High Needs	

Purpose of Report

Content Requires;		By;	
Noting		Maintained Primary School Members	
Decision	X	Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report sets out the proposed Local Authority policy on funding school growth

Recommendations

2. That Schools Forum approve the policy on funding school growth
3. That Schools Forum note the future financial implications for funding school growth

Introduction

4. Local Authorities may topslice Dedicated Schools Grant (DSG) to create a Growth Fund for revenue support to schools which are required to provide extra places in order to provide extra school places in order to meet basic need growth within the authority, including pre-opening, diseconomy and reorganisation costs.

Leicestershire is one of a few authorities that does not have this type of provision within its Schools Budget.

5. A Growth Fund cannot be used to support schools in financial difficulty or general growth due to popularity. EFA guidance states that a growth fund is a suitable manner in which to fund schools for short term increases in pupil numbers and bulge classes only.
6. Local authorities should submit a request to vary pupil numbers in situations of significant change to the Secretary of State, such as age range changes, as the scale of change is sufficiently great that it should be applied to all factors in the funding formula. Leicestershire does have this process in place, without undertaking this there is a significant risk that DSG is removed.
7. Where a new school is due to open the School and Early Years Finance (Regulations) require that authorities should estimate the pupil numbers expected to join the school in September and fund accordingly. The regulations also require that local authorities should estimate pupil numbers in all schools and academies that have opened in the previous seven years and are still adding year groups. Estimates may be adjusted each year to take account of the actual pupil numbers in the previous funding period.
8. The new school to serve Braunstone and Leicester Forest East is expected to be opened in September 2016, as Leicestershire County Council does not have a policy on the allocation of growth funding it is essential that one is in place for this school and for future schools expected to be delivered through the Sustainable Urban Extensions (SUE's) delivered over the medium to long term.
9. The decision on the local authority proposals on the allocation of a growth fund is vested with the Schools Forum, the local authority may seek adjudication from the Secretary of State if the Schools Forum does not agree with the local authorities proposal.

Background

10. Current planning information across Leicestershire's District Councils, including the new Braunstone/Leicester Forest East Primary school, suggests a total of 18 new schools – 16 primary and 2 secondary providing 7,620 additional places- will be built and require funding to 2024. This funding requirement is currently assessed at £19.5m but may change if and should developer plans for new homes change, any impact on the DSG reserve by future over and under spends and any future school funding changes affecting the level of resource within the school funding formula.
11. In accordance with 'academy presumption' legislation the DfE require that all new schools will be academies and local authorities are required to enter into competitive tendering to determine whom will operate the new school. The final decision on a school operator rests with the Regional Schools Commissioner acting on behalf of the Secretary of State for Education.
12. As for schools, local authorities receive DSG on lagged pupil numbers, a school opening or adding new year groups in September will have pupils for 7 months

before DSG is received for the additional pupils but must be funded for those pupils from the point of admission. It is assumed that all pupils in the schools will be 'new' even if those pupils join from another school, in this instance therefore there may be an element of double funding where pupils leave other schools to join opening schools.

13. Leicestershire does not presently have a policy on funding school growth. It does have a policy to vary pupil numbers in schools as a result of age range changes which has previously been approved by the Secretary of State. These two issues are separate and should not be confused, a growth funding policy is now required for new and expanding schools.

The Proposed Policy

14. The proposed policy is shown in Appendix 1.
15. The policy covers two areas;
 - New Schools – the policy sets out clearly for future potential school operators how the school will be funded, this will enable their early consideration when assessing whether to enter into, and inform, a competitive procurement exercise.
 - Expansion of Current Schools – There is no requirement for the local authority to provide funding for expanding schools outside the formula but is considered by the DfE to be best practice to do so. It will also ensure that where the local authority is requesting schools to add additional classrooms that the financial barrier for schools to expand is reduced and the provision of additional capacity as a result of basic need can be delivered in a co-ordinated manner.
16. The proposed policy is based upon guidance issued by the Education Funding Agency, and the experience within the local authority of managing a contingency for increased pupil numbers prior to its delegation to schools in 2013/14.
17. It will be necessary to review the policy as trends in pupil numbers and costs become clear. It is also essential that the objective of the policy is recognised as being the local authorities' response to the statutory requirement to provide sufficient school places and not to reflect general demographic changes and school popularity.

Resource Implications

18. Funding for the growth fund is through a top slice of the Schools Block DSG. No budget is currently maintained for this purpose although £6.5m is set-aside in the DGS reserve to accommodate such demands. It is currently estimated that the overall impact of per pupil funding for the seven months before pupil funding is reflected in DSG will be c £19.5m excluding any dis-economies funding leaving an estimated funding gap of c£13m.
19. The DSG reserve has been accumulated through the retention of underspend in the Early Years and High Needs Blocks and this underspend is not expected to continue. The contingency in the High Needs Block has been allocated to Special Schools and

Units to replicate the 2015/16 increase in funding rates for mainstream schools and at period 3 is expected to overspend. The Early Years block is currently being supported from the DSG reserve as a result of the changes in methodology for funding the early education offer for disadvantaged two year olds. Any overall future DSG over or underspend will affect the reserve funding available set-aside for growth.

20. The cost of providing growth funding in order to commission new classrooms in existing schools and academies is exceptionally difficult to assess with certainty and will increase the resource required.
21. At local authority level the Schools Budget is set at the level of DSG received. With the impact of government austerity measures on public sector spending there is no possibility of any Council funding to support growth in schools. The shortfall in funding needs to be met from the Schools Block DSG in one of two ways;
 - DSG Headroom – should any headroom become available this would be reserved to meet the future funding gap for growth.
 - Delegated School Budgets – should there be insufficient headroom or underspend it will be necessary to reduce the funding rates within the school funding formula.
22. A clear balance needs to be achieved between ensuring that an opening school has sufficient revenue to operate and the impact that may have on other budgets including those delegated to schools. No reduction in the funding rates used within the formula are proposed for 2016/17 as the modelling suggests that there is sufficient DSG reserve for the schools estimate up to and including September 2018. This will need to be monitored closely as the DSG reserve is impacted by income and expenditure for each year and the opening dates for new schools.
23. The costs relating to the direct commissioning of a new school are met from the local authority budget.
24. It is anticipated that the capital costs associated with a new school build in most cases will be fully funded from developers S106 contributions. The cost of expansion of existing schools is within the Basic Need capital grant payable to the local authority by the EFA.

Equal Opportunity Issues

25. The local authority has a statutory duty to ensure the sufficient supply of school places for all pupils. The adoption of this policy has no specific equal opportunities issues which are considered both within the school place planning strategy and within the evaluation of tenders from potential providers of new schools.

Background Papers

Schools Forum 18 June 2015 – 2014/15 Schools Budget Outturn

[http://politics.leics.gov.uk/Published/C00001018/M00004357/AI00044231/\\$Paper2201415SchoolsBudgetOutturnV22.docxA.ps.pdf](http://politics.leics.gov.uk/Published/C00001018/M00004357/AI00044231/$Paper2201415SchoolsBudgetOutturnV22.docxA.ps.pdf)

Cabinet 19 November 2014 – ‘In the Right Place’ – Strategy for the Provision of School and Other Learning Places in Leicestershire 2014/18

<http://cexmodgov1/ieListDocuments.aspx?CId=135&MID=3995#AI39945>

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Leicestershire County CouncilPolicy for Funding New Schools and Pupil GrowthOpening Schools

1. In accordance with the School and Early Years Finance (England) Regulations 2014 the funding for an opening school will be by the application of the local authority's school funding formula for each pupil estimated to be on roll in the September of each year until such time the school has a full contingent of year groups.
2. The number of pupils to be funded will be agreed with the operator of each school on an annual basis. This estimate will be agreed in January immediately preceding the opening of the school or the addition of new classes in order to be reflected in the local authority's school budget formula submission to the EFA.
3. The agreed pupil estimate will be adjusted each year, until the school has admitted all year groups, to reflect actual admissions i.e. if actual pupils exceed the estimate a positive adjustment will be made to the following funding period. Conversely if the estimate is higher than actual pupil numbers a negative adjustment will be made to the following funding period.
4. The basis for the pupil number estimate will be taken from the tender documents submitted by the operator of the schools in their application. This may be adjusted for relevant data held by the local authority and / or the school operator.
5. A start up grant of £50,000 will be provided to the school in its first year of opening.
6. A diseconomies of scale grant of £9,525 will be paid to reflect the cost of equipping a new classroom to ensure a suitable teaching and learning environment for each year group added in year two and each subsequent year where these items are not provided through the capital investment in the school. This reflects the provision of the following equipment;

	£
Whiteboard	£70
Interactive whiteboard	£3,500
Teacher laptop	£800
2 computers for pupils	£1,400
Classroom desks and chairs	£1,350
Teacher desk and chair	£325
Trays and cabinets	£270
Bookcases	£620
Cupboards	£890
Filing cabinet	£75
Art rack	£225
Total	£9,250

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7. The above list is not a recommendation for the equipment required to create a suitable learning environment (where not already provided) nor is the school required to use the grant in this manner. The school is free to use the funding in the way they feel will best meet the needs of the incoming pupils.

Additional Places / Classes in Open Schools / Academies

7. The local authority may make a one off payment to schools and academies in the following instances;
- Where the local authority carries out a formal consultation and approves an increase in the capacity of a schools
 - Where a school/academy carries out a formal consultation and approves an increase in capacity at either the request of the local authority or supported by the local authority
 - Where a school / academy admits significant increase of 15% in pupils to meet the demand from new housing developments at the request of the local authority. The increase in numbers will be calculated by the net movement taking into account pupils leaving and joining
 - Where the local authority is making capital provision with its Medium Term Financial Strategy to deliver additional classroom space
 - The provision of additional classroom space meets the local authorities priorities as set out within its school place planning strategy
8. No allocation will be made to a school/academy where the school/academy;
- Has surplus places and then takes children up to the Planned Admission Number (PAN)
 - Admits over PAN at their own choice
 - Adopts a PAN which will result in pupil numbers in excess of the Net Capacity Assessment
 - Admits extra pupils where those pupils have a reasonable alternative school place
 - Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc
 - Provides an additional infant class to meet class size legislation
 - The increase in pupil numbers are the result of mid- term admissions from other Leicestershire schools
9. A one off grant of £50,000 will be allocated to schools that meet the following criteria;
- The school has considered the organisation of classes and the local authority agrees that the set-up of an additional class is the only option available
 - Where the admission of additional pupils over 10% of the October census creates a cost pressure within the school that cannot be managed within the resources available in the school

10. Schools qualifying for school growth as a result of expansion for basic needs purposes will be assessed through the school place planning processes by the application of the criteria detailed in this policy. The approval of funding will take place in the local authorities Corporate Schools Group which considers all aspects of school place planning.
11. Grant allocations will be reported to the Schools Forum, the report will detail the grant and also the criteria under which it is allocated.



SCHOOLS FORUM

FORECAST OF OVERSPEND ON THE HIGH NEEDS BUDGET Reasons and recommendations for remedial action

21st September 2015

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority		Post 16	X
		High Needs	X

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. Purpose of Report

- 1.1 This report is to set out to Schools Forum the forecast overspend for special educational needs. The report will set out the evidence that a number of factors which have resulted in this forecast which are complex and interdependent. There are a number of short term and medium term interventions that are being set out herein which will impact upon schools and commissioning arrangements for the local authority.

1.2. Recommendations

1.3 That Schools Forum-

1. Note the areas of overspend within the different components of the high needs block
2. Note the reasons for these overspend
3. Support the recommended remedial actions to be implemented by the local authority

1. Introduction

- 1.1 The high needs budget is made up of a number of components that covers costs in mainstream, special and unit placements across the 0 to 25 years age range i.e. pre-schools, schools and post 16, and includes maintained, academy, further education, non-maintained and independent sectors. This therefore also includes any associated element 3/top up funding associated with each child's placement.
- 1.2 In previous years the out turn budget figures for these elements within the high needs block has been as follows;-

Year	Budget	Out turn	Variance
12/13	18,634,469	16,608,211	-2,026,258
13/14	46,399,288	42,512,700	-3,886,588
14/15	47,575,031	45,003,504	-2,571,527

As can be seen, in previous years these budget have been within budget, however this has been largely as a result of contingency funding of c£2m being held because of uncertainty around the financial risks arising from the implementation of the new national funding system in 2013. A number of inherent risks were identified and reported to Schools Forum on implementation, this included the potential for changes in behaviour from the return to a system whereby schools would receive funding based on identified need, the increase in the participation age and the transfer of responsibility for funding post 16 from the Education Funding Agency to local authorities. Further detail is in the appendix.

Funding reform in 2013 led to the current system of high needs funding, i.e. mainstream schools were required to contribute the first £6,000 of support costs and local authorities would provide 'top up or element three' funding on a child by child basis. At the time of funding reform, Leicestershire had delegated all of the mainstream funding to schools. Given the new requirement to provide top up funding, then there was a requirement to re centralise a proportion of this previously delegated budget. As a consequence, c£3.3m was removed from the delegated schools budget and the local authority was placed in a position of managing a demand led budget that schools could access by requesting an EHC plan/ a statement of special educational needs. This was a significant shift for Leicestershire, one of the objectives of delegation had been to remove the financial incentive for schools in a system where funding was tied to individual statements of SEN. As can be seen, although £3.3m was removed to fund top up funding £1.7m remained within school budgets, the actual forecast expenditure in 15/16 is £5.5m therefore leading to an increased cost to the local authority of £0.5m

Further information regarding this is set out in the link below and the diagram in the appendices.

http://www.leics.gov.uk/index/education/information_about_schools/support_for_schools/high_needs.htm

1.3 In summary, the current position can be set out as follows:-

	15-16 Budget £k	20/08/2015 Forecast £k	Variance £k
<u>Special schools placements and top up</u>	19,045	19,464	419
<u>Mainstream top up</u>	5,296	5,461	165
<u>SEN Alternative provision</u>	1,210	1,269	59
<u>SEN units/ERB attached to mainstream; place and top up</u>	4,513	4,668	155
<u>Post 16 at FE colleges/specialist colleges; placement and top up</u>	2,148	2,245	97
<u>Recoupment special schools (CiC with EHCplan)</u>	934	855	-79
<u>Recoupment Mainstream schools (CiC with EHCplan)</u>	149	125	-24
<u>SEND equipment</u>	92	73	-19
<u>Independent schools (Fees)</u>	15,092	16,566	1,474
<u>Totals</u>	48,479	50,726	2,247

1.4 The forecast overspend at period 5 is £2 247 000. To understand the drivers behind this overspend then it is necessary to consider:-

i. Overall incidence of SEND and identification rates

ii. Each budget line in turn.

2. BACKGROUND

2.1 Overall incidence of SEND and identification rates

From the data collated to date then we know:-

- In 2014, over 15,000 school age children in Leicestershire have a special educational need (SEN). This represents 15.6% of all school age pupils, a significantly lower percentage compared to the national average (17.9%).
- 8.1% of all school age pupils in Leicestershire are classified on School Action; this is significantly lower than the national average of 8.7%. 4.2% of school pupils in Leicestershire are classified on School Action Plus, significantly lower than the national average (5.6%). 2.7% of all school age pupils in Leicestershire have an SEN Statement which is similar to the England average 2.8%.
- Over 3,000 school pupils in Leicestershire have a learning disability, representing 3.3% of the school population. Leicestershire has significantly higher rate of learning disabilities compared to the national average of 2.9%.

2.2 It should be noted that this information is based on school census data, children attending Leicestershire maintained and academy schools, therefore includes children who are resident in another authority. Similarly, this table does not include the children educated in other local authority schools nor special schools in the independent and non-maintained sector, for whom Leicestershire have a financial responsibility

2.3. Part of SEND reform project has been to establish a better understanding of the needs of children and young people with SEND resident in Leicestershire. The SEND project database that has been established indicates a slightly different picture when considering all Leicestershire pupils for example;

- **16.25%** of pupils had some form of SEND (including Action, Action Plus and Statements. National average 17.9%
- **3.27%** (2838 pupils) of pupils had a Statement in 2014, compared to a national average of 2.7% which has increased since 2008 (**2.69%**, 2370 pupils) in 2008
- From the SEN2 data, it can be seen that Leicestershire children are more likely to attend a special school or unit when compared to the national average. This is not necessarily as a result of different type of need.

SEND database work, it should be noted that the following groups would appear to be over identified as having special educational needs to a statistically significant level;-

1. White males
2. Children in Care
3. Children eligible to free school meals
4. Travellers

In addition, analysis indicates that there is statistically over identification of children having SEN by schools if they live in housing that can be described as 'Constrained city dwellers or hard pressed living'. This is prevalent in certain areas of the authority.

National research and reports (e.g. OFSTED) has highlighted that there can be an over identification of SEND in some groups and that it should be recognised that although under achievement is an indicator of SEND, under achievement can be caused by many factors that are not attributable to special educational needs.

National evidence suggests that SEN may be unhelpfully conflated with 'falling behind'. Pupils with SEN are disproportionately more likely than their peers to be: eligible for Free School Meals (FSM - an indicator of relative disadvantage), born in the summer, or looked after. While there is a body of research which considers the relationship between FSM and SEN it is not clear whether external factors (such as economic disadvantage) are causing learning delays especially at lower levels of provision. This discrepancy is evident in Leicestershire data. National research has evidenced that there is no correlation between these groups being more likely to experience special educational needs, however, it is recognised that they are more likely to 'under achieve' and have non SEN barriers to learning that impact upon their attainments and progress.

- 2.4. Using national and locally held information, using current trends and demographic projections of school populations, this has been used by the SEND project data base. This indicates increased incidence of the different types of SEN as the following table demonstrates.

SEND Database Projections (July 2015)

	Actual						Projected									
	2011/2		2012/3		2013/4		2014/5		2015/6		2016/7		2017/8		2018/9	
None	72024	83.32	72230	83.62	72633	83.75	75277	86.08	78435	86.80	80629	86.80	82404	86.80	83582	86.80
Action	7988	9.24	7684	8.9	7404	8.54	2274	2.60	0	0.00	0	0.00	0	0.00	0	0.00
Action Plus	3788	4.38	3680	4.26	3851	4.44	1102	1.26	0	0.00	0	0.00	0	0.00	0	0.00
SEN support							5938	6.79	8972	9.93	9223	9.93	9426	9.93	9561	9.93
Statement	2641	3.06	2790	3.23	2838	3.27	2720	3.11	0	0.00	0	0.00	0	0.00	0	0.00
Education and Health Care							140	0.16	2955	3.27	3038	3.27	3104	3.27	3149	3.27
Total	86441	100	86384	100	86726	100	87450	100	90363	100	92891	100	94935	100	96293	100

Primary Need	Actual						Projected									
	2011/2		2012/3		2013/4		2014/5		2015/6		2016/7		2017/8		2018/9	
Autistic Spectrum Disorder	525	0.61	564	0.65	617	0.71	660	0.75	728	0.80	794	0.85	859	0.90	920	0.95
Behavioural, Emotional and Social Disorder	1030	1.19	1015	1.17	1073	1.23	1082	1.23	1141	1.26	1186	1.27	1235	1.29	1274	1.32
Hearing Impairment	178	0.21	172	0.20	179	0.21	186	0.21	194	0.21	197	0.21	205	0.22	210	0.22
missing	12	0.01	11	0.01	41	0.05	27	0.03	33	0.04	28	0.03	28	0.03	27	0.03
Moderate Learning Difficulty	1720	1.99	1645	1.9	1649	1.89	1690	1.92	1735	1.91	1788	1.91	1815	1.90	1844	1.91
Multi-Sensory Impairment	1	0	4	0	6	0.01	4	0.01	5	0.01	7	0.01	8	0.01	9	0.01
None	79851	92.58	80016	92.63	80452	92.26	81045	92.17	83600	92.01	85789	91.85	87523	91.69	88612	91.52
Other	148	0.17	181	0.21	193	0.22	209	0.24	237	0.26	263	0.28	291	0.31	318	0.33
Physical Difficulty	265	0.31	247	0.29	270	0.31	262	0.30	268	0.30	273	0.29	276	0.29	276	0.29
Profound and Multiple Learning Difficulty	126	0.15	131	0.15	138	0.16	143	0.16	153	0.17	162	0.17	169	0.18	177	0.18
Speech and Language Communication Needs	927	1.07	971	1.12	1009	1.16	1060	1.21	1137	1.25	1210	1.30	1280	1.34	1340	1.38
Severe Learning Difficulties	458	0.53	487	0.56	508	0.69	618	0.70	684	0.75	761	0.82	830	0.87	893	0.92
Specific Learning Difficulties	898	1.04	822	0.95	856	0.98	821	0.93	818	0.90	813	0.87	802	0.84	784	0.81
Visual Impairment	116	0.13	119	0.14	121	0.14	121	0.14	127	0.14	131	0.14	135	0.14	137	0.14
	86255	100	86385	100	87202	100	87930	100	90859	100	93401	100	95456	100	96822	100

- 2.5 In addition, indicative information from health regarding pre-school children is that numbers of children born and surviving to school age with complex special needs and disability is increasing.
- 2.6 Furthermore, from the school place planning information, the anticipated increase in homes in Leicestershire of 28 000 over the next 10 years will increase pupil numbers overall. From place planning guidance, 1.46 children of primary age per 100 dwellings will require special school placements and 0.138 children of secondary age per 100 dwellings will require special school placements (i.e. a total of 409 primary and 39 secondary.)
- 2.7 A further complicating factor is that performance data for children with SEND at the SEN support stage, previously known as school action/school action plus, do significantly less well than children, at the same level, in other authorities. The consequence of this being that as children under perform at the SEN support stage, they therefore are referred for statutory assessment and an Education Health and Care plan/statement of SEN, providing addition top up funding to schools. See appendix)
- 2.8 Schools are issued annually with a 'notional SEN budget'. This isn't a specific allocation of funding but identifies an amount deemed to be representative on the SEN needs in the pupil population. The calculated notional SEN budget for Leicestershire schools is £30.1m, from which schools meet £6.5m of element two costs; there is no data to identify how schools use the remaining £23.6m. Additionally the local authority makes payments of £5.6m for element 3 costs. Taking the notional SEN budget for what it's intended, schools having a statutory responsibility to provide;-

‘High quality teaching that is differentiated and personalised will meet the individual needs of the majority of children and young people. Some children and young people need educational provision that is additional to or different from this. This is special educational provision under Section 21 of the Children and Families Act 2014. Schools and colleges must use their best endeavours to ensure that such provision is made for those who need it. Special educational provision is underpinned by high quality teaching and is compromised by anything less’ ref. Code of Practice.

Therefore, schools have £23.6m to use for inclusive practice and early intervention that is intended to reduce escalating need.

2.9 **In summary**, the national data suggests that, although there are statistically fewer children with SEND in Leicestershire, the overspend is driven by systemic issues across the schools system that are leading to additional costs;-

- There is a disproportionate number with an EHC plan/statement awarding top up funding
- There is a disproportionate number of children and young adults being identified with SEND where there are other factors leading to the pupils under achievement.
- More children are being placed in the special school sector
- Children are under performing at the SEN support stage

The forecast data indicates that, should current ways of working continue, the number of children and young people identified as having special educational needs will increase disproportionately and demand for specialist provision will similarly increase.

2.10 **Proposed actions**, to address what are in effect structural weaknesses in the framework and approach to Special educational needs, then the following actions are to be initiated;-

- Commission work from LEEP to improve outcomes for children with SEND at the SEN support stage.
- Commission work from LEEP to establish better assessment of under achievement by schools.
- Work with centrally commissioned support services i.e. Specialist Teaching Services and Leicestershire Psychology Service to establish better support for progress and attainment target setting.
- Work with centrally commissioned support services i.e. Specialist Teaching Services and Leicestershire Psychology Service to establish better assessment and understanding of under achievement.
- Commission work as part of SEND reform to revise and update the thresholds for assessment to better set out expectations at SEN support stage and this will be reflected in the local offer.

2.11 **Expected outcomes**;-

- Improved outcomes for children at SEN support stage with their need better met leading to decreased demand for education health and care plans.
- Children not being misidentified as SEND and having their needs better met through other more appropriate interventions.

- Increased parental confidence in mainstream SEN support stage provision.
- Reduced overall costs as children's needs are met at the SEN support stage

2.12 Each budget line in turn.

Taking each budget line in turn then there are different drivers within each leading to budget pressures that are in addition to the overarching pressures and trends set out above.

2.13 Special schools placements and top up funding

The budget is £19,045,394, the forecast spend is £19,464,098 creating a forecast overspend of £418,705. This budget funds the placement costs i.e. £10,000 per place for academy and maintained special schools and 'top up funding' on a child by child basis using an agreed banding system. Trend over time shows the increase in special school numbers. The increase in numbers primarily being for children with moderate learning needs. From the banding information (see appendix) it can be seen that the increase in special school numbers, from 553 in 2005 to 1113 in 2015, is primarily due to increased numbers in the lower level need bandings (bands 4/5/6), which in 2005 accounted for 246 children but now is 656 children. Prior to the roll out of the area special school programme, these same children were educated in mainstream placements. As these children are not attending mainstream schools, where the element 2 funding would be provided from the notional SEN budget but attending special schools, where the place element includes in effect the element 2 cost, as a consequence creating an additional cost burden on the high needs block as opposed to the school block where the notional SEN allocation funds element 2.

- 2.14 The overall number is also increasing due to the age profile of pupils, predominately in key stage 3 and 4, which means that the number of leavers is less than the number of new admissions. However, the EFA fund the local authority on a lagged basis whereas Leicestershire fund special schools for the total places occupied. Note; Leicestershire are one of the few local authorities to do this nationally.
- 2.15 The situation regarding top up funding and this leading to budget pressure is due to the following. Firstly is the impact of overall increased demand and numbers of pupils attending special schools requiring 'top up funding'. Secondly, the value of each banding was increased for 2015/15 as a result of the additional school funding received. This removed the contingency previously held. Of the 1113 pupils moderated in the autumn term 2014, 82 changed bands and the net cost was £179k extra expenditure.
- 2.16 **Summary.** The budget pressures on this budget line are due to;-
- Increased demand for special school placements
 - Impact of increased 'top up funding'

2.17 Proposed actions

- Working group with special school and Unit representatives has been established to consider new ways of calculating the place costs of new admissions over the special school commissioned number.
- Greater scrutiny of requests for placement in special school sector by the local authority and the evidence of interventions to date by mainstream schools to meet need.
- Commission work as part of SEND reform to revise and update the thresholds for placement in a special school.
- Commission LEEP to devise a strategy to enable mainstream schools to meet needs.
- Further top slice of school block

2.18 Expected outcomes

- The cost of additional placements over the commissioned number to decrease.
- Demand for special school placements declines.
- Current overspend removed

2.19 Mainstream top up

The budget for this is £5,296,377, the forecast spend is £5,461,296, leading to a forecast overspend of £164,920. Mainstream top up funding is the additional funding allocated to mainstream schools for children with an EHC plan, statement of SEN or a SEND support plan. This top up funding is primarily calculated by the cost of the additional learning support assistant hours specified, minus the schools contribution of £6000 as per the national high needs funding guidance.

2.20 The specified amount is therefore allocated in a manner that unilaterally awards one to one provision. However, the learning support hours as specified in a plan or statement are used invariably for small group work as this is the most effective manner by which a child's needs can be met in certain areas.

2.21 It should be noted that considerable research, as shared in workshops with SENCO's, primary heads and SEN Governors last year, shows that 'one to one support' is both inefficient and ineffective for many learners.

2.22 As part of the new SEND agenda for personalisation and preparing for adulthood outcome focus for children and young adults with SEND. Fettering provision by tying resources solely to additional learning support hours and 'one to one' intervention is a significant impediment to individualised support packages and enabling schools to be flexible in meeting the needs of learners.

2.23 From the most up to date information available, the demand for EHC plans has fallen slightly. However, the demand for SEND support plans, that similarly allocate top up funding, has been greater. This is particularly the case for children in primary settings and first time admissions to primary schools. See attached break down.

2.24 The above average number of pupils with a statement or EHC plan is in part as a consequence of children not making the anticipated progress at the SEN support stage. See appendix.

2.25 As stated previously, following funding reform in 2013, £3.3m was top sliced from the schools budget to develop a budget for top up funding. Given the current demand on that budget is now in excess of that top slice then further top slicing of the budget is recommended

2.26 Summary The budget pressures on this budget line are due to;-

- Increased demand overall for top up funding
- Under achievement and lack of progress at the SEN support stage leading to increased demand for education health and care plans.
- Rigidity in allocating top up funding
- Insufficient top slice from schools budget

2.27 Proposed actions

- Commission work as part of SEND reform to revise and update the thresholds for assessment to better set out expectations at the SEN support stage
- Commission work as part of SEND reform to move to a 'banding system' of allocating top up funding. Note a working group with school forum representatives has been established to oversee and support this.
- Greater scrutiny of requests for statutory assessment or SEND support plan requests for top up funding by the local authority and the evidence of interventions to date by schools to meet need.
- Targeted activity with early year's providers and support services with primary schools to analyse the issues at transition to starting school.
- Further top slice of schools budget

2.28 Expected outcomes

- Decreased demand for top up funding overall
- New system of allocating top up funding
- Greater confidence for children being admitted first time into school
- Reduced cost

2.29 SEN Alternative provision

The budget for SEN alternative provision is £1.21m, the current forecast spend is £1.269m. Leading to a forecast overspend of £0.59m. Alternative provision expenditure is for children who are unable to attend a school or a suitable school placement cannot be sourced. For example, children with autistic spectrum disorders with co morbid mental health difficulties, children in care with significant attachment disorders or young adults nearing school leaving age with complex behavioural difficulties, children permanently excluded for whom provision cannot be provided by Oakfield or the behaviour partnerships. Increased demand in this area is most pronounced for children with autistic spectrum disorder.

2.30 The nature and extent of these young people's needs require highly individualised bespoke packages of support. The majority of which are provided by private providers commissioned specifically for these children on a spot purchased basis that becomes a medium to long term arrangement for providing full time education for these children up to and in some cases beyond the age of 16 years. However, it should be noted that this is a better use of resources when compared to the alternative, which is most likely to be a placement in the independent school sector.

2.31 Summary

The budget pressures on this budget line are due to:-

- Increased complexity of need, absence of local school provision across all school sectors.

2.32 Proposed actions

- Development and commissioning of more flexible autism specific provision
- Making greater use of existing provision by funding bespoke packages into maintained and academy schools
- Working with the behaviour partnerships to enable behaviour partnerships to develop a sustainable and comprehensive offer to meet the needs of these pupils.

2.33 Expected outcomes

- Reduced average costs for 'alternative provision'
- Reduced number of 'alternative provision' placements
- Reduced cost

2.34 SEN units/Enhanced Resource Bases attached to mainstream; place and top up funding

The budget is £4,512,577 with a forecast spend of £4,667,431, leading to a resultant overspend of £154,854. This budget is for children placed in special units or enhanced resource bases attached to a mainstream school. Leicestershire currently has 16 such units or bases for children whose primary need is either, moderate learning difficulties, speech and language difficulties, hearing impairment or autism.

2.35 The issues here are specifically for special units designated for children with moderate learning difficulties and as such are the same as for special schools as they are funded in the same way and are subject to the same levels of demand with overall numbers increasing disproportionately. Consequently the recommended interventions are the same as and part of those set out above in para 2.17, to manage demand and additional costs in a similar way.

2.36 Post 16 at FE general colleges/specialist colleges; placement and top up

The budget for post 16 general FE colleges and specialist colleges is £2,147,810 with a forecast spend of £2,245,200, leading to a forecast overspend of £97,390. This budget is for placement costs at non maintained specialist colleges e.g. RNIB Loughborough and Holmefield college, and associated top up funding, as well as element 2 funding over the

commissioned number and any top up funding for learners attending general FE colleges with or without an EHC plan.

2.37 This forecast at this time should be read with caution. Numbers of leavers and new admissions to the FE sector are always fluid at this time of year so close to the start of term. It should be noted that considerable work has been undertaken with the FE sector to accurately determine 'full time' courses and how 'element three' is calculated. At the same time, the flexible curriculum offer and universal offer within the FE sector can mean that many young people with SEND are able to leave special and mainstream schools and attend an FE college without additional support or an EHC plan.

2.38 Despite this there is an increasing trend for schools at the 'leavers' annual review to recommend ongoing support via 'top up' funding. It has been emphasised that there needs to be closer links between FE colleges and secondary schools in the same way that there are sound and established links between 'feeder' primary and secondary schools. Equally, work is underway to further develop the FE colleges offer for learners with SEND and promote alternatives such as apprenticeships and employment when and where this is appropriate for the young adult. At the same time, similar to demand for special schools, demand for specialist college placements has also increased, albeit from a lower base.

2.39 Summary The budget pressures on this budget line are due to:-

- Increased numbers of pupils where top up funding is required attending general FE colleges
- Increased demand for specialist college placements

2.40 proposed actions

- Utilising SEND grant to develop employment and apprenticeship options for young adults with SEND
- Continued work with general FE colleges to further extend their offer for learners with SEND as part of their universal provision
- Greater scrutiny by the local authority for top up funding requests from colleges
- Greater scrutiny of requests for specialist college placements
- Commission work as part of SEND reform to revise and update the thresholds for placement in a specialist college.

2.41 Expected outcomes

- Young adults able to enter FE college without top up funding
- Improved overall offer within the FE sector as a viable and sustainable alternative to specialist college placements
- Develop more options as alternatives to FE College on leaving school.
- Reduced cost

2.42 Independent Special schools (Fees)

The budget for Independent special school fees is, £15.092m, the forecast spend is £16.566m, leading to a forecast over spend of £1,474m. When compared to other authorities and nationally, then the number of placements made in the independent school

sector is high. (See appendix). Children are placed in an independent special school placement when there is no suitable placement in the locally commissioned academy or maintained sector. Although there are a number of areas that are well met locally, i.e. learning difficulties, sensory impairment, speech and language, medical needs and dyslexia, the majority of placements in the independent sector are for children with emotional social and behavioural or for children with an autistic spectrum disorder (Asperger's with co morbid presentation e.g. mental health difficulties).

2.43 From the forecast data, see appendix, then if current referral rates continue then the anticipated spend on independent school fees will increase by a further £6m leading to an overspend of £8m by 18/19. Again there are systemic issues across the special educational needs system that tends towards recommendations for independent special school provision. This can include schools ability and confidence in meeting these needs, impact on the learning of other pupils, attendance rates and cost of meeting needs.

2.44 The council has no maintained or academy special schools designated for pupils with emotional and behavioural difficulties. Consequently, the council is solely reliant on spot purchased commissioned placements in the independent and non-maintained sector. Note prior to funding reform there was the facility to block purchase at more preferable rates but this is no longer permissible. Although considerable work has been undertaken with independent providers and their owners/proprietors to ensure the most advantageous fee schedules and value for money, average costs in this sector remain at £53 000 pa. Currently there are 170 pupils placed in EBSD special schools.

2.45 There has been considerable investment in developing provision in the maintained and academy sector for pupils with autism, specifically, the development of the two 10+ to 19 enhanced resource bases on the Abington/Guthlaxton and Shepshed/Hind Leys campuses. There has also been the development of the Autism Outreach Intensive support bungalow for children whose autism is presenting in a way that they are at risk from exclusion and/or unable to attend school full time, currently there are 70 pupils attending either full or part time. However, the demand for specialist autism placements is both in excess of current capacity and in many cases the level of need is beyond the scope of the currently commissioned places. Consequently, as with children with EBSD, the council remains reliant on the independent sector for placements with average fees of £66 000 pa.

2.46 The council also commissions the Autism Outreach service which provides support to schools, including a graduated training package based on the Autism Educational trust model to improve capacity within schools.

2.47 It is worth foru noting that the landscape of the independent sector has evolved over the last 4 years. Although the council has worked successfully in developing the market to enable more local and less cost providers to become established, there are fewer sole proprietors and increasingly special independent schools are owned by large 'chains' or 'brand' such as The priory group, SENAD, Acorn group. These organisations are themselves financed by large financial institutions. As a consequence, despite best endeavours, average fees have continued to increase.

2.48 Two further factors here that impact upon this budget area are; i. the impact of parental preference and appeals to the SEN and Disability tribunal where the council is required/ordered to make specialist placements in the independent special school sector

and ii. joint funded placements for children who are in care requiring 52 week specialist residential placements where special education is part of the placement fee.

2.49 it should also be noted that the outcomes for these young people are not consistent when leaving school despite considerable investment in their special school placements.

2.50 Summary The budget pressures on this budget line are due to:-

- Reliance on the independent school sector for children with EBSD and for children with Asperger's with co morbidity
- Insufficient local capacity
- Complexity of children's needs beyond local capacity
- Lack of parental confidence in local provision
- High cost joint education and social placements for children in care
- Changing financial structure of the independent school sector

2.51 Proposed actions

- Make better use of current maintained and academy specialist provision for children with autism and communication difficulties by funding more flexible and person centred packages of support via top up funding
- Develop autism specific provision in county
- Continue and extend the current developments with behaviour partnerships to develop sustainable EBSD offer through utilising the currently agreed path way and top up funding.
- Working with the behaviour partnerships to enable behaviour partnerships to develop a sustainable and comprehensive offer to meet the needs of these pupils.
- Review current high cost placements and re-negotiate fee schedule with providers

2.52 Expected outcomes

- Reduced costs
- Increased local capacity
- More diverse local arrangements that can meet more complex needs

3. Resource Implications

3.1 The current system for the allocation of the High Needs block in the Dedicated Schools Grant Settlement is based upon historic expenditure and the allocation does not reflect current need. Leicestershire was one of a number of authorities that participated in a Department for Education (DfE) research project; this project has not reported and recommends a number of changes to the funding system including a formulaic basis for the grant based upon a number of indicators of need. As yet there is no response from the DfE on if and when any of the recommendations will be progressed and the timeline for any change.

3.2 On the current basis of allocation the High Needs Block is insufficient to meet the needs currently identified in the SEN system. There is no possibility of any resource from

the local authority to increase the grant. It is essential that there are reductions in expenditure in all areas.

3.3 The financial implications are that there are a number of changes in policy; practice and commissioning that need to be rolled out over the next 12 months to address the areas of overspend as outlined above. In addition, there will be a requirement to top slice the schools block and re profile budgets to meet the current level of demand for High Needs funding. There is an overriding need to change expectations in terms of practice and outcomes for children given the forecast increase in demand for high needs funding but with a direct schools grant that is under pressures from other areas.

4. Equal Opportunity Issues

4.1 The proposed changes set out in this paper will address the inequality within the system where children and young adults with SEND are doing less well in terms of outcomes when compared to national comparators. These proposals will also promote more inclusive practice that is in accordance with the legal presumption that all children attend a mainstream school.

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APPENDICES

APPENDIX 1; HIGH NEEDS FUNDING DIAGRAM

	Mainstream School or Academy	Special School/ Unit and Resourced Provision in Mainstream School or Academy
Element 1	Basic entitlement - per pupil of £4,000 within school delegated budget	Place funding £10,000 through delegated budget
Element 2	Additional funding through the schools delegated notional SEN budget – £6,000 of additional support per pupil	Place funding £10,000 through delegated budge
Element 3 Top Up Funding	Further funding required above the £6,000 of Element 2 to meet the assessed needs of the pupil Budget centrally retained by local authority	Further funding required above the place element of £10,000 to meet the assessed needs of the pupil Budget centrally retained by local authority

APPENDIX 2; DETAILED BUDGET BREAKDOWN OVERTIME AND CURRENT**Budget YTD v Actual YTD**

2012/13

Cost Centre	Cost Centre Narrative	Budget YTD	Actual YTD	Variance
1872	SEN Independent /non maintained	14,547,510	12,543,197	-2,004,313
1871	Special IT Equipment	78,060	117,273	39,213
1874	SEN Statementing Budget	3,438,660	3,406,074	-32,586
1868	SEN Assessment Services	525,860	506,496	-19,364
1876	SEN Recoupment Spec Sch/Units	537,379	525,561	-11,818
1877	Recoupment Budget Mainstream	-493,000	-490,390	2,610
Grand Total		18,634,469	16,608,211	-2,026,258

2013/14

Cost Centre	Cost Centre Narrative	Budget YTD	Actual YTD	Variance
1872	SEN Independent /non maintained	13,412,376	11,577,925	-1,834,451
1874	SEN Statementing Budget	6,181,433	4,633,536	-1,547,897
1865	SEN Alternative Provision	875,236	1,339,732	464,496
1877	Recoupment Budget Mainstream	340,900	-80,429	-421,329
1879	16+ High Needs FE payments	1,032,960	725,092	-307,868
1871	Special IT Equipment	120,000	58,489	-61,511
1868	SEN Assessment Services	576,900	518,768	-58,132
1878	Special Units and ERB's	4,037,816	3,905,288	-132,528
1864	Special Schools	17,601,737	17,553,971	-47,766
1880	16+ Independent Specialist Prov	1,236,130	1,273,199	37,069
1876	SEN Recoupment Spec Sch/Units	983,800	1,007,129	23,329
Grand Total		46,399,288	42,512,700	-3,886,588

2014/15

Cost Centre	Cost Centre Narrative	Budget YTD	Actual YTD	Variance
1874	SEN Statementing Budget	6,579,655	5,270,040	-1,309,615
1879	16+ High Needs FE payments	1,292,400	754,490	-537,910
1876	SEN Recoupment Spec Sch/Units	1,027,900	493,632	-534,268
1880	16+ Independent Specialist Prov	1,317,500	1,732,314	414,814
1877	Recoupment Budget Mainstream	211,350	105,008	-106,342
1872	SEN Independent /	12,820,900	12,352,254	-468,646

1864	Special Schools	17,949,870	18,076,090	126,220
1868	SEN Assessment Services	584,026	534,250	-49,776
1871	Special IT Equipment	120,000	73,069	-46,931
1865	SEN Alternative Provision	1,410,000	1,379,915	-30,085
1878	Special Units and ERB's	4,261,430	4,232,441	-28,989
Grand Total		47,575,031	45,003,504	-2,571,527

2015/16 budget as of 01/09/15

Cost Centre	Cost Centre Narrative	Annual Budget	Forecast	Variance
1872	SEN Independent /	15,092,490	16,566,017	1,473,527
1880	16+ Independent Specialist Prov	1,317,500	1,617,500	300,000
1879	16+ High Needs FE payments	830,309	580,608	-249,701
1865	SEN Alternative Provision	1,210,000	1,300,000	90,000
1876	SEN Recoupment Spec Sch/Units	933,485	854,959	-78,526
1864	Special Schools	19,061,395	19,399,395	338,000
1878	Special Units and ERB's	4,512,577	4,572,577	60,000
1874	SEN Statementing Budget	5,296,376	5,353,416	57,040
1877	Recoupment Budget Mainstream	149,058	125,318	-23,740
1871	Special IT Equipment	92,000	73,069	-18,931
1868	SEN Assessment Services	608,868	604,068	-4,800
Grand Total		49,104,058	51,046,927	1,942,869

Nb. It should be noted that the underspend for 14/15 included credits for prior year reserves which weren't required. These aren't available in 15/16. The credits were £690k in independents and £267k on out county recoupment. The budget also included £1.8m contingency funding which was largely underspent. £850k on the contingency was used to fund the band increases for special schools and units and the rest was used to support increased demand for places in the 15/16 budget.

APPENDIX 3. DETAILED BUDGET BREAKDOWN FOR 2015/16

	15-16	20/08/2015	
Special schools	Budget	Forecast	Variance
Academy – places	6,090,000	6,179,999	89,999
Academy - top up	4,751,775	4,844,424	92,648
Maintained School - places	4,634,000	4,839,833	205,833
Maintained School - top up	3,569,618	3,599,842	30,224
	19,045,394	19,464,098	418,705
Mainstream top ups			
Speech Therapy & Occupational Therapy	30,000	10,537	-19,463
Private Schools	101,000	79,243	-21,757
Mainstream - Primary & Secondary	5,165,377	5,371,516	206,140
	5,296,377	5,461,296	164,920
SEN Alternative provision			
Education Otherwise and add 'l special school payments	1,010,000	1,068,645	58,645
Autism Outreach Service Intensive Support	200,000	200,000	
	1,210,000	1,268,645	58,645
SEN units/ERB attached to mainstream			
Academy Units – places	1,503,337	1,499,167	-4,170
Academy Units - top up	550,062	715,833	165,771
Maintained School Units – places	1,526,000	1,508,333	-17,667
Maintained School Units - top up	933,178	944,098	10,920
	4,512,577	4,667,431	154,854
Post 16 at FE colleges/specialist colleges			
FE colleges - top ups	698,309	537,049	-161,260
FE colleges - additional places	132,000	60,000	-72,000
Specialist FE college - top ups	1,257,500	1,618,151	360,650
Specialist FE college - additional places	60,000	30,000	-30,000
	2,147,809	2,245,200	97,390
	15-16	01/08/2015	
	Budget	Forecast	Variance
Independent schools	15,092,490	16,566,525	1,474,035
Recoupment special schools (CiC with EHCplan)			
Other LA expenditure	1,086,840	1,044,486	-42,354
Other LA income	-153,355	-189,527	-36,172
	933,485	854,959	-78,526
Recoupment Mainstream schools (CiC with EHCplan)			
Other LA expenditure	246,364	240,436	-5,928
Other LA income	-97,306	-115,118	-17,812
	149,058	125,318	-23,740
Specialist equipment			
Charge from Integrated Community Equipment Services	92,000	73,069	-18,931
	48,479,190	50,726,541	2,247,352

APPENDIX 4: BREAKDOWN FOR DEMAND OF SEND SUPPORT PLANS

Analysis of the age of primary pupils who have received top up;-

Age is at Autumn 14

Age 3	30
Age 4	6
Age 5	4
Age 6	10
Age 7	10
Age 8	7
Age 9	9
Age 10	1

Total 77

Average allocation £4,549

Only allocated 5 in secondary

APPENDIX 5. INDEPENDENT SPECIAL SCHOOL FORECAST

Independent Schools	roll forward	inflation on current pupils	leavers	ghosts inc inflation	waiting list	ghost leavers	Total Fcast	movement	chk	15/16 Budget	Contingency / (overspend)	annual increase
Memo: 2015-16 pd 5 Budget Monitor	16,458,389		0	534,172	146,039		17,138,600		0	15,092,490	-2,046,110	2,046,110
2016-2017	16,816,316	152,043	-1,612,036	3,499,279	1,287,402	-312,574	19,830,431	2,691,831	0	15,092,490	-4,737,941	2,691,831
2017-2018	19,830,431	137,755	-1,580,866	3,534,272		-188,582	21,733,009	1,902,578	0	15,092,490	-6,640,519	1,902,578
2018-2019	21,733,009	121,129	-1,800,270	3,569,614		-453,670	23,169,812	1,436,803	0	15,092,490	-8,077,322	1,436,803

APPENDIX 6. ATTAINMENT DATA FOR SEND

CB183 - SEND
attainment data slide:

APPENDIX 7. BANDING DATA FOR SPECIAL SCHOOLS

BAND	TOTAL 2004/05		TOTAL 2005/06		TOTAL 2006/07		TOTAL 2007/08		TOTAL 2008/09		TOTAL 2009/10		TOTAL 2010/11		TOTAL 2011/12		TOTAL 2012/13		TOTAL 2013/14		TOTAL 2014/15	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
10	49	9	57	9	61	8	68	9	66	8	59	7	56	6	60	7	56	6	45	4	60	5
9	50	9	51	8	58	8	59	8	65	8	61	7	61	7	51	5	47	5	283	27	53	5
8	71	13	79	12	90	12	86	12	99	13	99	12	98	11	103	11	100	10	306	29	103	9
7	137	25	175	27	177	24	163	23	166	21	176	21	169	19	181	19	201	20	218	21	241	22
6	108	20	135	21	166	23	175	24	204	26	231	27	238	27	273	29	315	32	106	10	359	32
5	106	19	128	20	148	20	142	20	151	19	187	22	211	24	230	25	232	23	49	5	259	23
4	32	6	25	4	25	3	31	4	29	4	34	4	39	4	39	4	44	4	53	5	38	3
TOTAL	553	100	650	100	725	100	724	100	780	100	847	100	872	100	937	100	995	100	1060	100	1113	100

APPENDIX 8. PLACEMENT AND FORECAST DATA OF LEICESTERSHIRE CHILDREN IN THE ACADEMY AND MAINTAINED SPECIAL SCHOOL SECTOR



PLACEMENT OF
CHILDREN WITH A ST



Special Educational
Needs 2015 summary

School Population Forecast	11/12 pupils	12/13 pupils	13/14 pupils	14/15 pupils	15/16 projection	16/17 projection	17/18 projection	18/19 projection
	86,255	86,385	87,202	87,930	90,859	93,401	95,456	96,822
annual increase in pupils	NA	100.2%	100.9%	100.8%	103.3%	102.8%	102.2%	101.4%
cumulative increase since 14/15				NA	103.3%	106.2%	108.6%	110.1%
Special School Population Forecast	11/12 pupils	12/13 pupils	13/14 pupils	14/15 pupils	15/16 projection	16/17 projection	17/18 projection	18/19 projection
Special school March pupils					1037	1072	1123	1158
less leavers (age 19 going forward)					-84	-71	-90	-95
plus starters assuming population growth					119	122	125	127
September NOR forecast					1072	1123	1158	1190
Special School Forecast Addl Cost	11/12 pupils	12/13 pupils	13/14 pupils	14/15 pupils	15/16 projection	16/17 projection	17/18 projection	18/19 projection
increase in places since 15/16						51	86	118
Place Fee (Academic Year)						510,000	860,000	1,180,000
Average Top UP (Academic Year)						294,492	496,594	681,373
Total additional cost						804,492	1,356,594	1,861,373



SCHOOLS FORUM

Proposed Amendments to the Leicestershire Scheme for Financing Schools

21 September 2015

Content Applicable to;		School Phase;	
Maintained Schools	X	Pre School	
Academies		Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies		Secondary	X
Local Authority		Post 16	
		High Needs	

Purpose of Report

Content Requires;		By;	
Noting		Maintained Primary School Members	X
Decision	X	Maintained Secondary School Members	X
		Maintained Special School Members	X
		Academy Members	
		All Schools Forum	

1. This report presents changes to the Leicestershire Scheme for Financing Schools which are necessary as a result of a directed revision by the Secretary of State for Education.

Recommendation

2. That Schools Forum approve the revised Scheme for Financing Schools to be applied from 22 September 2015 for local authority maintained schools.

Background

3. The Scheme for Financing Schools sets out the financial relationship between a local authority and the schools it maintains, it is not applicable to Academies who have their own separate financial framework.
4. Much of the scheme is prescribed by the Department of Education (DfE) although there is flexibility to incorporate locally agreed changes following consultation with all maintained schools.
5. The document proposes no local changes and effects the directed revision in the following areas;
 - Paragraph 2.16 extends the scope of the register of business interests and makes it obligatory for the register to be publicly available.
 - Paragraph 4.9 allows for school access to use borrowing schemes that have been granted permission for all schools by the Secretary of State without seeking specific approval.

The revision also corrects some minor errors within the document brought to the attention of the local authority after publication. Because of the nature of the changes no consultation is proposed.

6. The proposed Scheme is shown as Appendix 1.

Resource Implications

7. There are no resource implications directly arising from this report.

Equal Opportunity Implications

8. There are no equal opportunities implications directly arising from this report.

Officer to Contact

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LEICESTERSHIRE COUNTY COUNCIL

SCHEME

FOR

FINANCING SCHOOLS

LEICESTERSHIRE SCHEME FOR FINANCING SCHOOLS

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THE OUTLINE SCHEME

1. INTRODUCTION

1.1 The Funding Framework : Main Features

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

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

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

Subject to provisions of this scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for the purposes of their school¹ and for any additional purposes prescribed by the Secretary of State in regulations made under s. 50 of the act.

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

¹ Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act)

managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the School Standards and Framework Act 1998) but in that case there is no right of appeal.

Each authority is obliged to publish, each year, a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools;

After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school. The detailed publication requirements for financial statements and for schemes are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

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

1.2 The role of the scheme

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

1.3 Application of the scheme to the Authority and maintained schools

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

1.4 Publication of the scheme

Regulations require that the scheme is published and any revisions to it on a website accessible to the general public together with a statement that the revised scheme comes into force on that date.

1.5 Revision of the scheme

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

1.6 Delegation of powers to the headteacher

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

1.7 Maintenance of Schools

The Authority is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the governing body). Part of the way an authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

2. FINANCIAL CONTROLS

2.1. Application of financial controls to schools

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

Certain of these are directly referred to in this scheme while others are included in other guidance issued by the Authority.

2.2 Provision of financial information and reports

Schools are required to provide the authority with details of expected and actual expenditure and income, in a form and at times determined by the authority.

The details of these requirements are set out below:

- Bank Account (BA) returns
- Certification of bank balance at year end.
- Information as specified by the Chief Finance Officer relating to the Construction Industry Tax Deduction Scheme to enable the County Council to meet its statutory requirements.
- Information as specified by the Chief Finance Officer relating to payment of salaries / wages and relevant deductions to enable the County Council to meet its statutory requirements. This only applies to schools that have opted out from using the County Council's payroll service.
- Termly financial monitoring reports providing income and expenditure and forecast outturn budget position in the format prescribed by the Authority.

2.3 Payment of salaries; payment of bills

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

Governing bodies entered into payroll contracts with providers other than with the Authority, or choosing to run their payrolls 'in-house', shall ensure that payments to all employees are in accordance with the terms and conditions of employment and pay scales for each employee as recognised by Leicestershire County Council.

The governing body must ensure compliance with all legal requirements in relation to the HM Revenues and Customs, Department of Work and Pensions, the Local Government Pension Scheme, the Teacher Pension Scheme and other government agencies as applicable.

Any financial liability arising from non-compliance to adhere to payroll procedures and statutory requirements will fall to be met from the school's budget share.

2.4 Control of assets

Each school must maintain an inventory of its moveable non-capital assets worth more than £1,000, in a form determined by the authority, and setting out the basic authorisation procedures for disposal of assets. Schools are free to determine arrangements for assets worth £1,000 or below. However, the Authority recommends that a register of all assets be maintained as prescribed below.

2.5 Accounting Policies (including year-end procedures)

Schools must abide by procedures issued annually by the authority in relation to accounting policies and year-end procedures.

2.6 Writing off of debts

Governing bodies are only authorised to write off debts up to a level stipulated by the Chief Finance Officer.

The current limit is set at debts up to and including £250 (per debtor).

In the case of larger debts the school must carry out the following procedure:

- Consult with the Chief Finance Officer by lodging a request for write off with the Director of Children and Young People's Service

2.7 Basis of accounting

Reports and accounts furnished to the Authority must be on an accruals basis. Schools may choose to operate either a cash or accruals based system for the purposes of internal reporting. The Authority, OFSTED and Audit Commission recommend that schools adopt an accruals based internal reporting system.

2.8 Submission of budget plans

Each school is required to submit an annual budget plan, formally approved by the governing body or a committee of a governing body to the Authority by 31st May

The format of the annual budget plan will be consistent with the requirements of the Consistent Financial Reporting Framework.

The budget plan must show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. Schools may take account of any estimated balances from the previous financial year when formulating the current year's budget plan

The authority will also require the submission of revised plans. Such revised plans shall not be required at intervals of less than three months.

The Authority will supply schools with all income and expenditure data that it

holds and which is necessary to efficient planning by schools.

2.9 Submission of Financial Forecasts

Schools may be required to submit a financial forecast that covers each year of a multi-year period for which schools have been notified of budget shares beyond the current year.

Multi Year Forecasts may be used for the following purposes:

- a) To confirm that schools are undertaking effective financial planning,
- b) To support the LA's responsibility for declaring schools' adherence to the Financial Management Standard in Schools,
- c) To support the LA's balance control mechanism,
- d) To support the LA's deficit budget planning mechanism.

2.10 Efficiency and value for Money

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

It is for 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 important that schools review their current expenditure, compare it to other schools and consider how to make improvements.

2.11 Operating Leases

When looking to procure assets the school should consider lease or buy decisions. Should schools consider leasing provides the best value solution advice should be sought from the investments section at the local authority. Schools may only enter into leasing agreements where these have been approved by the local authority prior to entering into any such arrangements

2.12 Virement

Schools are free to vire between budget heads in the expenditure of their budget shares but governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required.

2.13 Audit: General

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

In regard to internal audit, all schools come within the audit regime determined

by the Chief Financial Officer.

In relation to external audit all schools come within the local authorities external audit regime as determined by the Audit Commission.

2.14 Separate external audits

In instances where a school wishes to seek an additional source of assurance at its own expense, a governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any 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 local authorities internal and external auditors.

2.15 Audit of voluntary and private funds

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

Procedures for furnishing these audit certificates and advice on the handling of such voluntary and private funds has been prepared by Internal Audit

2.16 Register of business interests

The governing body of each school is required to maintain a register, which lists for each member of the governing body, the headteacher and any member of staff with influence over financial decisions;

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

The register should be kept up to date with notification of changes and through annual review of entries. The register must be available for inspection by governors, staff, parents and the Authority and published as a publicly accessible document on the schools website.

2.17 Purchasing, tendering and contracting requirements

Schools are required to abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes the need for schools to assess in advance, where relevant, the health and safety competence of contractors, taking account of the authorities policies and procedures.

Schools are not permitted to obtain fewer than three tenders of quotations in respect of any contract with a value exceeding £10,000 in any one year.

Schools may disapply any section of those regulations and/or standing orders which would require them to;

- a) To do anything incompatible with any provisions of the scheme, any statutory provision or any EU Procurement Directive;
- b) To seek LA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year,
- c) To select suppliers only from an approved list.

2.18 Application of contracts to schools

Schools have the right to opt out of Authority arranged contracts.

Governing bodies are empowered under paragraph 3 of schedule 10 to the School and Standards Framework Act 1998 to enter into contracts, in most cases they do so on behalf of the Authority as maintainer of the school and owner of funds in the budget share. Contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations - for example, contracts made by aided or foundation schools for the employment of staff.

2.19 Contingent Liabilities

Schools may not enter into grant arrangements where the terms and conditions of the grant place restrictions (contingent liabilities) on the land owner's title to the land e.g. that an asset delivered from the grant should remain in place for a number of years, a requirement that funding is returned if the grant conditions are not met or the facilities cease to operate. Schools do not have the legal power to accept liabilities on land not owned by them and any grant bids containing such liabilities should be approved by the local authority **before** they are submitted.

2.20 Central funds and earmarking

The Authority is authorised to make sums available to schools from central funds, in the form of allocations that are additional to and separate from the schools' budget shares. Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used: and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the Authority itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

Such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share. The Authority may require that earmarked funds must be returned to the Authority if

not spent in accordance with the stipulated rules. The Authority will not enforce any interest claw back charges from individual schools regarding retrieved earmarked funds.

2.21 Spending for the purposes of the school

Governing bodies are free to spend budget shares for the purposes of the school, subject to regulations made by the Secretary of State, and the provisions contained within the scheme, subject to the school's ability to fund such expenditure from the annual revenue budget or through an approved planned deficit budget agreed with the Authority.

Amounts spent by governing bodies on community facilities under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Additionally the Schools Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2002 (amended by the School Budget Shares (Prescribed Purposes) (England) Regulations 2010 allow school to spend their budgets on pupils who are on the roll of other maintained schools or academies.

2.22 Capital spending from budget shares

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

If the expected capital expenditure from the budget share in any one year will exceed £15,000, the governing body must notify the Authority and take into account any advice from the Director of Children and Young People's Service as to the merits of the proposed expenditure. The reason for this requirement is to help ensure compliance with the current School Premises Regulations, DfE Construction Standards and health and safety legislation.

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

2.23 Notice of Concern

The Authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Director of Children and Young People's Service, 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 school.

The local authority reserves the right to issue a notice of concern to schools

converting to a sponsored academy status and to schools issued with closure notices where it is deemed necessary to protect the financial position of the authority.

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:

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

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

The notice will not be used in place of withdrawal of financial delegation where that is the appropriate action to be taken.

Where a notice of concern has been issued, the notice will be withdrawn at the point at which the governing body are compliant with the requirements of the notice

2.24 Schools Financial Value Standard

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

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a

summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

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

2.25 Fraud

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

The governing body and head teacher must inform all staff of school policies and procedures relating 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 staff and governors.

3. **INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS**

For the purposes of this section, Budget Share includes any place-led funding for special school, SEN units, enhanced resource bases and pupil referral units.

3.1 Frequency of instalments

The budget share will be made available to governing bodies monthly.

Top up payments for pupils with high needs will be made monthly on and payable for each academic day in each calendar month.

3.2 Proportion of budget share payable at each instalment

3.2.1 Monthly Budget Share

The proportion of the budget share to be made available to schools shall be calculated as:

3.2.2 Calculation of Non-Employee Related Budget

The amount to be transferred to the school bank account will be based on the school's budget, as approved by the Governors. Details of this budget should be returned to the Strategic Finance Service by the specified date each year, using standard forms issued by the Finance Service which will show sub headings for employee related and other costs, together with a verification of the bank balance.

The total funds to be transferred to the school bank account will include the unspent balance of the Section 251 budget not already in the bank from the previous financial year, which the school wishes to use to fund non-employee expenditure in the current financial year.

The amount transferred to the school bank account in April each year will be based on 10% of the school's formula budget allocation pending the receipt of the school budget. Non-compliance with the deadline may adversely affect your drip-feed.

3.2.3 Transfers to School Bank Accounts

In each financial year, the amount relating to non-employee expenditure will be transferred to school bank accounts in twelve monthly instalments. Schools taking part in the scheme will be notified by the Strategic Finance Service of the date in each month on which the transfer will be made following receipt of the Budget Intention form.

The percentage of the total non- employee budget transferred (approximately on the 15th day of each month) will be as follows:

April - June	9%
July - February	8%

March 9%

There will be three exceptions to this rule:

- (i) Schools which have to pay examination fees in April will receive the amount assessed for examination fees within the formula, plus 9% of the remaining non salary budget with their 1st monthly instalment.
- (ii) The balance carried forward will be transferred as a lump sum to the school's bank account. (This will be the unspent balance of the Section 251 budget not already in the bank account).
- (iii) Refunds of VAT will be made by cheque on submission of a monthly VAT accounting return.

3.3 Schools processing Payroll via Local Bank Accounts

Schools that process salary payments through their local bank account will receive the amount of salary expenditure into the school bank account. The payment will be made on the last but one working day of the month in 12 equal monthly payments. The employee / non-employee split is updated following receipt of the school budget intention.

3.4 Interest claw back

The LA will deduct from budget share instalments an amount equal to the estimated interest lost by the LA in making available the budget share in advance of the normal monthly cycle (see 3.2 above). The calculation basis of the deduction, taking account of the frequency options offered by the scheme, is:

3.4.1 Interest will be calculated on a daily basis and credited/debited to the school on a quarterly basis.

3.4.2 The schools drip feed will be adjusted where necessary.

3.4.3 The rate of interest paid/received by schools will be:

- Balances between £1-£29,999 – 1½% below Nat West base rate
- Balances above £30,000 – 1% below Nat West base rate.

3.5 Interest on late budget share payments

The LA will add interest to late payments of budget share instalments, where such late payment is the result of LA error. The calculation of interest payment will be in line with that stipulated in 3.3.above.

3.6 Budget shares for closing schools

Budget shares of schools for which approval for discontinuation has been

secured, will be made available until closure on a monthly basis, net of estimated pay costs, even where some different basis was previously used.

3.7 Bank and building society accounts

All schools may have an external bank account into which their budget share instalments (as determined by other provisions) are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account unless they choose to have an account within an Authority contract which makes other provision.

Any school wishing to opt for its own bank account or transfer bank to a different institution may only do so after giving a period of notice (two months). However arrangements for a new bank account may only be made with effect from the beginning of each financial year.

As appropriate, the school or Authority will make arrangements to enable a newly opened bank account to receive immediate transfer of estimated balance for the school to that account.

3.8 Restrictions on accounts

Accounts may only be held for the purpose of receiving budget share payments.

Any school closing an account used to receive its budget share and opening another must select a new bank or building society and seek approval from the Director of Resources via the Children and Young People's Service, even if the closed account was not with an institution on that list.

Schools may bank with any UK financial institution which satisfies at least the following minimum criteria in respect of credit ratings given by either Fitch and Moody's (the two most relevant credit rating agencies for UK institutions). For the avoidance of doubt, meeting the criteria for only one of the agencies is sufficient but both the long term and short term ratings must be met for one of the agencies. Wholly owned subsidiaries of a UK financial institution which meet the minimum criteria are also acceptable:

Minimum acceptable ratings by **FITCH** are:

Short term F1 (so F1+ and F1 are acceptable)

Long term A (so AAA, AA+, AA, AA-, A+ and A are acceptable)

Minimum acceptable ratings by **MOODY'S** are:

Short term P-2 (so P-1 and P-2 are acceptable)

Long term A2 (so Aaa, Aa, Aa1, Aa2, Aa3, A, A1 and A2 are acceptable)

The County Council will continue with the arrangements negotiated with the NatWest bank whereby the accounts are in the name of the Leicestershire County Council but specific to each school, for schools that wish to use such arrangements.

Schools having bank accounts for the purpose of budget share payments with banks prior to 1 April 2011 may retain these accounts.

Cheque signatories for the school bank account are restricted to Authority / school employees and current members of the governing body. The governing body will formally agree the named individuals who will act as cheque signatories for the school bank account and any changes thereafter. The governing body is also required to formally stipulate the levels of delegated authority for each signatory in relation to authorising cheques and the use of purchasing cards.

Schools may opt to have the account in its own name rather than of the Authority. However, if a school opts for such an account, it is required to ensure that the bank mandate stipulates 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.

Schools must not allow bank accounts held for the receipt and payment of official funds to become overdrawn.

Schools must have regard to the requirements of the Guidance for Managing Local Bank Accounts issued by the Authority.

3.9 Borrowing by schools

Finance leases are deemed borrowing, governing bodies should not enter into any finance lease without the approval of the Secretary of State and must also notify the Director of Resources of their intentions.

Before contacting the Secretary of State, the governing body is obliged to inform the Authority of its intention to borrow money as it will have impact on the overall County Council's capital financing requirement and prudential indicators. The Authority will need to receive adequate assurances regarding the purpose of the loan and the ability to afford the repayments.

Schools are able to use any loan scheme approved by the Secretary of State which is available to all schools without seeking specific approval, currently this applies only to the Salix Scheme.

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

This provision does not apply to loan schemes run by the authority (section 4.12)

3.10 Purchasing Cards

Whilst credit cards are deemed borrowing which are regarded as borrowing procurement cards are permitted for use. Schools should consider whether the use of procurement cards offer efficiencies within the purchasing process.

3.11 Other provisions

The Authority has formulated separate detailed rules and guidance in respect of other aspects of banking arrangements, which must be followed and is supplementary to the provisions within the scheme.

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

4.1 The right to carry forward surplus balances

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

4.2 Interest on surplus balances

Balances held by the Authority on behalf of schools (i.e. individual school bank accounts) will attract interest as set out within the Guidance for Managing School Bank Accounts issued by the Authority.

4.3 Obligation to carry forward deficit balances

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share

4.4 Planning for deficit budgets

Schools may only plan for a deficit budget in accordance with the terms of para 4.10 below, defined as being where available resources are insufficient to meet planned expenditure. For this purpose the deficit balance will be calculated as the sum of items BO1 – Committed Revenue Balance and BO2 – Uncommitted Revenue Balance as defined in the Consistent Financial Reporting Framework

4.5 Charging of interest on deficit balances

In normal circumstances interest will be charged on deficit balances. The Authority may waive interest charges. Each case will be considered on its merits. Account will be taken of whether the deficit arose from factors outside of the schools' control.

4.6 Writing off deficits

The Authority has no power to write off the deficit balance of any school.

4.7 Balances of closing and replacement schools

When a school closes any balance (whether surplus or deficit) shall revert to the Authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

Where a school records a deficit budget when converting to academy status under section (4)(1)(a) of the Academies Act 2010 that deficit will be eliminated

through the use of centrally retained schools budget and approved by the Schools Forum.

However, the Authority has the power under the regulations to take a course, which has the same net effect as transfer for 'replacement' schools. The Authority may transfer sums, which are equal to or less than the balances of relevant closing schools to successor schools.

4.8 Support for Schools in Financial Difficulty

Expenditure on special schools, pupil referral units and maintained schools may only be provided from a centrally held budget specified for this purpose from a de-delegated contingency budget only where agreed by the Schools Forum. The authority reserves the ability to provide funding from the high needs block to support schools with exceptional high needs costs.

4.9 Borrowing for agreed purposes

The general provision in para 3.9 above forbidding Governing bodies to borrow money shall not apply to schemes run by the Authority as set out in section 4.11 below.

4.10 Deficit budget planning (licensed deficits)

The Authority may permit schools to plan for a deficit budget in particular circumstances that are described below:

A school is unable to set a balanced budget in any one financial year due to:

- A deficit arising from the previous financial year.
- Increase / reduction in the number of pupils.
- Changes in the formulae that have a negative financial impact on the school's budget.
- Overall reduction in revenue funding compared to previous financial year.
- Other reasons that has a negative financial impact on the school's budget.

The detailed arrangements applying to this scheme are as set out below:

(i) Period of Budget Planning

A school may plan for a deficit budget for a period of up to five financial years. It is expected that most budget plans will be for two financial years and in extreme circumstances they will extend to between three to five years.

(ii) Formal Approval of Budget Plans

Budget plans for a period of up to three financial years will be considered for approval by the Director of Children and Young People's Service. The Cabinet or its nominated representatives will consider any extension to an approved budget plan that takes it over a period of three years for approval.

Budget Plans for a period greater than three years will be considered for approval by the Cabinet or its nominated representatives.

(iii) Provision of Information for Budget Planning

A school needs to provide the following information to the Director of Children and Young People's Service:

- Reasons for planning a deficit budget.
- Annual income and expenditure forecasts for the proposed period of the budget plan.
- Details of the proposed action to reduce budget deficit over the period of the plan (inclusive of financial amounts)

(iv) Governing Body Approval

A governing body is required to formally approve a deficit budget plan prior to it being submitted to the Authority for consideration.

(v) Deficit Budget Plan Review

Once a deficit budget plan is approved the school is required to provide a termly financial report to the Authority for monitoring purposes. The termly financial report should contain references to the progress made on the actions to reduce the financial deficit. This is in keeping with the normal requirement for schools to provide termly financial monitoring statements to the local authority.

(vi) Deficit Amount

Deficit plans are not expected to exceed 5% of the schools total Section 251 budget amount. The 5% limit may be extended (to a maximum of 10%) where there are extreme circumstances and the school has an action plan to repay the Authority during the agreed period.

4.11 Deficit budgets and Academy transfer

The local authority will adhere to statutory guidance and any supplementary guidance issued by the Department for Education (DfE), the Education Funding Agency (EFA) or any other appropriate body in determining the appropriate treatment of any school deficit at the point of transfer to an Academy.

The closing balances of maintained schools on conversion to academy status will be calculated in accordance with the basis defined at paragraph 4.7

4.12 Loan schemes

The Authority shall provide a form of loan arrangement for schools which, may not operate by way of a licensed deficit but rather by way of actual payments to schools or expenditure by the Authority in respect of a particular school on condition that a corresponding sum is repaid from the budget share. This scheme may be used in conjunction with the deficit budget planning processes with the approval of the Director of Children and Young People's Service.

The intention of the Scheme is to enable schools to use their resources effectively over a period of years to achieve long term strategies in line with development plans and as an aid to strategic financial management.

The detailed arrangements applying to this scheme are set out below:

- (i) The Authority will consider loan request from schools on the basis of individual merit of each case. The school must be able to clearly demonstrate that:
 - loan repayments are affordable
 - the school will benefit educationally from the additional expenditure through obtaining a loan
- (ii) The Authority will charge interest on loans taken out by schools. The rate of interest is 1% below the Nat West Bank PLC's base rate.
- (iii) The maximum amount of loan outstanding or approved deficit must not exceed 7% of the schools annual revenue budget

Total cumulative loans will not exceed 40% of the Authorities total school balances

Local authority loans will become repayable in full at the point a maintained schools converts to academy status unless the local authority agrees to maintain the former repayment schedule.

5. INCOME

5.1 Income from lettings

Schools may retain income from lettings of the school premises that would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. However, schools whose premises are owned by the Authority shall be required to have regard to directions issued by the Authority as to the use of school premises, as permitted under the School and Standards Framework Act 1998 for various categories of schools. This includes the continuing provision for the Authority to use school facilities on up to two occasions each year for the purpose of meetings arranged by the Authority.

Income from lettings of school premises may not be paid into voluntary or private funds held by the school.

5.2 Income from fees and charges

Schools may retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the Authority. Governing bodies are required to approve a charging policy under section 23 of the Guide to the Law for School Governors.

Income from boarding charges is collected on behalf of the Authority and should not exceed that needed to provide board and lodging for the pupils concerned.

5.3 Income from fund-raising activities

Schools may retain income from fund-raising activities.

5.4 Income from the sale of assets

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

5.5 Administrative procedures for the collection of income

Because of the potential VAT implications of providing services which lead to fees and charges, fund raising activities and the sale of assets, the Authority has

established administrative procedures for the collection of income. Schools should have regard to financial procedure rules issued by the Authority.

5.6 Purposes for which income may be used

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

6 THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The budget share of a school may be charged by the Authority without the consent of the governing body only in circumstances set out in 6.2 below, but shall notify a school when it has been done.

Where salaries of school based staff are charged directly to school budgets, the charge is at actual cost.

Schools are reminded that the Authority 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.

For each of the circumstances listed the authority must be able to demonstrate that expenditure has been necessarily incurred the expenditure to be charges to the budget share, the position on charging therefore may vary dependent upon the category of school.

In some cases the ability to charge budget shares depends upon the authority having given prior advice to the governing body.

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.

6.2 Circumstances in which charges may be made

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

6.2.2 Other expenditure incurred to secure resignations where the school had not followed Authority advice.

6.2.3 Awards by courts and employment tribunals against the Authority, or out of court settlements arise as a result of action or inaction by the governing body that is contrary to advice that has been given by the Authority.

6.2.4 Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.

6.2.5 Expenditure by the Authority incurred in making good defects in building work funded by capital spending from schools' budget shares, where the premises are owned by the Authority or the school has voluntary controlled status.

- 6.2.6 Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority.
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to the Director of Children and Young People's Service and the result is that monies are owed by the school to the Authority.
- 6.2.8 Recovery of penalties or charges imposed on the Authority by the Board of Inland Revenue, the Contributions Agency or HM Revenue and Customs, Teachers' Pensions, the Environment Agency and other statutory bodies as a result of school negligence and/or failure to abide to statutory guidance and procedures.
- 6.2.9 Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions), but subject to the Authority not being able to charge in respect of errors that occurred more than 2 years previous to their being identified.
- 6.2.10 Additional transport costs incurred by the Authority arising from decisions by the governing body on the length of the school day, and failure to notify the Authority of non-pupil days resulting in unnecessary transport costs.
- 6.2.11 Legal costs that are incurred by the Authority as a result of legal actions that arise because the governing body did not accept the advice of the Authority.
- 6.2.12 Costs of necessary health and safety training for staff employed by the 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.
- 6.2.14 Cost of work done in respect of teachers pensions remittance and records for schools using non-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 a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and / or specific funding for a pupil with high needs.
- 6.2.16 Costs incurred by the 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 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 where a school enters into a lease arrangement without the prior approval of the Authority.
- 6.2.20 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.

7. TAXATION

7.1 Value Added Tax

HM Revenue and Customs have agreed that VAT incurred by schools when spending any funding made available by the authority is treated as being incurred by the authority and qualifies for reclaim 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. See also section 13 – community facilities.

The Authority has established procedures to enable schools to utilise the Authority's ability to reclaim VAT on expenditure relating to non-business activity. Amounts reclaimed through these procedures will be passed back to the school. Separate supplementary guidance is issued by the Authority.

7.2 External Grants

The activities to be delivered by the grant may impact upon the VAT recovery ability of the local authority. Schools should seek advice from the local authority's VAT Officer where external funding sources such as grants are being sought before entering into any agreement. Schools should also be aware of the issues of contingent liabilities.

7.3 CITS (Construction Industry Scheme)

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

8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of services from centrally retained budgets

The Authority shall determine on what basis services from centrally retained funds will be provided to schools, including existing Premature Retirement Costs and redundancy payments for school based staff. The Authority is debarred from discriminating in its provision of services on the basis of categories of schools except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

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

The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the Authority shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services. However contracts for the supply of catering services may be extended to a period of seven years.

Where services have been delegated to schools, the Authority is required to offer its services at prices which are intended to generate income which is no less than the cost of providing those services. (i.e. at break-even or a surplus)

8.3 Packaging

The Authority may provide any services for which funding has been delegated. But where the Authority is offering the service on a buyback basis it must do so in a way that does not unreasonably restrict schools' freedom of choice among the services available. Where practicable, buyback will include provision on a service-by-service basis as well as in packages of services.

8.4 Service level agreements

8.4.1 If services or facilities are provided under a service level agreement - whether free or on a buyback basis - the terms of any such 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.

8.4.2 Services, if offered at all by the Authority, shall be available on a basis that is not related to an extended agreement, as well as on the basis of such agreements.

8.4.3 Centrally arranged premises and liability insurance are excluded from these requirements as to service supply, as the limitations envisaged may be impractical for insurance purposes.

8.5 Teachers' Pensions

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

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

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

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

9. PFI/PPP

The Authority shall have the power to issue regulations from time to time relating to PFI/PPP projects. Amongst other issues these may deal with the reaching of agreements with the governing bodies of schools as to the basis of charges relating to such schemes; and the treatment of monies withheld from contractors due to poor performance.

10. INSURANCE

10.1 Insurance cover

If funds for insurance are delegated to any school, the Authority will require the school to demonstrate that cover relevant to an local authorities insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the Authority. If the Authority has to make arrangements to obtain additional cover, the costs will be charged to the schools' delegated budgets.

The cost of insurance related to the exercise of the Community Facilities power cannot be met from the schools delegated school budget.

Further information on appropriate levels of cover for schools making their own arrangements can be obtained from the County Council's Insurance Section.

11. MISCELLANEOUS

11.1 Right of access to information

Governing bodies shall supply to the Authority 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 expenditure by the Authority (e.g. earmarked funds) on the school, or to meet any statutory / other reporting requirements of the County Council.

11.2 Liability of governors

Under s.50(7) of the School Standards and Framework Act 1998 the governing body is a corporate body, governors of maintained schools will not incur personal liability in the exercise of their power to spend the schools delegated budget share provided they act in good faith.

11.3 Governors' expenses

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

Only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors. Where expenses are paid an annual report should be presented to the governing body detailing all payments.

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

11.4 Responsibility for legal costs

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

11.5 Health and Safety

In expending the school's budget share, governing bodies are required to have due regard to duties placed on the Authority in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share.

11.6 Right of attendance for Chief Finance Officer

Governing bodies are required to permit the Chief Finance Officer (or a representative of the Chief Finance Officer) of the Authority to attend meetings

of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

The Chief Finance Officer's attendance shall normally be limited to items that relate to issues of probity or overall financial management and shall not be regarded as routine. Prior notice of attendance will be given unless it is impracticable to do so.

11.7 Delegation to new schools

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

The Authority has the power to delegate some spending powers to a temporary governing body of a new school before it has a delegated budget.

11.9 Special Educational Needs

Governing Bodies are required to use their best endeavours in spending the budget share, to meet the Special Educational Needs of all pupils on the school's roll.

The Authority is committed to making appropriate provision for pupils with special needs irrespective of whether the individual pupil has a Statement of Special Educational Needs. For the majority of pupils, this provision is funded through schools' delegated budgets.

The authority provides schools with an annual calculation of its notional SEN budget, this however should not be seen as either expected expenditure or an expenditure target. It is for governing bodies to determine the appropriate level of expenditure to meet the needs of all pupils on the school roll.

11.10 Interest on late payments

Schools are reminded that the County Council has a statutory duty under the Late Payment of Commercial Debt (Interest) Act 1998, to pay its creditors within thirty days of the amount being due or as contractually specified.

11.11 'Whistleblowing'

The procedure for persons working at a school or school governors who wish to complain about financial management or financial propriety at the school, and how such complaints will be dealt with are contained in guidance issued by the Authority.

11.12 Child Protection

Where child protection issues are concerned, there is likely to be a need for schools to release staff to attend child protection case conferences and other related events. The Authority has not retained any funding centrally for this item and therefore funding for this activity is contained within the overall delegation of funds to schools.

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Delegation to Schools

The Authority delegates all funding for repairs and maintenance to schools. Capital expenditure is retained by the Authority with the exception of Devolved Formula Capital.

Expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes which is in line with the CIPFA Code of Practice on Local Authority Accounting.

12.2 Voluntary Aided Schools

For voluntary aided schools, the liability for repairs and maintenance (albeit by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends upon the di minimis limit applied by the DfE to categorises such work, not the di minimis limit used by the authority.

SECTION 13 – COMMUNITY FACILITIES

13.1 Introduction

Schools which choose to exercise the power conferred by s.27(1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28(2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its authority and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies connected with exercise of the power, and a school must have regard to that.

However, under Section 28 (1), the main limitations and restrictions on the power will be in the maintaining local authorities 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 extends the coverage of schemes to the powers of Governing Bodies to provide community facilities.

Schools are therefore subject to the prohibitions, restrictions and limitations set out in the following section of this scheme.

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

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

13.2 Consultation Requirements

It is a requirement under Section 28 (4) of the Education Act 2002 that before exercising the community facilities power, Governing Bodies must consult the local authority and have regard to advice given to them by their Authority.

However, where governing bodies comply and evidence the following requirements, a formal consultation with the Authority will not be required. Governing Bodies must:

- a) Maintain a register of all activities being undertaken under the Community Facilities power. The register should contain a brief description of the activity and the rationale for why the activity is exercised under the community facilities power.
- b) Ensure that each activity is supported by a business plan which demonstrates that the activity is financially sustainable
- c) Ensure that the responsibility for management of activities undertaken under the Community Facilities power is appropriately delegated.
- d) Ensure that routine financial monitoring is undertaken, and is routinely

reported to the Governing Body, for all activities undertaken within the Community Facilities power

- e) Ensure that the provision of activities undertaken under the Community Facilities power does not jeopardise the delivery of education to pupils registered at the school.

The Governing Body must provide an annual statement prior to the commencement of the financial year to the Director of Children and Young People's Service declaring compliance with the requirements set out in a – e above.

Where Governing Bodies seek the views of the Authority on plans to utilise the community facilities power, the Authority will provide advice within 6 weeks.

13.3 Funding Agreements – authority Powers

The provision of community facilities may be dependent on a funding agreement between the school and a third party. Any such agreement needs to be submitted to the Authority for its comments, a minimum of 8 weeks before the agreement is planned to commence.

The LA may not impose a veto on such third party agreements. However if an agreement has been concluded against the wishes of the Authority, or has been concluded without informing the Authority, and if the agreement 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.

13.4 Other prohibitions, restrictions and limitations

Where there is good reason for the Authority to believe that a proposed community facilities project carries significant financial risks, the Authority will require the Governing Body concerned to:

- either a) carry out the activity concerned through the vehicle of a limited company formed for the purpose
- and/or b) obtain indemnity insurance for risks associated with the project.

13.5 Supply of Financial Information

Governing Bodies shall ensure all financial transactions associated with the exercise of the community facilities power are fully reflected and reported within the school accounts as required by The Consistent Financial Reporting Framework.

The Authority may require additional information on activities to enable the impact of such activities on the VAT Partial Exemption position of the authority.

In the event of any cause for concern as to the schools management of the

financial consequences of the exercise of the community facilities power, the Authority may give notice to the Governing Body of the requirement for:

- a) monthly (or other periods deemed appropriate by the Authority) statements and forecasts
- b) a recovery plan for the activity in question

13.6 Audit

The Governing Body is required to grant access to all records connected with the community facilities provided to facilitate internal and external audit of income and expenditure.

Access for audit purposes must be available irrespective of whether the activity is provided directly by the Governing Body or by a third party operating with or on behalf of the Governing Body.

The audit requirements for this area of work will be as those applied in respect of voluntary and private funds (see paragraph 2.13) where schools maintain a separate bank account for community activities. Where community activities operate through the official bank account, Leicestershire County Council internal audit processes will apply.

If a Governing Body is operating a Limited company, there will be a need to engage its own external auditors.

Any cost arising from either an internal or external audit of community activities are not a legitimate charge to the school budget and must be a charge to community focused activities.

13.7 Treatment of income and surpluses

Except where there is an agreement with the Authority or a third party to the contrary, all net income derived from community facilities will be retained by the school in the community facilities budget.

End of year balances will be carried forward as a separate community facilities balance. Deficit balances must be carried forward and cannot be transferred into the School's budget share. Transfer of some or all of any surplus into the school's budget share balance is subject to approval by the Authority.

Should the Authority cease to maintain a school its community fund balances revert to the Authority unless there is some previously alternative arrangement made with a funding provider and agreed by the Authority. If there is a deficit on community facilities the Authority may only recover funds to meet third part liabilities from any accumulated community facilities surplus.

13.8 Health and Safety Matters

All Health and Safety requirements in relation to the operation of the school will also apply to community facilities provided by the Governing Body, the cost of which will be met by the Governing Body.

The costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day must be met from the income derived from the activity. Governing bodies are free to pass on any such costs to a funding partner as part of an agreement with that partner.

13.9 Insurance

The Governing Body is responsible for ensuring that adequate arrangements are made for insurance against risks arising from the exercising of the community facilities power.

Governing Bodies are required to seek the advice of the Authority before finalising any insurance arrangements for community facilities.

The LA may undertake its own assessment of the insurance arrangements made by the Governing Body in respect of community facilities. If the Authority judges that the arrangements made by the school are inadequate, the LA may make arrangements itself and require schools to meet the additional cost.

13.10 Taxation

In exercising the community facilities power the governing body should seek the advice of the Authority on any issues relating to the possible imposition of Value added Tax on expenditure in connection with community facilities, including the use of the Authority VAT reclaim facility.

If any member of staff employed by the school or Authority in connection with community facilities at the school is paid from funds held in the school's own bank account, the school may be held liable for payment of income tax and national insurance, in line with Inland Revenue rules.

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

13.11 Banking

Schools may maintain separate bank accounts for school budget share and activities connected with the exercise of the community facilities power.

Bank accounts will be subject to the same restrictions as those applied to school budget share accounts as detailed in paragraph 3.8.

Schools are subject to the same borrowing restrictions for the community facilities power as within the main scheme (paragraph 3.9). Schools may only

borrow money with the written permission of the Secretary of State and must notify the Authority in advance of its intentions.

Annex 1Responsibility for Redundancy and Early Retirement Costs

1. This annex sets out what is specified in legislation and examples where it is appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools budget.
2. Under Section 37 of the 2002 Education Act premature retirement costs must be charged to the school's delegated budget whilst redundancy costs must be charged to the local authority's budget. In the former case the local authority has to agree otherwise for costs to be centrally funded while in the latter case, there has to be good reason for it not to be centrally funded, and that cannot include having no redundancy policy.
3. The following examples below indicate the situations in which exceptions to the default position might be taken;

Charge of dismissal / resignation costs to delegated school budget;

- 3.1 if a school has decided to offer more generous terms than the authority's policy;
- 3.2 if a school is otherwise acting outside the local authority's policy;
- 3.3 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;
- 3.4 where staffing reductions arise from a deficit caused by factors within the school's control
- 3.5 where the school has excess surplus balances and no agreed plan to use these
- 3.6 where a school has refused to engage with the local authority's redeployment policy

Charge of premature retirement costs to local authority non-schools budget;

- 3.7 where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact upon standards
- 3.8 where a school is closing, does not have sufficient balances to meet the cost and where the central Schools Budget does not have capacity to absorb the deficit
- 3.9 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

- 3.10 where a school is in special measures, does not have excessive balances and employment of the relevant staff is being / has been terminated as a result of local authority or government intervention to improve standards
4. Costs of new early retirements or redundancies can be charged to the central part of the Schools Budget if the Schools Forum agree and the local authority can demonstrate that the revenue savings achieved by termination of a contract of employment are equal or greater than the costs incurred. The Schools Forum must agree to any increase in this budget over the previous financial year. If the Schools Forum does not agree with the local authority's proposal. Then the authority can appeal to the Secretary of State. The Schools Forum will also be required to consider and approve any instance where the additional expenditure resulted in a breach of the central expenditure limit, whereby central expenditure increases faster than the Schools Budget as a whole.
 5. For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.
 6. Schools entering into pooling arrangements to fund post either in full or part should ensure that these arrangements define what the exit arrangements should be, in particular ensuring that any redundancy costs are shared across partners where they fail to be met from the local authority.

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