

LEICESTERSHIRE SCHOOLS' FORUM

The Leicestershire Schools' Forum will be held on **Tuesday 13th June 2023 at 3.00pm** via **Microsoft Teams**. The primary contact for Forum arrangements is as follows:

Antoine Willie

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Please see below for the agenda for the meeting.

AGENDA

<u>Item</u>	<u>Papers</u>
1. Election / Confirmation of Chair & Vice Chair	
2. Apologies for Absence/Substitutions	
3. Minutes of the Meeting Held on 14/02/2023 (Previously Circulated) and Matters Arising	1
4. Schools' Forum Self-Assessment	1
All forum members will be asked to participate in completing the Self-Assessment.	
5. Leicestershire Scheme for Financing Schools	2
A decision on the Leicestershire Scheme will be required from forum members representing maintained schools.	
6. 2022/23 Schools' Budget Outturn	1
The budget outturn is provided for information & discussion.	
7. TSIL Update	1
The update is for information & discussion.	
8. Any Other Business	
9. Date of Next Meeting	

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Minutes of a meeting of the Leicestershire Schools' Forum held virtually on Microsoft Teams on Tuesday 14th February 2023.

Present

John Pye	<u>RC Representative</u>
Alison Ruff	<u>Primary Maintained Headteacher</u>
Kelly Dryden	<u>Special Schools Academy Representative</u>
Liam Powell	<u>Secondary Academy Headteacher</u>
Jane Dawda	<u>Primary Maintained Headteacher</u>
Ed Petrie	<u>Primary Academy Headteacher</u>
Jo Beaumont	<u>Primary Maintained Headteacher (substitute)</u>
Deborah Taylor CC	<u>Lead Member for CFS</u>
Beverley Coltman	<u>Early Years</u>
Martin Towers	<u>Secondary Academies Governor</u>
Julie McBrearty	<u>Secondary Academies Headteacher</u>
Suzanne Uprichard	<u>PRU Representative</u>
Robert Martin	<u>Governor of Menphys</u>
Jane Moore	<u>Director of Children and Family Services</u>
Alison Bradley	<u>Leicestershire County Council</u>
Jenny Lawrence	<u>Leicestershire County Council</u>
Rebecca Bodycot	<u>Support to Jane Moore</u>
Patrick Grant	<u>Department of Education, Education & Skills Funding Agency</u>
Simon Grindrod	<u>Chair of Governors, Hastings High School, Burbage</u>
Rebecca Jones	<u>Chair of Governors, Burbage C of E Infant School</u>
Val Moore	<u>Chair of Governors, Ravenhurst</u>

1. Election of Chair & Vice Chair

It was advised that no nominations were received, or volunteers put forward.

The Local Authority cannot chair the meeting.

If a Chair and Vice Chair were not elected today, then decisions necessary to complete school budgets for 2023/24 cannot be made and may result in budgets not being issued in accordance. This may cause issues for the school forum in the future.

The workload for the chair of this meeting holds little difference to that of a member of the forum. There would however be involvement in creating and agreeing the agenda for the meetings and ensuring Forum operates correctly.

Val Moore nominated herself as Chair up until the summer term and Susanne Uprichard and Martin Towers offered to be Vice Chair.

Agreed: Val Moore to be temporary chair and Suzanne Uprichard and Martin Towers to co-vice chair.

2. Apologies for Absences/Substitutions

No apologies or substitutions noted.

3. Minutes of the Meeting held on 29/09/2022 (previously circulated) and Matters Arising

The minutes from the meeting on 29th September 2022 were agreed as an accurate record.

4. De-Delegation for School Improvements (Maintained School Members Only)

The funding previously given to local authorities to use for school improvement work has now been fully withdrawn by the DfE. The process for de-delegation in 22 /23 has been undertaken as there is the need to maintain the service. The paper sets out a proposal for de-delegation for 2023/24 at a higher rate than 2022/23 which is slightly higher as funding has now been fully withdrawn,

De-delegation means that funding is removed from maintained schools to deliver a service provided by the authority.

De-delegation is not applicable to Academy schools.

The paper has been subject to consultation with maintained schools as set out on page 12 with responses received from the consultation on page 15.

Maintained school representatives are only asked to approve de-delegation of £18 per pupil.

The decision needs to be made to get the information out to schools by the end of school term.

Rebecca Jones stated that they currently pay £11,000, but didn't feel that the service received was worth this amount of money

De-delegation is for maintained schools only. If de-delegation isn't approved, then the local authority would need to reduce support for school improvement.

The decision needed today is for de-delegation to go ahead or not. If the decision was to not go ahead, it is not possible for it to apply to some schools and not others. The decision for Forum is to approve or not, the outcome of that decision will apply to all schools, there is no opt out option.

De-delegation can only be agreed for one year at any one time. If it is needed for 2024 then it would need to come back to a future school's forum for re-approval.

For schools that require support for improvement in terms of Ofsted, if de-delegation were not to be approved this support will remain available

The reason why £9 was taken last year is because the DfE gave half of the funding but now that has completely ceased.

Without funding there will be no support at all from the local authority.

This does not affect maintained nurseries as the single nursery is funded as a special school.

As maintained school representatives, 1 vote disagreed and against the decision and two voted in favour.

Based on a majority vote £18 per pupil de-delegation fee has been agreed.

The list of services set out in the paper was sent to head teachers during the consultation.

Action: Maintained schools to be sent a break down about what services they will receive.

5. Transforming SEND & Inclusion in Leicestershire (TSIL) Update

Alison Bradley presented TSIL Update.

How we are going to achieve the desired outcomes from TSIL and address the significant financial issues is scheduled to be shared with schools.

Newton Europe who are leading the programme are change specialists.

Funding is the High Needs Block (HNB) which funds our responsibility for children with SEND. This is currently overspent. The TSIL programme is about getting things right for children.

We need to look at the HNB to see how children are funded who can't be supported in mainstream schools or need more support in mainstream schools. We need to ensure that the right children are supported at the right time with the right money.

Working is taking place with stakeholders on what this will look like. We are not able to keep up with the pace of demand coming into the department and we are looking at how we can manage this better.

6. 2023/24 Schools Budget

Paragraph 12 – 15 sets out the background sets and context of the budget.

Paragraph 16 – 19 discusses the role of the school's forum in setting the school's budget.

Paragraph 17 notes where decisions need to be made through school's forum regulations.

Para 20 – sets out the schools grant and the areas that are funded and the basis of settlement.

Para 21 – 25 sets out the basic principles behind the school's block settlement which is not as great as it has been in previous years.

Para 26 sets out the schools funding formula.

Para 30 discusses the construction of the schools funding formula.

Funding for 2023/24 is based on the 2021 census. Funding for schools is based on the 2022 census.

This is the first time we have seen an affordability gap. Leicestershire has not been given enough funding to fully fund the national funding formula and we also know this is the case for other authorities.

To move schools from the national funding formula is not an advisable option.

103 schools are protected by minimal funding, and any change in the funding mechanism that reduces their funding will be reinstated by the funding guarantees within the NFF so they cannot be affected by capping and scaling as it would take them below the minimum budget.

Pupil premium will increase by 5% for the new year.

The budget held by the local authority for Schools Growth is separate from the NFF funding and not intended for distribution to schools and meets the revenue costs arising from the opening and expansion of schools.

Paragraph 17 Items for approval, item 2 – this sets out what the funding is and the policy it relates to. This is further referenced in paragraphs 66, 67, and 69 and also gives additional detail about what funding is used for.

This is a separate allocation and is to meet the costs of commissioning and only applies to new schools and expanding schools.

The role of local authority is moving to one of facilitating school funding. The Government sets out the funding and local authorities have little responsibility in school funding and responsibility is decreasing with the movement to the National Funding Formula. Leicestershire County Council are the lowest funded council.

The County Council is in an extremely and difficult financial position, and it is not fair for this pressure to be put on our taxpayers when we are not fairly funded. If we were fairly funded, then we would not be in this position.

Recommendations

1. That Schools Forum approves the retention of the budget to fund future school growth – **Agreed**
2. That Schools Forum approve the retention of the budgets to meet the prescribed statutory duties of the local authority and to meet historic costs – **Agreed**
3. The School's Forum approves the centrally retained early years funding – Agreed
4. That School's Forum supports the continued use of the exceptional premises factor in respect of school that incur rental costs for premises and / or sports facilities and the adjustments made in respect of age range changes – **Agreed**

5. That Schools Forum note the actions taken by the local authority in applying Capping and Scaling to the National funding Formula for the purpose of affordability – **Agreed**
6. That Schools Forum notes the number and average cost of commissioned place for children and young people with High Needs – **Agreed**
7. That Schools Forum notes the Early Years Provider payment rates for 2023/24 – **Agreed**
8. The schools Forum approves the action to be taken in respect of schools where the Special Education Needs (SEN) national budget is insufficient to meet the aggregated value of High Needs funding Element 2 – **Agreed**
9. That Schools Forum note the average per pupil funding to be considered for recoupment for excluded pupils and other purposes - **Agreed**

7. Dates & Times of Future Meetings

The School's Forum is required to meet four times a year and so the next meeting will be in June. JL to meet with the Chair and Co-Vice Chairs to go through school forum. The date of the next meeting to be decided once this meeting has taken place.

8. Any Other Business

None.

9. Date of Next Meeting

The next Leicestershire Schools' Forum will be held on Tuesday 13th June 2023 at 14:00.

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Education & Skills
Funding Agency

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.

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?		
2. Are meetings timed to coincide with key dates? (for example, reporting of funding formula)		
3. Are meetings held in an accessible venue to enable observers to attend easily?		
4. Is there a dedicated website link for schools forum, is it current and regularly updated?		
5. Are the agenda and papers publicly available on the authority's website at least 6 working days in advance of the meeting?		
6. Are the papers published as a single document, so that users can download easily?		
7. If papers are tabled at the meeting, are they published on the website promptly after the meeting?		
8. Are draft minutes published a reasonable time (for example, within 2 to 3 weeks) after the meeting, rather than waiting until the following meeting?		

Question	Yes / No	Notes
9. Are the minutes clear and unambiguous, with sufficient detail to illustrate the discussions, without reporting verbatim every point made?		
10. Is the constitution clear and appropriate? Including for example: <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 		
11. Is there an induction pack or training programme available for new members?		
12. Is the election process clear and transparent? 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.		
13. Do the papers contain clear recommendations and indicate in a consistent manner whether the item is for information, consultation or decision?		
14. Is it clear to observers who attendees at the forum are representing? (for example, by use of name plates, indicating sector)		
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?		
16. Is there inclusive participation in discussions for all phases and types of members?		

Question	Yes / No	Notes
17. Do members actively canvass views and objectively represent their whole peer group at the forum and provide feedback after meetings?		
18. Where votes are required, is it clear who is eligible to vote for different items?		
19. Where votes are required, are the arrangements for recording the votes clear and unambiguous?		
20. Is there a system in place for a decision if votes are tied?		
21. Is the operational & good practice guide used to regularly review the forum's adherence to good practice?		

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SCHOOLS FORUM

Leicestershire Scheme for Financing Schools

13 June 2023

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

Purpose of Report

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

1. This report presents a revised Scheme for Financing Schools for approval by maintained school members of Schools Forum. A revision to the Scheme is required to support the changes in school payroll arrangements.

Recommendations

2. That maintained school members of the Schools Forum approve the proposed Scheme for Financing Schools.

Background

3. The Scheme for Financing Schools (Scheme) sets out the financial relationship between a local authority and the schools it maintains and is a statutory document.

4. The content of the Scheme is set out by the Department for Education (DfE) which can then be tailored to meet the specific operating requirements for individual local authorities. The Scheme can be amended in one of two ways:
- A Secretary of State directed revision which local authorities are required to follow, or
 - A local revision to reflect changes in local requirements following consultation with maintained schools

This revision is a local change and necessary as a result of the decision taken by East Midlands Shared Services (EMSS) to cease payroll services for schools. Whilst this decision relates to all school payroll services the provisions within the Scheme apply to maintained schools only.

The Proposed Scheme

5. The proposed Scheme is shown at Appendix 1, revisions are shown as tracked changes within the document for clarity. The changes are technical in nature to support the delivery of externalised payroll for schools, however where any inconsistencies in terminology have been identified these have also been corrected.

6. The changes reflect:

Banking Arrangements – currently maintained school payroll costs are met from the County Council's bank account with cash transfers made to school bank accounts for non-payroll expenditure. From cessation of EMSS payroll services cash advances to schools will increase as schools will meet costs from their own bank account and will increase to be 95% of the budget approved by Governors. The only non-cash transactions for schools will be the purchase of services from the local authority e.g. LEAMIS, Legal, School Food etc. the cost of which will be met from the local authority retained 5% as the cost of County Council services are charged directly to schools by a direct charge through an internal transaction. Future consideration will be given to maintained schools becoming 100% cash holding which would require the Council raising invoices to schools with a subsequent increase in the number of transactions for both schools and the authority and the payment of grants and other income such as high needs funding in cash.

Payroll Governance – schools will need to ensure that appropriate governance in place to ensure financial resilience in payroll processes such as pre salary payment checks and authorisations. This will need to cover not just salary payments to staff but the also the payment of payroll deductions such as income tax and NI to be paid to HMRC and pension payments to TPS and LGPS.

7. Consultation has been undertaken with maintained schools on the changes. Only one query was received during the consultation period which related to Section 3 of the Scheme and relates to schools operating under the current system where payroll costs are met by the local authority bank account and schools with external payroll providers. This is deemed necessary as there will be a period after approval of the Scheme before new payroll providers are in place. Additionally, it is possible that a

phased transfer to a new payroll provider may happen if a number of schools enter into contract with the same provider. Amendments were made as a result of this query.

8. Additional guidance is being prepared for schools to support the changes in processes that will arise as a result of the use of Third Party payroll providers, this will cover transaction authorisations, ensuring the appropriate staff in place to manage payroll deadlines and payments as well as managing cash flow.
9. The local authority is liaising with the bank used by maintained schools to ensure that the necessary bank account approvals are in place such as transaction authorisations and the ability for a Third Party to process payments on the schools behalf
10. A multi-disciplinary team at the local authority are in place to ensure the full implications of the changes are understood and addressed such as transfer of data to new payroll providers, ensuring data is able to be appropriately transferred from schools to the local authority, ensuring that statutory reporting requirements can be fulfilled ensuring schools are fully aware of their new roles and responsibilities and developments to the multi-year budget planning tool are undertaken.

Resource Implications

11. Whilst there are no direct financial implications arising from the payroll changes, there are opportunity costs in respect of the staff needed in both the local authority and schools, to ensure the change is effectively implemented and embedded.

Equal Opportunity Issues

12. None arising directly from this report

Background Papers

13. None directly relating to this topic

Officers 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 its 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 applies to all schools that have opted out from using the County Council's payroll service.
- 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, other government agencies and any other body for which payroll deductions are made as applicable and necessary.

In making and managing salary payment school must adhere to any supplementary guidance issued by the local authority and the requirements and processes of the payroll provider.

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 £500(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 Family Services

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 recommends that schools adopt an accruals based internal reporting system. Within the reporting system schools should consider reporting in line with the requirements of the Department for Education's Consistent Financial Reporting (CFR).

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 annually. The financial forecast must cover three financial years.

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 following two financial years, and the assumptions underpinning the budget plan. Schools must 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

Three year Multi Forecasts will be considered by the local authority and 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 School Financial Value Standard and other reporting requirements,
- c) 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 is important that schools review their operating structure and current expenditure, in order to 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 that 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.

2.14 Separate external audits

Schools may wish 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 are required to hold 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:

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

The register must be kept up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff, parents and the Authority and to publish the register on the school website.

2.17 Purchasing, tendering and contracting requirements

Schools are required to abide by the Authority's financial regulations and standing orders in all 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 authority's policies

and procedures.

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

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 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 may not 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 this 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 and 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 Family Services 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 Family Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the Authority or school.

The local authority reserves the right to issue a notice of concern to schools converting to 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 Standards (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 annually.

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 schools, 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 – applicable to schools buying the local authority payroll services only.

3.2.1 Monthly Budget Share – Schools processing payroll through Leicestershire County Council

The proportion of the budget share, until such point a school transitions to an external payroll provider to be made available to schools shall be:

3.2.2 Calculation of Non-Employee Related Budget

The amount to be transferred to the school bank account will be based on non-payroll expenditure within 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 this payment.

3.3 Monthly Budget Share - Schools processing Payroll via Local Bank Accounts

Schools with payroll contracts with providers other than the local authority and are processing salary payments through their local bank account will receive the amount of salary expenditure into the school bank account and payment will equate to 95% of the budget approved by Governors. 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.

Where schools are processing salary payments through their local bank account they must ensure that;

- a) Appropriate authorisation limits for BACS's payments to ensure salary payments and all deductions can be paid are in place on local bank accounts.
- b) Sufficient cash is available within the local bank account to meet payroll costs.
- c) Appropriate authorisation procedures within the school to certify that all salary payments are correct are in place. These limits should be agreed by Governing Bodies with amounts and staff able to certify salary payments documented.
- d) Appropriate staff available to process all transactions pertaining to salary and salary deductions in accordance with payroll provider deadlines, local authority salary payment dates and dates set by external agencies in relation to salary deductions.
- e) That appropriate processes are in place to provide information required by the local authority in fulfilment of its statutory duties such as completion of statutory accounts.

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 payment 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 and for schools converting to academy status, will be made available until closure on a monthly basis even where some different basis was previously used.

3.7 Bank and building society accounts

Schools with external payroll providers must 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 Corporate 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 / BACS 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 become overdrawn and should undertake monthly cash flow forecasts for the purpose of bank account management.

Schools must have regard to the requirements of the Guidance for Managing Local Bank where 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 Corporate 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.

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 4.11)

Schools may use any scheme that the Secretary of State makes available to all schools without specific approval.

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, or any part of it, of any school.

4.7 Balances of closing and replacement schools

Where in a funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, the local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes, 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)

All schools must submit a recovery plan to the local authority when their revenue deficit exceeds 5% of their S251 revenue budget for the financial year to which the deficit applies. This threshold will apply to the level of deficit over each of the first three years of the plan. The 5% threshold is a mandatory threshold set by the DfE, the local authority will also seek deficit recovery plans lower than this threshold.

Schools should adhere to any supplementary guidance issued by the local authority for the preparation, submission and monitoring of deficit recovery plans.

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 school funding formula that has a negative financial impact on the school's budget.
- Overall reduction in revenue funding compared to previous financial year.
- Other reasons that have 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 Family Services. 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 Family Services:

- 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 may be required to financial report to the Authority for monitoring purposes. The financial report should contain references to the progress made on the actions to reduce the financial deficit.

(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 and

Skills Funding Agency (EFSA) 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 4.2.1a

4.12 Loan schemes

The Authority may provide loans to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that will have a benefit to the school lasting more than one financial or academic year. Loans may not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

The Secretary of State under powers contained within paragraph 13 (4) (d) of Schedule 1 to the Academies Act 2010 may make a direction to the effect that any loan made to fund a deficit does not transfer, either in full or part, to the new Academy school

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. Any retention of funds from the sale of land assets is subject to the consent of the Secretary of State, and any conditions the Secretary of State may attach to that consent relating to use of proceeds.

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

5.5 Administrative procedures for the collection of income

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 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 HM Revenues and Customs, the Contributions Agency or Teachers' Pensions, the Environment Agency and other bodies for which payroll deductions are made as a result of school errors, late payments, negligence and/or failure to abide to statutory guidance and procedures. Any charges directly levied to individual schools will be met from the school budget share.
- 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 any work done by the local authority in respect of teachers pensions remittance, HMRC, other statutory deduction records and such information required by the local authority to fulfil its statutory duties 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 an Education, Health and Care Plan 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.
- 6.2.21 Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

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

From April 1 2020 Schools may join the Secretary of State's risk protection arrangement (RPA). Schools may do this individually when any insurance contract of which they are part expires.

Schools may join the RPA collectively by agreeing de-delegation of funding annually through the Schools Forum when setting the Schools Budget in February.

Where 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 an Education, Health and Care Plan. 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.

11.13 Risk Management

Schools should identify and record risks within their school through the maintenance of a risk register. This should identify the key risks that may affect the day to day and future running of the school and consider operational, financial, and political risks alongside the mitigating actions to be delivered. The risk register should be kept under regular review by the governing body.

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.

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 to be identified.

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. The local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.
2. 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.
3. 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.
4. 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:

- 4.1 if a school has decided to offer more generous terms than the authority's policy;
- 4.2 if a school is otherwise acting outside the local authority's policy;
- 4.3 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;
- 4.4 where staffing reductions arise from a deficit caused by factors within the school's control
- 4.5 where the school has excess surplus balances and no agreed plan to use these
- 4.6 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:

- 4.7 where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact upon standards
- 4.8 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

- 4.9 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
- 4.10 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
5. 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.
6. 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.
7. 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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SCHOOLS FORUM

2022/23 SCHOOLS BUDGET OUTTURN

13 JUNE 2023

Content Applicable to;		School Phase;	
Maintained Primary and Secondary 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	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 presents the 2022/23 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve.

Recommendations

2. That Schools Forum note the content of this report

2022/23 Schools Budget Outturn

3. The 2022/23 Outturn position for the Children and Young People's Department is summarised in the following table. This table presents both the Local Authority and Schools Budget for completeness, but the report presents detail only for the Schools Budget funding blocks.

4. Overall, the Schools overspent by £5.9m (Schools Block underspend £1.8m, Early Years Block overspend £1m and High Needs overspend £6.7m). The following table provides an analysis of the overspend.

	Budget	(Under) / Over Spend		Schools Block	Early Years Block	High Needs Block	LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
C&FS Directorate	1,403	(76)	-5%	(1)	(2)	(8)	(65)
Safeguarding, Improvement & QA	2,673	(125)	-5%	0	0	0	(125)
Children in Care	50,117	2,078	4%	0	0	0	2,078
Field Social Work	14,736	875	6%	0	0	0	875
Practice Excellence	554	8	2%	0	0	0	8
C&FS Children & Families Welbeing	9,156	0	0%	0	0	0	0
Education Sufficiency	1,040	(95)	-9%	(26)	0	0	(69)
Education Quality & Inclusion	43,265	1,965	5%	(14)	2,434	(269)	(186)
SEND & Children with Disabilities	93,846	7,620	8%	0	0	6,826	793
Business Support & Commissioning	11,038	(196)	-2%	0	(14)	(10)	(172)
CFS Other	(133,283)	(3,042)	2%	(1,785)	(1,391)	144	(11)
Total	94,545	9,011	10%	(1,826)	1,026	6,684	3,127

5. The issues behind the performance of each of the DSG Blocks can be summarised as:

Schools Block underspend £1.8m – The School Block includes funding for individual schools which is delegated in full to maintained schools and academies and for the revenue costs associated with opening new, and expanding, mainstream schools. The underspend relates to the latter and the funding will be required to meet the cost of new schools anticipated to open in the future. A new primary school will open in 2023 with a further schools expected to open in the period up to 2025, precise opening dates are dependent upon the build rate in new housing developments across Leicestershire. The revenue costs of opening a 210 place new primary school are currently estimated to be £0.57m and £2.5m for a 750 place secondary school. One element of the cost is the replication of the NFF for the period between September and March and until pupil characteristics generate the school budget, costs increase with the additional funding placed nationally in the NFF.

Early Years overspend £1.0m – The budget is based on the number of hours used to calculate the original 2022-23 Early Years DSG income in December 2021. The 2022-23 Early Years DSG income was increased in July 2022 by £1.4m to allow for the Spring Term 2022 census. The forecast hours paid to Providers for 2022-23 are £2.4m more than the budget, leading to a net £1m overspend. However, the 2022-23 Early Years Grant income will be retrospectively adjusted in 2023-24 to allow for the hours paid in Spring 2023, and it is anticipated that this adjustment will partially clear the £1m deficit accounted for in 2022-23, but still leave a deficit of £0.4m.

High Needs overspend £6.7m – Nationally, concern over the impact of Special Educational Needs and Disabilities (SEND) reform on High Needs expenditure, and

the financial difficulties this exposes local authorities to, continues. The position in Leicestershire reflects the national picture. The overspend is an improved position to that set within the budget which was an overspend of £8.9m, however the change aligns with an underspend on the Resource Bases established within the former High Needs Development Plan not being occupied in line with original expectations. For the 2023/24 Medium Term Financial Strategy (MTFS) the deficit was projected to be £10.9m. In light of the improved year end position a review is currently underway on the assumptions on growth and savings within the four year plan to reassess the overall financial position as set out in the MTFS.

Maintained School Balances

6. It is not possible to formally analyse school balances until the return of the Consistent Financial Reporting returns due to the local authority in mid-June and the subsequent isolation of balances that may be held on behalf of academies where the financial closedown of the former maintained school accounts has yet to be completed. However, the indications are that maintained school balances have decreased by an overall £2.2m.
7. Whilst school balances may be seen as an indicator of financial health, it is not possible to gain a financial overview of all Leicestershire schools as the local authority receives no financial information in respect of academies. Additionally, it must be recognised that a schools' balances / reserves are a snapshot at a given point in time and that schools may have plans to utilise them for a number of things including dealing with future budget issues, appointment of additional staff where pupil number may be growing, building improvements etc. Financial planning work continues across both maintained schools and academies, and across all school phases, with the aim of developing a greater understanding of current and future cost pressures & strategies to address them, identifying barriers to effective long term financial planning and strategies to enhance and ensure school sustainability.

Dedicated Schools Grant Reserve

8. The DSG reserve continues to record a deficit which remains forecast to grow significantly to the end of the four years of the 2023/24 MTFS despite the successful expansion of specialist provision within Leicestershire.
9. The following table sets out the component parts of the DSG reserve, a positive figure denotes a deficit:

	Schools	High Needs	Early Years	CSSB	Total
	£,000	£,000	£,000	£,000	£,000
2021/22 Reserves Brought Forward	-8,741	28,850	4,260	-93	24,276
2022/23 Outturn	-1,764	6,684	1,026	-62	5,884
Balance Carried Forward	-10,505	35,534	5,286	-155	30,160

10. Whilst the reserve is set out showing the balances on each DSG block, the deficit is managed at local authority level and the Department for Education monitor financial

performance on the total reserve, there is no formal requirement to sub divide into funding blocks. As such for the DfE's three tier intervention programme the financial position of authorities is assessed on the value of the full reserve i.e. deficit of £35.2m rather than the higher figure of the High Needs Deficit of £35.5m. Whilst data on the values of the DSG reserve and its components isn't readily and easily available for all local authorities soft information suggests that most local authorities are offsetting high needs deficits with a schools block surplus.

High Needs Issues

11. Whilst the findings of the national SEND Review have manifested within the recently released 'SEND and alternative provision improvement plan' there is significant amount of detail required to understand its implication both in terms of the balance between expected provision in mainstream and specialist, expectations around the proposed national tariff for Element 3 funding and what the funding arrangements will be to support these and the other expectations within the document. A further consultation on funding is expected.
12. The DfE continue to have expand their support programme, whilst Leicestershire is within the Delivering Better Value in SEND (DBV) element of the programme the detail of the future support and guidance to be received remains unclear. However, the direction of travel of the Transforming SEND and Inclusion in Leicestershire (TSIL) Programme is aligned to the expectations of the DBV programme and when reviewing DfE published information on good practice has considered many of the issues identified within the SEND review.

Resource Implications

13. All resource implications are contained within the body of the report. However, authorities are required to carry forward DSG as an unusable reserve and may only now contribute to DSG with the approval of the Secretary of State. Whilst this is the approach the DfE have encapsulated in legislation up until March 2023 this has now been confirmed for the next three years, it is not a sustainable or reasonable approach. At the end of the three-year period the DfE have the view that authorities will be in a position to allow local management of any DSG deficit.

Without the DfE addressing this through additional funding, local authorities will be required to set aside resources to offset the deficit. At the levels of expected growth, the position is completely unsustainable and puts the Council's finances in a very difficult position. As such it is essential that the planned measures to contain ongoing growth are successful and both demand and costs are reduced.

Equal Opportunity Issues

14. There are no equality issues arising directly from this report.

Officer to Contact

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TSIL PROGRAMME MESSAGING



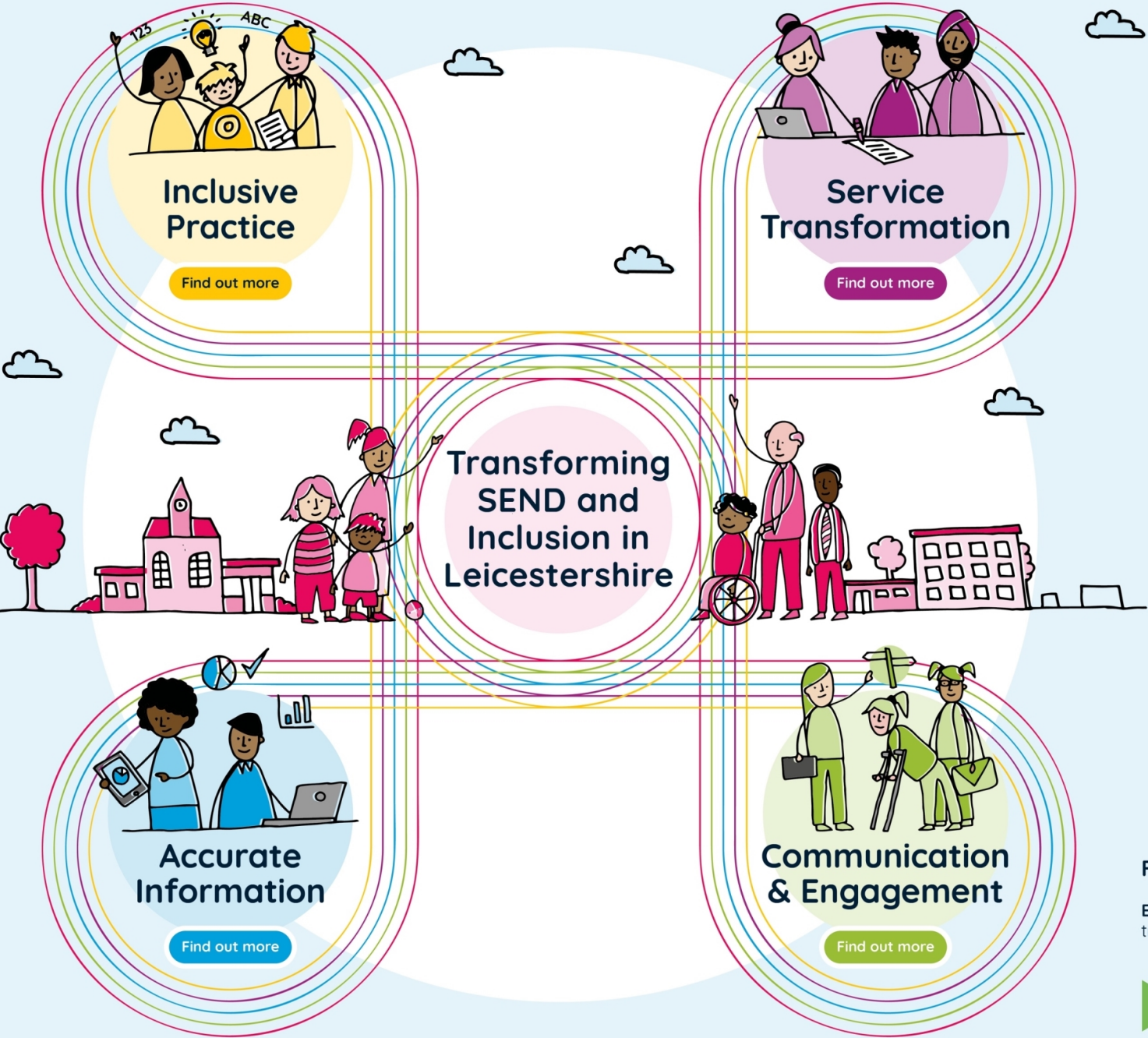
Content and suggested timings for forums

Agenda Item	Time
1. Intro to TSIL and workstreams	(2 mins)
2. Best Practice Toolkit	(5 mins)
3. SENA Trials & Operating Model	(5 mins)
4. TSIL summary updates	(3 mins)
5. Feedback form	-
	Total (15 mins)

Leicestershire children and young people are supported by a system that is fair and transparent, to get the right support at the right time throughout their education

Principles:

- 1 Maintain a focus on children and young people
- 2 No one person or organisation can solve the problems alone
- 3 Shift to a mindset of collective responsibility
- 4 Work in genuine partnership
- 5 Foster good working relationships
- 6 Improved and honest communication
- 7 Define roles and responsibilities
- 8 Set clear expectations
- 9 Make transparent and robust decisions
- 10 Support children and young people early and close to home



For more information:
Email: transformingsendi@leics.gov.uk



Ensuring everyone involved in supporting children and young people takes action and gives the right support.

Ensuring the local authority understands the needs of children and young people and their families and makes transparent, needs-based decisions with timely and clear communication.



Early Years

Ensuring early and consistent planning and preparation for an inclusive and successful transition from early years to primary school.



The Best Practice Toolkit

Providing a common set of expectations for schools and families about what support should be available, and how this support can be accessed.



Setting Specific Planning

Identifying and offering support to schools with the highest levels of need around inclusivity.



Service Demands and Impact

Supporting strategic, data-led decision making within our **Autism Outreach and Inclusion** services, to deliver effective interventions.



Special School Outreach

Developing and maximising the impact of our special school outreach offer.



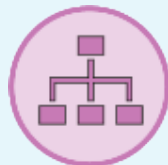
Setting Type Decision Making

Making sure our processes and resources are set up to consistently agree and achieve the most suitable setting type for children and young people.



SENA Workload Management

Supporting SENA to complete assessments and reviews in a more timely manner, while ensuring the best outcomes for children and young people.



SENA Operating Model

Setting up SENA to best manage demand, with clearly defined roles and responsibilities and the right number of people in each role.



Funding Models

Identifying the right funding system to allow us to allocate funding fairly and effectively to schools.



Educational Psychologist Support

Supporting the EP service to clear the backlog and improve timeliness of assessments.



Utilising our Specialist Provisions


Getting an accurate view of our specialist provisions' spaces and offerings, and having effective processes to match children and young people to placements.



Decision Making

Ensuring our decision-making processes are consistent and based on the clear understanding of the needs of children and young people.

When do we expect each workstream to start implementation?

 Workstream Design Complete




Already In Implementation

-  Early Years 
-  Educational Psychologist Support 

Summer Term

-  The Best Practice Toolkit 
-  Service Demands and Impact

Autumn Term

-  Special School Outreach
-  SENA Workload Management
-  SENA Operating Model
-  Setting Type Decision Making
-  Utilising our Specialist Provisions
-  Decision Making

2024 Onwards

-  Setting Specific Planning
-  Funding Models



Inclusive Practice

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Service Transformation

Ensuring the local authority understands the needs of children and young people and their families and makes transparent, needs-based decisions with timely and clear communication.



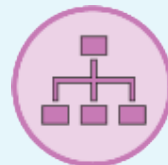
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Decision Making

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Inclusive Practice: The Best Practice Toolkit

The best practice toolkit has been created to provide a **common set of expectations** for schools and families about what support should be available for children and young people with SEND, and how this support can be accessed.

What is the Best Practice Toolkit?

The Best Practice Toolkit was created because it was clear from design groups that **people need more support to navigate the SEND system successfully.**

It outlines the process of provision for children and young people with SEND within Leicestershire, and provides a framework to talk about provision. It includes:



Principles of the different levels of support a child could have.



Expectations for supporting different need types in mainstream settings.



An introduction to EHCPs and Annual reviews.

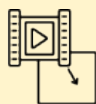


A full list of the external support offer in Leicestershire, including what they offer and who can use it

And more...

How we as a system can make sure that the Best Practice Toolkit becomes part of our conversations about SEND support in Leicestershire.

Training and resources are being developed to support consistency across the system, this will include:



An animated clip explaining what the toolkit is and how it will support conversations about provision.

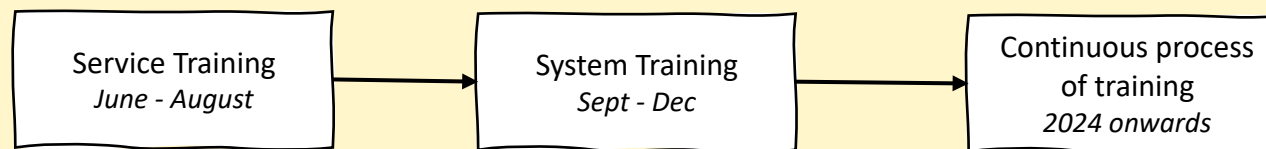


Dedicated area on Local Offer website for the toolkit, training and products to be stored.



A training video with participants from the system providing a step by step guide through the sections of the toolkit.

Sustainability of the toolkit will be possible by investing in a **programme of training** and workshops that will be rolled out in stages:



For more information on the Best Practice Toolkit, please email:

transformingsendi@leics.gov.uk



Service Transformation: SENA Workload Management & Operating Model

Summer Term Update

To ensure children and families are receiving a fair service, we are bringing **visibility and clarity to the processes** in our SENA service. We are also considering the **best way to set up our SENA teams** to manage demand.

Some important things are not working in our SENA teams:



Unmanageable workloads for staff and many competing priorities



Schools and parents aren't receiving clear or timely communication



Placements are not being confirmed in a timely manner

For more information on the SENA changes, please email: transformingsendi@leics.gov.uk

To enable SENA to deliver all the these things, we need two things to be true:

There needs to be clear and effective processes for prioritising and completing work within SENA

The structure of SENA needs to facilitate these processes in the most effective way

This has led to two activities within SENA:

1

More effective prioritisation and allocation of work

Currently in trials

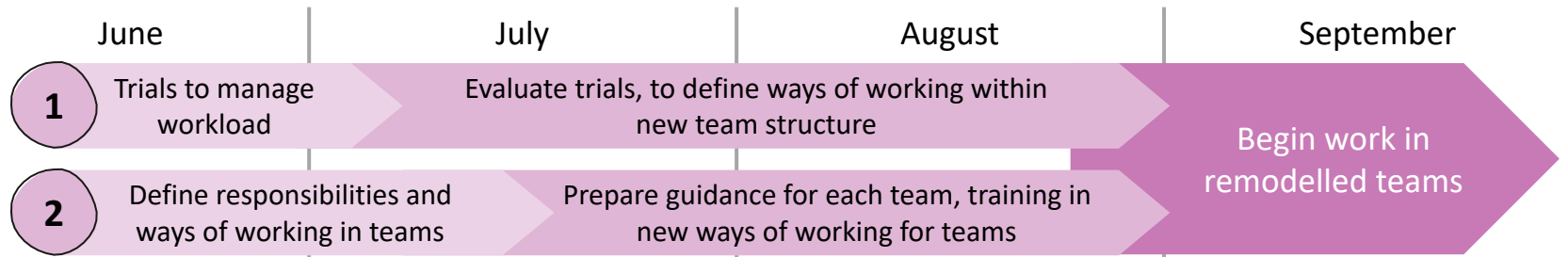
2

Remodelling teams and roles

Currently co-designing with SENA service

74

Timeline for Implementation



Other TSIL Updates

For more information on any of the TSIL workstreams, please email:

transformingsendi@leics.gov.uk



The Early Years Transition Document

is **available now** on the Leicestershire County Council website to be used by early years SENCOs and other professionals.



Setting Specific Planning

We are trialling with a small number of schools. We are currently understanding which elements of the process are helpful and impactful with the trial schools, and planning how the best elements of this can be build into a wider process.



The Service Demands and Impact Trial

We will be supporting the **autism outreach and inclusion** service to collect data and make decisions in two key areas:

- **Maximising the resources available** to us, by using data to better understand demand and capacity on the service.
- **CYP achieving their most independent outcomes**, by using data to identify where the service could support better access to care.



Special School Outreach

We are developing a new model with each of the heads of special schools who offer outreach. From September 2023 we are hoping to trial new types of outreach support for our mainstream settings. We will then be looking to understand how impactful the new offer is to ensure it is adapted and best supports the system to meet the needs of Leicestershire children going forwards.



The Synergy Schools Portal Trials

We are continuing to explore how useful access to the portal is for SENCOs to share information with parents. The evaluation of the trials will conclude **this term** with the aim of rolling out the pilot to all schools and academies by **September**.



Decision Making

We are exploring how using a banding framework within EHCNAs can support:

- Ensuring levels of needs are clearly understood.
- Ensuring consistency of decisions.

This activity will also be used to support the work on whether a banding funding model is suitable for LCC.



Utilising Our Specialist Provisions

We are in the process of documenting what all our resource bases offer to provide to our schools and parent/carers, alongside working on building a new tool to improve tracking of our placement allocations.



Educational Psychologist Support

Leicestershire County Council has appointed temporary Educational Psychologists (EPs) for 6 months to reduce the current backlog of EHCNAs.

To ensure the backlog doesn't return to the levels we are seeing currently, LCC is exploring a number of different options, including:

- **Recruitment initiatives** to increase the number of permanent EPs
- Ways to maximise the contributions from **other advice-givers**



Setting Type Decision Making Trials

Sessions will continue to run throughout June, after which we will evaluate which activities were the most effective during, before rollout in September.



Funding Models

We are now in the process of **gathering evidence** to inform whether a move to Banding is the right thing to do, including:

- Carrying out testing.
- Gathering learnings from the wider system and other local authorities.
- Financial modelling to understand the financial impact.

N.B. Any potential new funding system would not be in place for Academic Year 23/24

We will continue to listen, learn, and adapt as the TSIL improvement programme unfolds.

Please take a moment to feedback to us.



<https://forms.office.com/Pages/ResponsePage.aspx?id=S2vPH8khwkC3U6KdVwFzWYlo8bBcz-ZOknscKEZ0hD1UQVA1MFdZROVLR0NLWkcxTEdWRzhKQTQ2MS4u>



Got further thoughts or questions?
We would love to hear from you!

Please reach out to:
transformingsendi@leics.gov.uk

