

TO: ALL MEMBERS OF THE SCHOOLS' FORUM

June 16, 2022

Your contact: Steven Davies, Strategic Finance Business Partner

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Notice of Meeting – Schools' Forum

A meeting of the Schools' Forum will be held on **June 16, 2022 at 5pm. This will be held virtually using Microsoft Teams, the link will be sent via email.** The Agenda for the meeting is set out below.

AGENDA	
1.	Welcome and apologies - Chair
2.	Schools' Forum Membership Update – including confirmation of representation - Chair
3.	Schools' Forum Constitution/Terms of Reference for 22/23 – DSG Business Partner
4.	DSG Outturn 2021/22 – DSG Business Partner
5.	Maintained School Balances 2021/22 and budgets 2022/23 – School Support Lead
6.	DSG Budget and Deficit Recovery Plan – DSG Business Partner
7.	Falling Rolls Fund – DSG Business Partner
8.	Update to Scheme for Financing Schools – School Support Lead
9.	Any Other Business

Next Meeting: October 13, 2022 at 5pm (Virtual via Teams)

- DSG budget setting strategy for 2023/24
- Budget monitoring 2022/23 month 6

Agenda Item 3

SCHOOLS' FORUM MEMBERSHIP						Jun-22		
Group / Sub Group	Votes	Position	Name	School	First elected / appointed to SF	Last elected / appointed to SF	Period of office as member	Due for re-election / appointment
School Members:								
Nursery (2)	1	Head teacher	Jo Budge	Reading EY Schools Federation	Jan-17	Jan-19	3 yrs	Jan-22
	2	Governor	Julia Cottee	Reading EY Schools Federation	Mar-20	Mar-20	3 yrs	Mar-23
Maintained Primary (7)	3	Head teacher	Robert Howell	Alfred Sutton	Mar-19	Mar-19	3 yrs	Mar-22
	4	Head teacher	Justine McMinn	EP Collier	Nov-13	Jan-19	3 yrs	Mar-22
	5	Head teacher	Nikki McVeigh	Christ the King	Jul-21	Jul-21	3 yrs	Jul-24
	6	Head teacher	Tonia Crossman	Emmer Green	May-17	Mar-19	3 yrs	Mar-22
	7	Governor **	Peter Kayes	The Ridgeway	Mar-07	Dec-19	3 yrs	Dec-22
	8	Governor *	Richard Rolfe	Micklands	Dec-16	Dec-19	3 yrs	Dec-22
	9	Governor	Dani Hall	Oxford Road and Wilson	Mar-20	Mar-20	3 yrs	Mar-23
		Observer/Substitute	Sarah Bernto	St Anne's				
Maintained Secondary (1)	10	Head teacher	Simon Utley	Blessed Hugh Faringdon	Jan-17	Jan-22	3 yrs	Jan-25
Academy Primary (2)	11	Academy Member	Karen Edwards	The Heights	Jul-18	Jul-21	3 Yrs	Jul-24
	12	Academy Member	Howard Seymour	Churchend	Mar-20	Mar-20	3 yrs	Mar-23
Academy Secondary (5)	13	Academy Member	Isabelle Sandy	Kendrick	Feb-12	Mar-19	3 Yrs	Mar-22
	14	Academy Member	David Littlemore	Prospect	Feb-12	Mar-19	3 Yrs	Mar-22
	15	Academy Member	Rachel Cave	Highdown	Feb-12	Mar-19	3 Yrs	Mar-22
	16	Academy Member	Annal Nayyar	Reading Girls	Dec-17	Mar-19	3 Yrs	Mar-22
	17	Academy Member	Andy Johnson	Maiden Erleigh School	Sep-21	Sep-21	3 Yrs	Sep-24
		Observer/Substitute	Louise Baker	John Madjeski				
		Observer/Substitute	Jonathan Nicholls	UTC				
		Observer/Substitute	John Salberg	The Wren				
Maintained Special (1)	18	Head teacher	Lee Smith	Holy Brook	Oct-19	Oct-19	3 yrs	Oct-22
Academy Special (1)	19	Academy Member	Symon Cooke	The Avenue	Mar-18	Mar-21	3 Yrs	Mar-24
Alternative Provision (1)	20	Head teacher	Mandy Wilton	Cranbury College			On-going	n/a
Non-School Members:								
Early Year's PVI (1)	21	PVIs	Ita McGullion	Kennet Day Nursery	Oct-17	Oct-21	3 yrs	Oct-24
Trades Unions (1)	22	Trades Unions	Ali McNamara	NEU			On-going	n/a
16 - 19 Provision (1)	23	FE College	Charlotte Morgan	Reading College (Activate Learning)	Oct-20	Oct-20	3 yrs	Oct-23

Non Members

Observer	-	RBC	Cllr Lead Member for Education					
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* Chair

Elected October 2020

** Vice chair

Elected October 2020



Reading Schools' Forum

June 16, 2022

Agenda Item 3

Schools' Forum Constitution
2022/23

For decision

For discussion

For information

SUMMARY

This report sets out changes required to the composition of the membership to comply with the regulations, and attaches the amended constitution document to be approved for the 2022/23 academic year.

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VERSION

Version number 1

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1. Recommendations

- 1.1 AGREE: The membership as shown in Table 1
- 1.2 AGREE: The Schools' Forum constitution for the 2022/23 financial year (Appendix 1).
Note: Voting applies to all Schools' Forum members.
- 1.3

2. Background

- 2.1 The Schools' Forum is a statutory and public meeting. The 'Schools Forums (England) Regulations 2012' govern the composition, constitution and procedures. The respective roles of Schools Forums, local authorities and the Department for Education are summarised in the document 'schools forum powers and responsibilities'¹.
- 2.2 It is good practice for school forums to set its own constitution following the guidelines contained in the regulations and operational guide. This will include documenting the local arrangements for:
 - Terms of Reference
 - Membership – size and composition
 - Procedures
- 2.3 The current constitution for Reading Schools Forum is provided in Appendix 1. This needs to be updated annually for membership changes required and if any changes to the regulations require a revision.

3. Membership for 2022/23

- 3.1. An annual review is required to ensure that the composition of the membership is still meeting the statutory requirements as follows:
 - There is no maximum or minimum size. There needs to be a balance between keeping it to a manageable size and ensuring all the various types of schools are represented. The average size of Schools' Forums in England is 20 to 25 members.
 - All types of schools must be represented – with at least one head teacher (or their representative) and at least one Governor overall.
 - Mainstream academies, special academies, and AP academies must each be represented if a school of this type exists in the LA. There is no requirement to have members from both primary and secondary academies.
 - Must have a representative from 16-19 providers.
 - Must have a representative from early years PVI providers.
 - School and academy representatives must comprise of at least two thirds of the school forum membership.
 - Maintained primary schools, maintained secondary schools and academies must be broadly proportionately represented on schools forum, based on the total number of pupils registered at them.
 - Additional non-school members may include diocese representatives, trade unions, and other professional associations.

¹ <https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015>

- 3.2. Based on current numbers on roll there is no requirement to split the proportion of members and it is proposed to remain as set out in Table 1.
- 3.3. Table 1 provides a breakdown of the current membership representation in order to comply with the regulations.


Table 1: Current and Proposed Membership Breakdown

	Current and Proposed Representation			
	Head Teacher	Governor	Total	%
School Members:				
Primary Maintained	4	3	7	46.7
Secondary Maintained	1		1	6.7
Primary Academy	2		2	13.3
Secondary Academy	5		5	33.3
Sub Total	12	3	15	100.0
Other School Members:				
Nursery	1	1	2	
Special Maintained	1		1	
Special Academy	1		1	
Alternative Provision	1		1	
Total School Members	16	4	20	
Non School Members:				
Early Years PVI	1			
16-19 Provision	1			
Trade Union	1			
Total Non-School Members	3	0	3	
TOTAL MEMBERSHIP			23	
Proportion of School Members (must be at least 66.7%)				87.0%

- 3.4. The current pupil number percentage breakdown for the purpose of determining the proportional representation of school members is shown in **Table 2**.

2. Table 2: Pupil Number Breakdown

October 2021 Census	Pupil Numbers	%
Primary Maintained	9,352	45%
Secondary Maintained	868	4%
Primary Academy	3,776	18%
Secondary Academy	6,624	32%
Total Pupil Numbers	20,620	100.0

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- 3.1. All other members will also remain as per the current representation, maintaining the total membership at a total of 23.


3. Constitution for 2022/23

The proposed constitution for 2022/23 is in Appendix 1 and contains the membership.

- 3.2. The Schools' Forum regulations have also been amended to make permanent provisions to enable schools forums meetings to be held remotely. This includes (but is not limited to) telephone conferencing, video conferencing, live webcast, and live interactive streaming.
- 3.3. Schools Forum members are required to approve its constitution for 2022/23.
- 3.4. Note that the ESFA has a team who scrutinise the proceedings of every local authority's Schools' Forum to ensure compliancy with the regulations.

4. Appendices

Appendix 1 – Reading Schools' Forum Constitution 2022/23



Reading Schools' Forum Constitution

The Schools' Forum is a decision making and consultative body in relation to matters concerning schools' budgets as defined in the School and Early Years Finance (England) Regulations 2021. The Schools Forum Regulations 2012 govern the composition, constitution and procedures of Schools' Forums.¹

This document is divided into 3 sections:

- A. Terms of Reference for the Reading Schools' Forum
- B. Membership of the Reading Schools' Forum
- C. Operating Conventions of the Reading Schools' Forum

Further information, including the Schools' Forum Operational and Good Practice Guide published by the Education and Skills Funding Agency (ESFA) can be found on their website.²

¹ These Regulations can be accessed at: <https://www.legislation.gov.uk/uksi/2021/59/made>

² <https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015>

A. TERMS OF REFERENCE OF THE READING SCHOOLS' FORUM

Status of the Schools' Forum

The Schools' Forum is established in accordance with Sections 47(1) 47A of the School Standards and Framework Act 1998 and The Schools Forums (England) Regulations 2012.

Annual Consultation on School Funding

The authority must consult the Schools Forum annually in respect of the authority's functions relating to school funding including:

- Changes to the primary and secondary funding formula (only school members plus the early years PVI representative can vote).
- The allocation of the Dedicated Schools Grant (DSG), including movements between blocks (except for movement from the schools block – see below).
- Contracts where the LA is entering into a contract to be funded from the schools budget.
- Funding arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools, and the arrangements for paying top up funding.
- Funding arrangements for the use of Pupil Referral Units and the education of children otherwise than at school in particular the places to be commissioned by the LA and schools, and the arrangements for paying top up funding.
- Central spend on children and young people with high needs.
- Funding arrangements for early year's provision.
- Central spend on licences negotiated centrally by the Secretary of State.
- Administrative arrangements for the allocation of central government grants paid to the schools via the authority.
- Changes to the Minimum Funding Guarantee and any other changes from the regulations which the local authority intends to submit to the DfE for approval.
- Any other matter concerning the funding of schools as the Schools' Forum sees fit.

Annual Decisions on School Funding

School Forum Members must decide (usually annually) on the following proposals made by the LA:

- Movement of up to 0.5% from the schools block to other blocks.
- The amount of expenditure the local authority can centrally retain from the school budget, including growth fund, falling rolls fund, admissions service, servicing of schools forum, contributions to responsibilities that local authorities hold for all schools, contributions to combined budgets, prudential borrowing costs, and central spend on early years.
- The criteria for allocating funding from the growth fund and falling rolls fund.
- The de-delegation from mainstream maintained schools budgets for allowable central budgets, to be decided by the schools representatives of the relevant phase on behalf of all the schools they represent. This includes the general duties (support services) for maintained schools.
- Revisions to the authority's Scheme for Financing Schools.
- Elects the Chair of Schools' Forum, and determines the voting procedures.

B. MEMBERSHIP OF THE READING SCHOOLS' FORUM

Composition

The Schools' Forums regulations 2012 state that maintained primary schools, maintained secondary schools, and academies must be broadly proportionately represented on the Schools' Forum having regard to the total number of registered pupils, though there must be at least one representative for each type of school. There must also be at least one representative of head teachers and one representative of governors among the school members. Schools and academies members must number at least two-thirds of the total membership

Reading Schools' Forum shall in total comprise of 23 members being 20 school members (including academies) and 3 non-school members. The school members shall be Headteachers, Governors or Early Years representatives drawn from the schools / provisions in the Reading Borough Council Local Authority area. The Primary and Secondary head teacher members may also include representatives of head teachers - senior members of staff, such as School Business Managers.

School Members

The current number of representatives in each phase is as follows:

- a) Maintained Primary Representatives**
7 representatives from primary schools of which at least 1 must be a head teacher and at least 1 is a governor.
- b) Maintained Secondary Representatives**
1 representative from secondary schools.
- c) Maintained Special School Representatives**
1 representative from special schools.
- d) Nursery School Representatives**
2 representatives from the nursery schools.
- e) Academy Primary & Secondary School Representatives**
7 representatives from the academies, of which 2 from the primary sector and 5 from the secondary sector.
- f) Academy Special School Representatives**
1 representative from academy special schools.
- g) Alternative Provision Representatives**
1 representative from the Pupil Referral Unit.

Election of Schools Members

The maintained primary school head teacher representatives shall be elected by their Heads Forum.

The maintained primary school governor representatives shall be elected through nominations from and a vote by all governors in the relevant sector.

The maintained secondary school representative shall be decided by the school (there is only one school).

Academy representatives shall be decided by the Academies proprietors.

The special school representatives shall be decided by the relevant schools (there is only one maintained special and one academy special).

The nursery school representative shall be elected by mutual agreement between them.

The pupil referral unit representative shall be decided by the school (there is only one school).

The Clerk of the Schools' Forum must make a record of the process by which the constituents of each group elect their nominees to the Schools' Forum. An election scheme must take into account the following factors:

- The process for collecting names of those wishing to stand for election.
- The timescale for notifying all constituents of the election and those standing.
- The arrangements for dispatching and receiving ballots.
- The arrangements for counting and publicising the results.
- Any arrangements for unusual circumstances, such as only one candidate standing in an election or where there is a tie between two or more candidates.
- Whether existing members can stand for re-election.

If an election does not take place by any date set by the Authority or any such election results in a tie between two or more candidates the Authority will appoint the schools member.

Non-School Members

In addition to the 20 school members a representative of the following groups will have full voting rights within the Schools' Forum except for voting on the funding formulae where only the Early Years PVI Provider representative can vote:

- Trade Union
- Early Years PVI Provider
- Non school Post 16

The representative will be elected by their group and the record of the appointment process will be held by the Clerk of the Schools' Forum.

Substitute Members

Representative groups may nominate permanent substitutes who have sufficient experience and knowledge of schools funding to attend meetings.

and/or

A stand-in substitute who attends as a full voting member if a headteacher or permanent substitute is unavailable. Stand-in substitutes may attend some meetings as an observer to gain an insight into the work of the Forum.

The clerk must be notified in writing 24 hours before the start of the meeting that a substitution will be required. Substitute members will have full voting rights when taking the place of the substantive member for whom they are the designated substitute.

Participation of Observers

Observers shall be invited to attend Forum meetings. Observers may participate in the debate but will not have voting rights should any business of the Forum require a vote. The following groups shall be asked if they would like to nominate an observer (and a named substitute) to the Forum:

- The Education & Skills Funding Agency (ESFA)

Council Officers and Elected Members

Officers may attend and speak at the Schools' Forum meetings in an advisory capacity only. The following or their representatives will be invited to attend the Forum meetings:

- Director of Education or their representative
- Head of Finance or their representative
- Lead Member for Education
- Any person invited by the Schools' Forum to provide financial or technical advice

Terms of Office

The term of office for members of the Forum is three years. The same members can be reappointed providing they are re-elected by the group that they represent. This also applies to any permanent substitutes.

As well as the term of office coming to an end, a schools member ceases to be a member of the Schools' Forum if he or she resigns from the Forum, giving at least one month's written notice, or no longer occupies the office which he or she was nominated to represent. An election should be held within the outgoing members electing group to nominate a successor. The Clerk will then inform the Forum members of the result of the election within one month.

If a change in membership representation (e.g. due to proportionality) requires a reduction in members from a particular group, that group will mutually decide between them which member(s) will step down. The member(s) stepping down will be welcome to continue to attend as a substitute/observer.

Review of the Membership

Membership will be a standing item on the agenda for each meeting of the Schools' Forum, to review the current list of members which will include which group they represent and their term of office.

The proportionality of the membership will be reviewed annually (in June/July) so that elections if required can be held by the end of the summer term ready for the new academic year.

C. OPERATING CONVENTIONS OF THE READING SCHOOLS FORUM

Ordinary Meetings

An ordinary meeting of the Schools' Forum shall be held, at a minimum, four times a year.

Schools forums can now meet remotely. This includes (but is not limited to) telephone conferencing, video conferencing, live webcast, and live interactive streaming

Administration of Meetings

Meetings of the Schools' Forum shall be convened by the Local Authority, who will arrange the clerking and recording of meetings. The cycle of annual meetings are based on the financial year. All the meeting dates for the next financial year are set by the end of March every year.

Items for consideration by the Schools' Forum shall be submitted to the Clerk no later than 10 working days prior to the meeting. The agenda and working papers should be circulated a week in advance of the meeting date. Every effort should be made to circulate minutes to Forum members within 10 working days of the meeting.

The Chair and Vice Chair

The Chair and Vice-Chair shall be elected from within the membership of the Schools Forum (but may not be either an elected member or an officer of the local authority).

Quorum

The Schools' Forum shall be quorate if at least 40% of the total membership is present (this excludes observers and vacancies). If the Schools' Forum is not quorate the meeting can proceed and the members present can give advice to the local authority, but the authority is not obliged to take that advice into consideration. Decisions on the schools budgets may not be taken unless 40% of the school members are present.

Voting

Each member shall only have one vote. Voting shall be by show of hands. If there are equal numbers of votes for and against, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.

When the vote is on the schools funding formula only the schools members and the Early Years PVI Representative are eligible to vote.

Sub-Committees and Working Groups

The Schools' Forum may have sub-committees or working groups. The Schools' Forum shall receive reports from the sub-committees or working groups to approve formally.

Declaration of Interest

Any member of the Schools' Forum who has an interest in any proposal beyond the generality of the group that they represent or in which they might have a personal or prejudicial interest shall declare the interest at the beginning of the relevant item. The member can explain any issues to the meeting and then must leave the meeting until the item has finished. The member cannot vote on that item.

Where it is clear that a decision in which a member has an interest is likely to arise at a particular meeting, the meeting concerned may invite a substitute member (with no interest to declare) in accordance with the constitution to attend the meeting in their place.

Elected members are subject to the governance of the Council's Code of Conduct.

Status of Reports

All report authors will be responsible for informing the clerk in advance of the status of reports to be included in the agenda i.e. confidential or non-confidential.

Expenses

The Local Authority shall maintain a budget for the reimbursement of all reasonable expenses relating to the operation of the Forum and charge these expenses to the Schools Budget. The Local Authority shall reimburse expenses of members of the Schools' Forum when members submit appropriate claims, in connection with attendance at the meetings. Supply cover should only be claimed when it has been necessary to employ a supply cover teacher to enable the Headteacher to attend the Forum.

Interpretation of the Constitution

The Chair or person residing at the meeting shall be the final arbiter regarding the interpretation of the Schools' Forum's constitution. The constitution shall be interpreted in conjunction with the relevant provisions contained in the legislation relating to the Schools' Forum's proceedings. The requirements of legislation will prevail in the event of there being any inconsistency between the legislation and the constitution.

Amendment of the Constitution

With the exception of matters subject to legislative provision or approval by the authority, the Schools' Forum may vary its constitution by a simple majority vote by the members provided that prior notice of the nature of the proposed variation is made and included on the agenda for the meeting.

Publicity relating to the Schools Forum

The Schools Forum is a public meeting and the Local Authority is responsible for putting the Schools' Forum papers, minutes and decisions promptly on the Reading Borough Council website and generally draw schools attention to forthcoming Schools' Forum meetings and agendas and the minutes of Schools' Forum discussions.

Document to be approved by the Reading School's Forum on 16 June 2022



Reading Schools' Forum

June 16, 2022

Agenda Item 4

Dedicated Schools Grant (DSG)
Outturn 2021/22

For decision

For discussion

For information

SUMMARY

This report details the final outturn of the DSG in 2021/22 and the overall deficit to be carried forward to 2022/23.

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VERSION

Version number 1

DATE

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REVIEW DATE

None

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Company number 11293709

1. Recommendations

- 1.1 NOTE: The overall DSG deficit increased by £0.808m within 2021-2022.
- 1.2 NOTE: The individual block carry forwards are as follows:
- Schools Block £1.069m underspend on growth funding to meet requirements in 2022/23 and beyond
 - Early Years Block £0.172m underspend to be set aside as contingency and support for 2022/23 early years budget.
 - Central Block £0.007m underspend.
- 1.3 NOTE: The High Needs Block deficit has increased to £1.280m

2. Background

- 2.1 The Dedicated Schools Grant (DSG) is a ring fenced grant and can only be spent on school/pupil activity, as defined by the School and Early Years Finance (England) Regulations (2018).
- 2.2 The DSG is split between four different funding blocks - schools, central school services, early years, and high needs. Each Council's allocation is largely based upon actual pupil numbers from the October pupil count proceeding the actual financial year. Although separate allocations are received for each block, transfers are allowed between blocks but subject to certain restrictions.
- 2.3 Most of the grant is allocated to schools – the Individual School's Budget (ISB) or delegated budget – this is mainly formula driven; the remainder is the Centrally Retained School's Budget – the non-delegated budget.
- 2.4 The LA receives its DSG allocation gross (including allocations relating to academies), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for these settings to pay them direct, leaving a net or LA allocation
- 2.5 A DSG deficit must be carried forward to be managed from future DSG income, and LAs will not be able to fund any part of the deficit from sources other than the DSG, unless the Secretary of State authorises the LA not to do this. Although Schools' Forum will no longer approve the carry forward of the deficit, LAs will still need to work closely with their Forum on their plans for managing DSG deficits. Underspends on the DSG are carried forward to support the future year's school's budget.
- 2.6 The Authority must ensure that DSG is correctly spent and must report the outturn position in a separate table within its Statement of Accounts. The outturn position is also submitted to ESFA.

3. DSG Outturn 2021/22

- 3.1. The DSG accounts for 2021/22 have now been closed. Table 1 summarises the overall final position compared to the original and revised budget.
- 3.2. Appendices 1 and 2 provide more detail for each funding block.
- 3.3. The overall final position is a carry forward deficit of £0.808m; bringing the current overall deficit total to £2.164m.

Table 1: Summary Outturn Position – 2021/2022

	ORIGINAL ALLOCATION (£m)	B/FWD from 2020-2021 (£m)	REVISED BUDGET (£m)	ACTUAL OUTTURN (£m)	DSG VARIANCE (£m)	2021/2022 In Year Variance (£m)
Schools Block						
Expenditure	48.294	0.622	48.916	47.847	(1.069)	(0.447)
DSG Income	(48.294)	(0.622)	(48.916)	(48.916)	0	0
Over/(Under)	0	0	0	(1.069)	(1.069)	(0.447)
Central Schools Block						
Expenditure	1.167	0	1.167	1.160	(0.007)	(0.007)
DSG Income	(1.167)	0	(1.167)	(1.167)	0	0
Over/(Under)	0	0	0	(0.007)	(0.007)	(0.007)
Early Years Block						
Expenditure	11.507	0.154	11.662	11.940	0.278	0.432
DSG Income	(11.507)	(0.154)	(11.662)	(12.112)	(0.450)	(0.450)
Over/(Under)	0	0	0	(0.172)	(0.172)	(0.018)
High Needs Block						
Expenditure	20.965	(2.132)	18.833	22.227	3.394	1.262
DSG Income	(20.965)	0	(20.965)	(20.947)	0.018	0.018
Over/(Under)	0	(2.132)	(2.132)	1.280	3.412	1.280
Total – All Blocks						
Total Expenditure	82.173	(1.356)	80.578	83.175	2.596	1.240
Total DSG Income	(82.173)	(0.776)	(82.710)	(83.142)	(0.432)	(0.432)
Over/(Under) Spent	0	(2.132)	(2.132)	0.033	2.164	0.808

3. Variances

- 3.4. Schools Block (SB)
 - The school's block is under spent by £1.069m, all of which relates to the growth fund. This has already been considered in setting the growth fund budget for 2022/23 and is to be carried forward to pay for additional bulge classes in 2022/23 and beyond.
- 3.5. Central Schools Services Block (CSSB)
 - There is very minimal variance for this block.

3.6. Early Years Block (EYB)

- The 2021/22 budget brought forward £154k from 2020/21 underspends. In hindsight this contingency wasn't used in year so it will now form part of the 2021/22 carry forward of £172k.
- Payments made to providers have been made based on actual census numbers in each term and for 2021-2022 the funding received followed the same rules – this will revert back in 2022-2023 as grant funding will be based on January census only.
- As numbers were higher than originally budgeted for, the expectation is that we plan to receive £175k additional funding, which will be confirmed in July 2022 when we receive the revised and final DSG allocations.

3.7. High Needs Block (HNB)

- The High Needs Block deficit brought forward from 2020/201 was £2.090m and has increased by £1.280m to £3.412m at the end of 2021/22.
- The variance of £1.280m over the budget set is much higher than in previous years and Table 2 provides a breakdown of this variance.

Table 2: Summary of HNB Over spend

Reason for HNB Overspend	£m
Top up funding	+1.080
Place funding	-0.168
Other budgets	+0.129
Over budgeted from Grant allocations	+0.239
Total Expenditure budget over spend	+1.280

- The top up budget for 2021/22 was set based on the number and cost of top ups as at February 2021 and predicted increase (note that not all EHCPs result in a top up payment). The original high needs budget assumed a small increase in the deficit of £0.239m which has not been achieved due to the greater outturn overspend.
- The number of EHCPs at the end of 2021/22 was 1,622, an increase of 171 in year. In the previous 5/6 years the annual increase was averaging 100 new EHCPs (that attracted funding) and in 21-22 this nearly doubled where previous EHCPs with no funding were annually assessed and started to receive funding.
- BfFC have set a priority for 2022-2023 to review and improve our forecasting methods to see if we can create trend analysis to assist on predictions. This is an area that very few LAs (if any) have achieved and this ins one element we will ask the ESFA/DFE for assistance.
- Table 3 shows the budget variances by type of placement.

Table 3: Top Up Budgets 2021/22

	ORIGINAL BUDGET (£m)	ACTUAL EXPENDITURE £m	VARIANCE (£m)
Special Schools	9.136	9.251	+0.115
Resource Units	0.778	0.961	+0.183
Mainstream (incl. nursery)	2.779	2.649	-0.130
FE Colleges	0.953	1.155	+0.202
Independent/NMSS	2.478	2.963	+0.485
PRU	0.911	0.954	+0.043
Other Alternative Placements	0.256	0.386	+0.130
Hospital incl. Tier 4	0.199	0.249	+0.050
TOTAL	17.488	18.568	+1.080

Appendices

Appendix 1 – Summary DSG Outturn Report 2021/2022

Appendix 2 - Additional Information for Appendix 1 Table

Appendix 3 – Dedicated Schools Grant Note to the Accounts 2021-2022

Appendix 1 – Summary DSG Outturn Report 2021/22

Line Ref.	Description	Original Budget £m	Change £m	Current Budget £m	Actual £m	Variance £m
	Schools Block					
1	Individual Schools Budget - Maintained Schools	47.210	0.000	47.210	47.216	0.006
2	Growth Fund	0.657	0.622	1.279	0.204	-1.075
3	Behaviour Support Services (de-delegation)	0.176	0.000	0.176	0.176	-0.000
4	Staff costs supply cover (trade unions) (de-delegation)	0.043	0.000	0.043	0.043	0.000
5	School Improvement (de-delegation)	0.128	0.000	0.128	0.128	0.000
6	Statutory/regulatory Duties (ESG) (de-delegation)	0.080	0.000	0.080	0.080	0.000
7	Sub Total Schools Block Net Expenditure	48.294	0.622	48.916	47.847	-1.069
	Central Schools Services Block					
10	Contribution to combined budgets	0.430	0.000	0.430	0.423	-0.007
11	School admissions	0.220	0.000	0.220	0.220	0.000
12	Servicing of schools forum	0.020	0.000	0.020	0.020	0.000
13	Prudential borrowing costs	0.040	0.000	0.040	0.040	0.000
14	Other Items (copyright licences)	0.119	0.000	0.119	0.118	-0.000
15	Statutory/regulatory Duties (ESG)	0.339	0.000	0.339	0.339	0.001
	Sub Total Central School Services Block Net Expenditure	1.167	0.000	1.167	1.160	-0.007
	Early Years Block					
19	Early Years Funding	10.772	0.154	10.926	11.248	0.321
20	Support for inclusion	0.100	0.000	0.100	0.100	0.000
21	SEN support services	0.238	0.000	0.238	0.238	0.000
22	Central expenditure on early years entitlement	0.397	0.000	0.397	0.354	-0.043
	Sub Total Early Years Block Net Expenditure	11.507	0.154	11.662	11.940	0.278
	High Needs Block					
26	SEN placements - Maintained Schools (place funding)	1.507	0.000	1.507	1.321	-0.186
27	Top up funding - Special Schools	9.136	0.000	9.136	9.251	0.115
28	Top up funding - Resource Units	0.778	0.000	0.778	0.961	0.183
29	Top up funding - Mainstream	2.735	0.000	2.735	2.586	-0.149
30	Top up funding - Nursery	0.043	0.000	0.043	0.063	0.019
31	Top up funding - FE Colleges	0.953	0.000	0.953	1.155	0.203
32	Top up funding - Alternative Provision	1.166	0.000	1.166	1.277	0.111
33	Top up and other funding - non maintained & independent schools	2.478	0.000	2.478	3.025	0.547
34	Additional high needs targeted	0.484	0.000	0.484	0.484	-0.000
35	SEN support services	0.576	0.000	0.576	0.575	-0.001
36	Hospital education services	0.199	0.000	0.199	0.249	0.050
37	Support for inclusion	0.340	0.000	0.340	0.481	0.141
38	Therapies and other health related services	0.413	0.000	0.413	0.413	-0.000
39	SEN Transport	0.100	0.000	0.100	0.100	0.000
40	Teachers pay & pension grants to special schools/PRU	0.297	0.000	0.297	0.286	-0.011
41	Repayment of DSG deficit from previous year	-0.239	-2.132	-2.371	0.000	2.371
	Sub Total Early Years Block Net Expenditure	20.966	-2.132	18.834	22.227	3.394
	Total All Blocks Net Expenditure	81.934	-1.356	80.578	83.175	2.596

Appendix 2 – Additional Information for Appendix 1 Table

SCHOOLS BLOCK

Line 1 - Individual School Budget – Schools formula budget for maintained Primary's and Secondary's.

Line 2 - Growth fund - The growth fund budget is for new/growing schools or bulge classes in response to basic need and is allocated to schools from the autumn term based on the criteria set by Schools' Forum.

DE-DELEGATIONS – Maintained Primary or/and Secondary Schools Only:

Line 3 - Behaviour Support Services – Passported to Cranbury College to supply this service.

Line 4 - Staff Costs to Supply Union Cover – Pays for Union support and supply cover for staff engaging in union duties.

Line 5 - School Improvement – To fund staff and Projects within the service.

Line 6 – Statutory/regulatory duties - formally known as the Education Services Grant, for statutory duties carried out by the LA on behalf of all maintained schools such as internal audit, year-end accounts, central reporting, monitoring compliance with scheme for financing schools.

CENTRAL SCHOOLS SERVICES BLOCK

Line 10 - Combined Budgets - covers contribution towards Commissioning, school improvement advisors, MASH (Multi Agency Safeguarding Hub), virtual school for looked after children, Early Help – children action teams that covers family workers, Welfare, CAMHs and Education Psychology.

Line 11 - School Admissions – contribution towards the statutory admissions service for all Reading Schools.

Line 12 - Servicing of Schools Forum – contribution towards officer time for preparation of reports and attendance at meetings; cost of room hire; arranging meetings, minute taking, web site.

Line 13 - Prudential Borrowing costs – Borrowing costs for schools capital programme has historically been and will be funded by borrowing over many years. This is a small contribution to the overall borrowing costs.

Line 14 – Other Items – Copyright licences – national contract, purchased on behalf of all schools.

Line 15 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA for all schools, including academies. Includes DSG budgets, school funding formula, payments to schools, statutory returns, education welfare, asset management.

EARLY YEARS BLOCK

Line 19 - Early Years formula funding – 2, 3 & 4 year old free entitlement funding including deprivation and early Years pupil premium and other early years grants relating to maintained nurseries and disability.

Line 20 - Support for Inclusion – Early Years Cluster funding and central staffing in Education department. Supports inclusion of children in early year's settings, supporting inclusive practices and resources that enable young children with SEND to have their needs met in these settings. There is also a contribution from the high needs block (in line 37).

Line 21 - SEN Support Services – portage and contribution to Dingley.

Line 22 - Central Expenditure on Children under 5 – Early Years Team Staff including compliance, data, sufficiency and performance.

HIGH NEEDS BLOCK

Line 26 - SEN Placements – Place funding for pre 16 maintained Resource units (first £6k), maintained special Schools (first £10k).

Line 27 to 30 - Top-up funding for schools - EHCP top-ups for nursery, primary, secondary, special and alternative provisions within any LA that has a Reading financial responsibility for the EHCP. This also includes Pupils without EHCPs in Pupil referral units

Line 31 - Top-up funding for FE Colleges - EHCP top-ups for students in further education colleges.

Line 32 - 33 - Top-up funding and other funding – non maintained and Independents - EHCP Top-ups for Independent and non-maintained special schools, and placements in other alternative private provision for pupils with or without a EHCP.

Line 34 – Additional High Needs Targeted Funding (Inclusion Fund) – financial support to schools with a higher than average number of pupils with EHCPs.

Line 35 - SEN Support Services – This includes Sensory Consortium (joint arrangement with other Berkshire LAs), virtual school, and ASD Outreach commissioned to Christ The King School.

Line 36 - Hospital Education Services – This includes Hospital Education unit at Royal Berkshire Hospital and Education for Pupils in Tier 4 CAMHS specialist independent mental health hospital provision which is commissioned by NHS England

Line 37 - Support for Inclusion – Funding for hard to place pupils (through Inclusion panel & Therapeutic Thinking approach), and central staffing (2 posts) in Education department, one for statutory functions including monitoring exclusions and one for ASD advisory support. The final year's payment to Manor School for the inclusion project, a contribution to the early years inclusion panel, plus early years place funding at Snowflakes.

Line 38 - Therapies and other Health Related services – Contribution towards Speech and Language, Occupational and Physiotherapy. Jointly funded with the Clinical Commissioning Group.

Line 39 - SEN Transport – Contributions to SEN School Travel

Line 40 – Teachers Pay and Pension grants to special schools/PRU

Line 41 – Repayment of deficit – All of the 2020/21 deficit related to the high needs block, and this is a first call on the 2021/22 resources.

Appendix 3 - DSG Note to the LA Statement of Accounts

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Note 40

Details of the deployment of DSG receivable for 2021/22 are as follows:

Notes	Central expenditure	Individual school's budget	Total
A			141,071,624
B			58,880,290
C			82,191,334
D			0
E			0
F	22,540,834	60,866,424	83,407,258
G	-18,000	-1,197,924	-1,215,924
H	22,522,834	59,668,500	82,191,334
I	23,506,624		23,506,624
J		59,493,421	59,493,421
K	0	0	0
L	-983,790	175,079	-808,711
M			0
N			0
O			-1,355,666
P			-808,711
Q			-2,164,377
R			-2,164,377

Notes

- A Final DSG figure before any amount has been recouped from the authority as published March 2022. Do not include the adjustment to the 2020/21 DSG for early years made during 2021/22 based on January 2021 numbers or top-up funding (see G below).
- B Figure recouped from the authority in 2021/22 by the DfE for the conversion of maintained schools into academies and for high needs payments made by ESFA
- C Total DSG figure after academy and high needs recouped for 2021/22, as published March 2022. (Do not deduct centrally funded licences.)
- D Figure brought forward from 2020/21. There can only be an entry here if this is a surplus or zero; a deficit must have been placed in the DSG unusable reserve created by MHCLG's amending regulations.

- E Any amount which the authority decided after consultation with the school's forum to carry forward to 2022/23 rather than distribute in 2021/22 – this may be the difference between estimated and final DSG for 2021/22, or a figure brought forward from 2020/21 which the authority is carrying forward again.
- F Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the school's forum. Note that the ISB column should include only money distributed to schools (including high needs place funding) and to other early years providers; centrally held schools block items such as the growth fund belong in the central expenditure column.
- G Changes to the initial distribution, for example adjustments for exclusions or the final early years block adjustment for 2020/21 made during 2021/22 on the basis of January 2021 numbers or top-up funding.
- H Budgeted distribution of DSG as at the end of the financial year
- I Actual amount of central expenditure items in 2021/22 – amounts not actually spent, eg money that is moved into earmarked reserves.
- J Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares). Note that budget shares include early years funding, sixth form funding and high needs place funding; they do not include high needs top-up funding, which is treated as central expenditure
- K Any contribution from the local authority in 2021/22 that will have the effect of substituting for DSG in funding the school's budget. Do not include any change in balances held by schools as they are not to be recorded in this note.
- L In-year position at end of 2021/22, ie:
- For central expenditure, difference between final budgeted distribution of DSG and actual expenditure, plus any local authority contribution.
 - For ISB, difference between final budgeted distribution and amount actually deployed to schools, plus any local authority contribution.
- M Plus/minus any carry-forward to 2022/23 already agreed.
- N Total is carry-forward on central expenditure plus carry-forward on ISB plus/minus any carry-forward to 2022/23 already agreed. To be entered in this line, this can only be a surplus or zero; if it results in a deficit, enter zero. Any in-year deficit in 2021/22 must be recorded as part of the DSG unusable reserve.
- O DSG unusable reserve at end of 2020/21 (if any) – any amount placed in the unusable reserve at the end of 2020/21 in accordance with the MHCLG amending regulations.
- P Any addition to DSG unusable reserve in 2021/22 as a result of an in-year deficit in 2021/22.
- Q Total of DSG unusable reserve at end of 2021/22
- R Net DSG position at the end of 2021/22; this is a memorandum item designed to show the overall position on DSG. It is calculated by taking the figure (if any) and deducting the figure (if any) and will therefore show any net deficit that the local authority would have if the unusable reserve were not held separately.



Reading Schools' Forum

June 16, 2022

Agenda Item 5

Maintained School Balances

For decision

For discussion

For information

SUMMARY

This is to

AUTHOR

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VERSION

Version number 1

DATE

June 16, 2022

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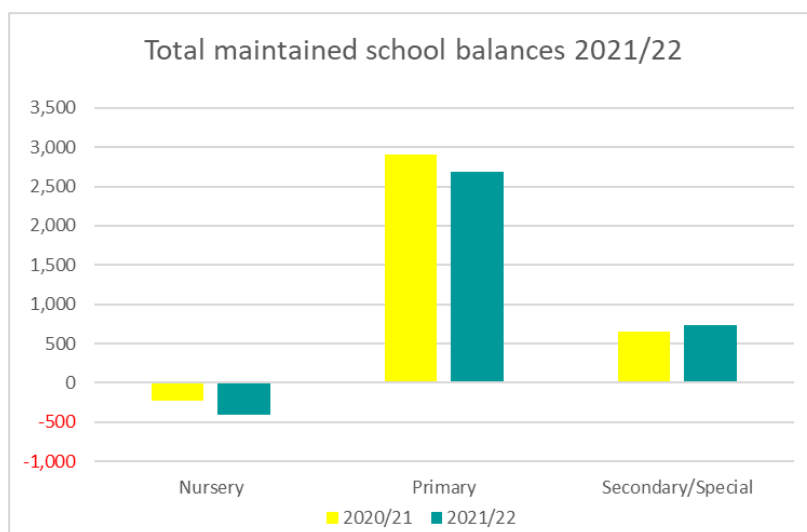
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Brighter Futures for Children
Civic Offices, Bridge Street,
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Company number 11293709

1. Summary

1.1 Overall school balances have marginally decreased from £3.3m as at 31 March 2021 to £3.m as at 31 March 2022, overall a 9.4% decline, as per the following chart:



1.2 The movements during the year by phase were:

Phase	2021/22 movement £'000s	Total 2021/22 balance £'000s
Nursery	(172)	(401)
Primary	(220)	2,690
Secondary/Special	78	735
Total	(314)	3,025

Overall school balances have decreased as there was additional spend due to:

- Spend on grants received in 2020/21 (Catch-up Grant)
- Staff costs to cover staff absence/illness due to Covid
- Spend on activities/projects delayed due to Covid such as swimming for year groups that missed out, school trips and building projects

1.3 8 maintained schools ended the year 2021/22 with a deficit balance totalling £1.4m compared to 7 schools at the end of 2020/21 with a combined deficit balance of £1.0m as shown below:

Phase	2020/21 balance £'000s	2021/22 balance £'000s
Nursery	(299)	(497)
Primary	(726)	(889)
Secondary/Special	0	0
Total	(1,025)	(1,386)

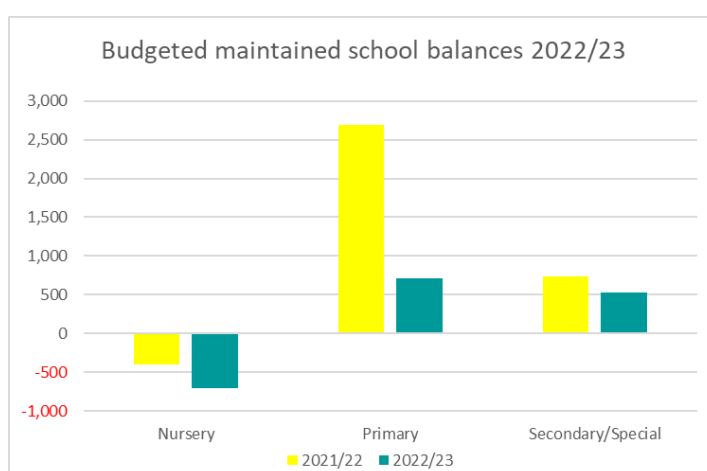
All schools with a deficit balance are required to complete a Licensed Deficit Application to be submitted to the Director of Education and will be invited in for a meeting. By the end of June they are required to submit a Deficit Recovery Plan to show the plan to return to financial sustainability in accordance with the Scheme for Financing Schools 2021. The BFC School Finance Support team continue to work with these schools to support them with these plans.

Further training and support with regards to effective Financial Management using a wide-range of tools and advice made available by the DfE is available through school finance support providers.

1.4 The Covid pandemic has been particularly challenging for the Early Years sector, especially the Maintained Nursery Schools with 4 ending the year in deficit (3 in 2020/21). There is still not clear DfE strategy towards Maintained Nursery Schools and Maintained Nursery Supplementary funding is still only confirmed annually. There are some signs of recovering pupil numbers, although future pupil numbers continue to remain unclear. Therefore future budgets are challenging and BfC are supporting the Maintained Nursery Schools on this.

2. 2021/22 budgeted balances

Overall balances for 2022/23 are budgeted to decrease by £2.5m to a balance of £0.5m (2021/22 budgeted balance £1.3m):



This includes 12 schools in deficit totalling £2.3m (up from 2021/22 budget £1.4m).

There are a number of factors included in the submitted budgets:

- Falling pupil numbers
- Increasing levels of SEN in schools requiring additional staff to support
- Additional spend to deliver progress lost during Covid – currently schools have only budgeted for the confirmed funding to the end of the 2021/22 academic year
- Increasing staff costs and general inflation
- High increases in energy costs, although full impact has limited by RBC energy management

3. Appendices

See Appendix 1 for Balances by School for 2021/22.

Appendix 1: School balances 2021/22

School name	Type of school	Main School Revenue/Community Total Balances		In-year movement		Balance as % of total income 2021/22
		2020/21	2021/22	21/22 vs 20/21	% movement	
Blagdon Nursery School and Children's Centre	Nursery	-79,244	-106,308	-27,064	34.2%	-14.9%
Blagrave Nursery School	Nursery	11,415	-41,154	-52,569	-460.5%	-17.7%
Caversham Nursery School	Nursery	-192,519	-217,456	-24,937	13.0%	-22.3%
New Bridge Nursery School	Nursery	-27,301	-132,500	-105,199	385.3%	-32.2%
Norcot Early Years Centre	Nursery	58,506	96,543	38,037	65.0%	7.3%
Total Nursery Schools		-229,142	-400,875	-171,733	74.9%	-11.0%
Alfred Sutton Primary School		183,617	116,365	-67,253	-36.6%	3.6%
All Saints Church of England Aided Infant School	Voluntary Controlled	83,571	40,079	-43,492	-52.0%	9.8%
Caversham Park Primary School		41,358	9,693	-31,665	-76.6%	1.0%
Caversham Primary School		64,513	53,527	-10,986	-17.0%	2.6%
Christ the King Catholic Primary School	Voluntary Aided	57,708	96,359	38,651	67.0%	4.3%
Coley Primary School		81,499	95,797	14,298	17.5%	6.8%
Emmer Green Primary School		-105,319	-147,181	-41,862	39.7%	-7.0%
English Martyrs' Catholic Primary School	Voluntary Aided	305,425	272,174	-33,252	-10.9%	11.6%
E P Collier Primary School		257,466	162,515	-94,951	-36.9%	8.8%
Geoffrey Field Infant School		338,734	334,484	-4,250	-1.3%	18.8%
Geoffrey Field Junior School		274,882	363,356	88,474	32.2%	18.0%
Katesgrove Primary School		283,658	212,282	-71,375	-25.2%	6.7%
Manor Primary School		195,544	75,933	-119,611	-61.2%	4.4%
Micklands Primary School		-146	-94,276	-94,130	64507.8%	-5.0%
Moorlands Primary School		200,694	143,794	-56,900	-28.4%	6.6%
Oxford Road Community School		155,000	139,958	-15,042	-9.7%	9.6%
Park Lane Primary School		137,752	140,999	3,248	2.4%	7.0%
Redlands Primary School		5,056	17	-5,040	-99.7%	0.0%
Southcote Primary School		87,612	200,818	113,205	129.2%	6.5%
St Anne's Catholic Primary School	Voluntary Aided	-484,743	-477,074	7,670	-1.6%	-44.0%
St Martin's Catholic Primary School	Voluntary Aided	-135,632	-170,348	-34,715	25.6%	-20.8%
St Michael's Primary School		377,183	435,880	58,698	15.6%	20.1%
Thameside Primary School		27,021	6,148	-20,873	-77.2%	0.2%
The Hill Primary School		139,929	250,047	110,118	78.7%	12.5%
The Ridgeway Primary School		17,502	91,753	74,251	424.2%	3.6%
Whitley Park Primary and Nursery School		51,884	95,969	44,086	85.0%	2.9%
Wilson Primary School		268,437	240,929	-27,508	-10.2%	10.5%
Total Primary Schools		2,910,204	2,689,999	-220,205	-7.6%	5.0%
Blessed Hugh Faringdon Catholic School	Voluntary Aided	514,987	619,712	104,724	20.3%	10.4%
The Holy Brook School		142,797	115,692	-27,105	-19.0%	10.7%
Total Secondary/Special Schools		657,784	735,403	77,619	11.8%	10.4%
Total Balances		3,338,846	3,024,527	-314,318	-9.4%	4.7%



Reading Schools' Forum

June 16, 2022

Agenda Item 6

Dedicated Schools Grant (DSG)
Budget 2022/23

For decision

For discussion

For information

SUMMARY

This report sets out the DSG budget for 2022/23 and outlines the areas of pressure to be monitored throughout the year.

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VERSION

Version number 1

DATE

June 16, 2022

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None

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1. Recommendations

- 1.1 NOTE: The overall budget for 2022/23.
- 1.2 NOTE: The potential pressures within each funding block.

2. Background

- 2.1 The Dedicated Schools Grant (DSG) is a ring-fenced specific grant and can only be used in support of the schools' budget and spent on school/pupil activity as defined by the School and Early Years Finance (England) Regulations (2020).
- 2.2 The DSG is split between four different funding blocks - schools, central school services, early years, and high needs. Each Council's allocation is largely based upon actual pupil numbers from the October pupil count proceeding the actual financial year. Although separate allocations are received for each block, transfers are allowed between blocks but subject to certain restrictions.
- 2.3 Most of the grant is allocated to schools – the Individual School's Budget (ISB) or delegated budget – this is mainly formula driven; the remainder is the Centrally Retained School's Budget – the non-delegated budget.
- 2.4 Overspends on the DSG are carried forward and are a first call on the new year's allocation of DSG. Underspends on the DSG are carried forward to support the future year's school's budget.
- 2.5 The Authority must ensure that DSG is correctly spent and has to report the outturn position to inform the impact upon the following year's budget position. The budget monitoring of the Authority distinguishes between how services are funded, namely by DSG or by the Local Authority.
- 2.6 The LA receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for these settings to pay them direct, leaving a net or LA allocation.

3. DSG Allocation 2022/23

- 3.1. The DSG allocation estimated for 2022/23 is summarised in Table 1 below, with a more detailed breakdown of the calculations provided in Appendix 1. The DSG allocation received by the LA will change during the year and the next update is due in July when the latest high needs and early years' allocations are published. The original budget was based on the LAs own estimate of these, and this needs to be monitored as it could impact on the overall position.
- 3.2. The allocations shown in the table are prior to any transfers between blocks. For the 2022/23 budget the Schools' Forum has agreed a transfer of £484k from the school's block to the high needs block.

Table 1: BFFC's original DSG allocations for 2022/23 (March 2022)

BLOCK	ORIGINAL ESTIMATED DSG ALLOCATION 2022/23		
	Gross DSG Allocations (£m)	Less Recoupment relating to Academies/Post 16 (£m)	Total LA DSG Allocations (£m)
Schools Block	108.373	-58.335	50.038
Central Schools Block	1.135		1.135
Early Years Block	11.486		11.486
High Needs Block	27.980	-4.269	23.711
Total	148.974	-62.604	86.369
21/22 EY adjustment			
Total Available			86.369

3.3. The main changes that may occur and need to be monitored during the year are as follows:

- Reductions in the schools' block funding due to any academy conversions. This is because funding is paid direct to these schools by the ESFA, though this has minimal impact on the LA budget, as expenditure is reduced accordingly. Currently, there are no mainstream academy conversions in process.
- High needs block funding will be adjusted in July due to the import/export adjustment if there is a change to the number of Reading pupils placed in settings outside Reading or a change in the number of pupils from other LAs attending settings in Reading. This is because the LA where the setting is located is responsible for the place funding, so this adjustment ensures any changes in pupil numbers transferring between LAs are properly funded. High needs funding is also adjusted for any changes in the number of high needs places in academies, which is deducted from our allocation.
- For 2022/23 Early years funding will return to being allocated based on each January census'. Summer Term based on 5/12 of the January 2022 census with Autumn and spring Terms being 7/12ths of the January 2023 census.
- Our original allocation budget has used Spring 2021 Census hours and due to the low numbers of that term, we are estimating increases within the funding. We have made a provision in the accounts of £175k to allow for the 2021/22 funding adjustment payment.

4. DSG Budget 2022/23 Update

4.1. Appendix 2 contains the original 2022/23 budget as agreed/notified at previous meetings of the Schools' Forum. This is split between the four funding blocks and broken down by the main reporting lines for the DSG.

Appendix 3 contains brief notes on what is included in each line of the budget report.

4.2. Table 2 below summarises the current budget per block.

Table 2: Summary Budget 2022/23

	ORIGINAL BUDGET (£m)	VIREMENTS £m	CURRENT BUDGET (£m)
Schools Block	50.038	(484)	49.554
Central Schools Block	1.135	0	1.135
Early Years Block	11.486	1.145	12.631
High Needs Block	23.711	484	24.228
Sub Total – Net Expenditure	86.369	1.145	87.548
DSG Allocation - Income	(86.369)	(1.145)	(87.548)
Balance Over/(Under) Allocated	0	0	0

4.3. Budgets have been set with an estimated Early Years allocation based on January 2022 census that will be updated in July 2022. This table does not include any DSG deficit being carried forward from 2021-2022. Other changes to the DSG will need to be taken into account when confirmed in July. It is too early in the year to assess whether this position will be sustained. Risks and any emerging pressures are highlighted per block in the following paragraphs.

5. Current Risks/Emerging Issues

5.1. Schools Block (SB)

- There would only be a variance on maintained primary and secondary school delegated budget allocations due to business rate revaluations or where actual business rates bills vary from the initial school formula allocation (due to like for like funding). These are likely to be minimal.
- The budget for this year does include funding for bulge classes for September 2022, of which requirements will be confirmed at a later date. This surplus at the end of the financial year will be required for future year requirements as set out in the plan brought to Schools' Forum In January 2022. This will also be used if the Falling Roles process get agreed at June 2022 schools forum.
- De-delegations are contributions to central services and unlikely to have any variance.

5.2. Central Schools Services Block (CSSB)

- Most of the central school services budgets are contributions and the majority will not therefore have a variance. There will be no variance on copyright licences, as this is a national contract agreed in advance. The small surplus brought forward from 2021/22 is likely to be required in 2022/23 as the DSG allocation for this block has reduce again for 2022/23.

5.3. Early Years Block (EYB)


- Over 95% of Early Years Funding is relating to the free early year's entitlement for 2, 3 and 4 year olds. The budget for 2022/23 is based on the Spring 2022 census hours at the set hourly rates laid out in March Schools Forum paper. The DSG

funding due to be received this year is based on an average of January 2022 and January 2023.

- It is impossible to make a reasonable forecast when both funding and expenditure is based on actual take up of places at a date in the future. If the budget was to overspend, this would then have an impact on the funding rate to providers in the following financial year.
- There is £154k contingency carried forward from 2021/22. Note that the contingency can only be used to fund providers through the early years formula as already set and cannot be used to increase the hourly rates or to change the formula after these have been set for the year.
- Other budgets that pay for central spend are mainly contributions as agreed at the budget setting and will not have a variance.

5.4. High Needs Block (HNB)

- Annual expenditure in the HNB is increasing the deficit due to the ever expanding EHCP population and the increasing need of pupils. The High Needs budget has increased, and more budget has been added to the placement/top-up expenditure, but this will be tested with the demand and inflation issues the nation is facing. Its unlikely that the budget will be contained within its annual DSG allocation, and the overall deficit is increasing, so the focus is to continue to drive average costs of placements down in order to get the deficit reducing once again.
- The DfE has produced a Deficit Recovery Strategy Plan that picks up many other elements than the estimated financial positions. The version of the plan will be led by the new Director of Education with support from many stakeholders and follow the SEN strategy agenda.
- Reading has been invited and accepted assistance from the DfE within their “Delivering Better Value (DBV) in SEND Programme”. This could include SEND Advisors, workshops, challenges from ESFA engagement staff and potential funding to invest. Reading is within Tranche 2 that will start in late Autumn 2022.
- Inflation being its highest in the last 40 years, we have concerns over the stability of the High Needs Block and BfC feel this is a good time to update and re-do the current deficit recovery plan for DfE Approval. This exercise will commence over the summer months and be reported in detail at the October 2022 Schools Forum meeting.
- As top up/placement fees represent 93% of the high needs budget this will be closely monitored throughout the year, including comparing actual number and average cost of placements by each type to the original budget set.
- As mentioned in previous years, the actual level of top up fees paid to Reading schools is being reviewed which has de-railed in the last year due to staff turnover. This forms part of the SEN Strand (strand 7) with a view to either implementing a new model or simply continuing to be increasing the current methodology from September 2022. As schools have seen an increase to the top up rates (5% in September 2020 and 4% in September 2021), it is likely that the recommended



increases will be above the 2% included in the budget. The impact on the deficit recovery plan will need to be taken into account when reviewing the options, and it may well be that the repayment of the deficit will take longer in order to facilitate increases above inflation.


- The Inclusion Fund provides additional funding to mainstream schools with a high percentage of pupils with EHCPs compared to our statistical neighbour average. £484,000 has been transferred from the Schools Block to the High Needs block to pay for this. Based on the numbers of EHCPs in mainstream recorded in the Spring term 2022 and the probability that these numbers will increase, it is likely that the qualifying percentage used will need to increase above the current average of our statistical neighbour to prevent an overspend. This will be reviewed when the May census data is finalised.

Appendices

Appendix 1 – DSG Allocations 2022/23 – March 2022

Appendix 2 – Summary DSG Budget 2022/23

Appendix 3 – Additional Information per Service



Appendix 1 – DSG Allocations 2022/23 – March 2022

	Allocation and/or LA Estimate for Budget	
Schools Block		
Pupil Numbers <u>Primary</u>	13,092.0	
Rate	£4,631.68	
Allocation		£60,637,955
Pupil Numbers <u>Secondary</u>	7,487.5	
Rate	£6,077.00	
Allocation		£45,501,538
Growth Funding		£933,061
Premises Funding		£1,300,499
Gross Allocation		£108,373,052
Academy Recoupment		-£58,335,204
Schools Block Net Total		£50,037,848
Central School Services Block		
Pupil Numbers	20,579.5	
Rate	£38.21	
Allocation		£786,343
Historic Commitments		£348,160
Central School Services Block Net Total		£1,134,503
High Needs Block		
Formula		£26,665,843
Hospital Funding & Teachers Pay /Pension Grant		£296,283
Pupil Numbers - Special Schools & AP	381.5	
Rate (includes grants)	£4,912.49	
Allocation		£1,874,115
Import/Export Adjustment		-326
Rate	£6,000.00	
Allocation		-£1,956,000
Additional Funding		£1,099,853
Gross Allocation		£27,980,094
Recoupment - academy high needs places		-£4,269,167
High Needs Block Net Total		£23,710,927

	Allocation and/or LA Estimate for Budget	
Early Years Block	Latest Forecast (Spring22)	
3 & 4 year olds Universal - All	2574.0	
3 & 4 year olds Extended - All	913	
Total	3,487	
Rate	£5.45	
3&4 year old Grant Allocation		£10,832,366
2 year olds - schools	371.0	
Rate	£6.11	
2 Year olds Grant Allocation		£1,292,082
Pupil Premium Grant (PPG)- All	451.0	
Rate	£0.53	
PPG Grant Allocation		£136,247
DAF - eligible pupils	63.0	
Rate	£800.00	
DAF Grant Allocation		£50,400
Maintained Nursery Grant		£193,592
C/Fwd funds to maximise hourly rate		£125,515
Early Years Block Net Total		£12,630,201

Grant Adjustments		
Transfer from School Block		-484,000
Transfer to HN Block		£484,000
C/F from 21/22 EY block		£125,515
Estimated EY changes in July 2022 Statement		£1,019,069
Total Adjustments		£1,144,584
DSG AVAILABLE (March 2022 statement)		
Schools Block		£50,037,849
Central School Services Block		£1,134,503
High Needs Block		£23,710,927
Early Years Block		£11,485,617
TOTAL DSG AVAILABLE		£86,368,896
BUDGET ALLOCATED		
Schools Block		£49,553,848
Central School Services Block		£1,134,503
High Needs Block		£24,195,200
Early Years Block		£12,630,201
TOTAL DSG BUDGET		£87,513,752

Appendix 2 – Summary DSG Budget 2022/23

Line Ref.	Description	Original Budget £m	Change	Current Budget £m
	Schools Block			
1	Individual Schools Budget - Maintained Schools	47.376	0.000	47.376
2	Growth Fund	0.845	0.000	0.845
	Business Rates	0.900	0.000	0.900
3	Behaviour Support Services (de-delegation)	0.182	0.000	0.182
4	Staff costs supply cover (trade unions) (de-delegation)	0.043	0.000	0.043
5	School Improvement (de-delegation)	0.128	0.000	0.128
6	Statutory/regulatory Duties (ESG) (de-delegation)	0.080	0.000	0.080
	0.5% movement to the High Needs Block	0.484	-0.484	0.000
7	Sub Total Schools Block Net Expenditure	50.038	-0.484	49.554
	Central Schools Services Block			
10	Contribution to combined budgets	0.316	0.000	0.316
11	School admissions	0.229	0.000	0.229
12	Servicing of schools forum	0.020	0.000	0.020
13	Prudential borrowing costs	0.032	0.000	0.032
14	Other Items (copyright licences)	0.121	0.000	0.121
15	Statutory/regulatory Duties (ESG)	0.417	0.000	0.417
16	Sub Total Central School Services Block Net Expenditure	1.135	0.000	1.135
	Early Years Block			
19	Early Years Funding (free entitlement)	10.767	1.145	11.911
20	Support for inclusion	0.050	0.000	0.050
21	SEN support services (Portage/Dingley)	0.251	0.000	0.251
22	Central expenditure on early years entitlement	0.418	0.000	0.418
23	Sub Total Early Years Block Net Expenditure	11.486	1.145	12.630
	High Needs Block			
26	SEN placements - Maintained Schools (first £10k/£6k place funding)	1.564	0.000	1.564
27	Top up funding - Special Schools	9.730	0.000	9.730
28	Top up funding - Resource Units	0.842	0.000	0.842
29	Top up funding - Mainstream	3.194	0.000	3.194
30	Top up funding - Nursery	0.111	0.000	0.111
31	Top up funding - FE Colleges	1.217	0.000	1.217
32	Top up funding - Alternative Provision	1.291	0.000	1.291
33	Top up and other funding - non maintained & independent schools	3.412	0.000	3.412
34	Additional high needs targeted funding (Inclusion Fund)	0.000	0.484	0.484
35	SEN support services	0.726	0.000	0.726
36	Hospital education services	0.203	0.000	0.203
37	Support for Inclusion	0.490	0.000	0.490
38	Therapies and other health related services	0.520	0.000	0.520
39	SEN Transport	0.100	0.000	0.100
40	Teachers pay & pension grants to special schools/PRU	0.311	0.000	0.311
42	Sub Total High Needs Block Net Expenditure	23.711	0.484	24.195
45	Total All Blocks Net Expenditure	86.369	1.145	87.514
46	Total DSG Allocation Available	86.369	1.145	87.514
47	Balance - Deficit / (surplus) In Year	0.000	0.000	-0.000

Appendix 3 – Additional Information for Appendix 2 Table

SCHOOLS BLOCK

Line 1 - Individual School Budget – Schools formula budget for maintained Primary's and Secondary's.

Line 2 - Growth fund - The growth fund budget is for expanding schools or bulge classes in response to basic need and is allocated to schools from the autumn term based on the criteria set by Schools' Forum.

DE-DELEGATIONS – Maintained Primary or/and Secondary Schools Only:

Line 3 - Behaviour Support Services – Passported to Cranbury College to supply this service.

Line 4 - Staff Costs to Supply Union Cover – Pays for Union support and supply cover for staff engaging in union duties.

Line 5 - School Improvement – To fund staff and projects within the service.

Line 6 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA on behalf of all maintained schools.

CENTRAL SCHOOLS SERVICES BLOCK

Line 10 - Combined Budgets - covers school improvement advisors, MASH (Multi Agency Safeguarding Hub), virtual school for looked after children, Early Help – children action teams that covers family workers, Welfare, CAMHs and Education Psychology.

Line 11 - School Admissions – contribution towards the Admissions service for all Reading Schools.

Line 12 - Servicing of Schools Forum – Preparation for Schools forum.

Line 13 - Prudential Borrowing costs – Borrowing costs for schools capital programme has historically been and will be funded by borrowing over many years. This is a small contribution to the overall borrowing costs.

Line 14 – Other Items – Copyright licences – national contract, purchased on behalf of all schools.

Line 15 – Statutory/regulatory duties - formally known as the Education Services Grant, for duties carried out by the LA for all schools, including academies.

EARLY YEARS BLOCK

Line 19 - Early Years formula funding – 2, 3 & 4 year old free entitlement funding including deprivation and early Years pupil premium and other early years grants relating to maintained nurseries and disability.

Line 20 - Support for Inclusion – Early Years Cluster funding and central staffing in Education department. Supports inclusion of children in early year's settings, supporting inclusive practices and resources that enable young children with SEND to have their needs met in these settings. There is also a contribution from the high needs block (in line 36).

Line 21 - SEN Support Services – portage and contribution to Dingley.

Line 22 - Central Expenditure on Children under 5 – Early Years Team Staff including compliance, data, sufficiency and performance.

HIGH NEEDS BLOCK

Line 26 - SEN Placements – Place funding for maintained school Resource Units (first £6k) and maintained Special Schools (first £10k).

TOP UP FUNDING (EHCP top ups within any LA that Reading has a financial responsibility for):

Line 27 - Top-up funding for Special schools and PRU - This also includes Pupils without EHCPs in Pupil referral units

Line 28 - Top-up funding for Resource Units - EHCP top-ups for pupils placed in resource units.

Line 29 - Top-up funding for Mainstream schools - EHCP top-ups for pupils in mainstream schools (not resource units).

Line 30 - Top-up funding Nursery providers - EHCP top-ups for children in both maintained and private settings.

Line 31 - Top-up funding for FE Colleges - EHCP top-ups for students placed in further education colleges.

Line 32 - Top-up funding Alternative Provision - EHCP top-ups for children in Alternative Provision. This is usually short term placements which are not schools.

Line 33 - Top-up funding and other funding – non maintained and Independents - EHCP Top-ups for Independent and non-maintained special schools.

Line 34 – Additional High Needs Targeted Funding (Inclusion Fund) – financial support to schools with a higher than average percentage of pupils with EHCPs.

Line 35 - SEN Support Services – This includes Sensory Consortium (joint arrangement with other Berkshire LAs), virtual school, and ASD Outreach commissioned to Christ The King.

Line 36 - Hospital Education Services – This includes Hospital Education unit at Royal Berkshire Hospital and Education for Pupils in Tier 4 CAMHs specialist independent mental health hospital provision which is commissioned by NHS England

Line 37 - Support for Inclusion – Funding for hard to place pupils (through Inclusion panel), and central staffing (2 posts) in Education department, one for statutory functions including monitoring exclusions and one for ASD advisory support.

Line 38 - Therapies and other Health Related services – Contribution towards Speech and Language, Occupational and Physio therapy. Jointly funded with the Clinical Commissioning Group.

Line 39 - SEN Transport – Contributions to SEN School Travel

Line 40 – Teachers Pay & Pension Grants – Allocation of grant for special schools/ PRU and nurseries paid outside of the funding formula.

Line 41 – Repayment of deficit (21/22 C/FWD) – This is the 21/22 deficit relating to the high needs block, and this is a first call on 22/23 resources.



Reading Schools' Forum

June 16, 2022

Agenda Item 7

Falling Rolls

For decision

For discussion

For information

SUMMARY

This report sets out information regarding a Falling Rolls Policy.

AUTHORS

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VERSION

Version number 1

DATE

March 10, 2022

REVIEW DATE

None

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1. Recommendations

- 1.1 NOTE: To understand the current guidance on Fallings Rolls Fund (section 2).
- 1.2 REVIEW: To review other LA policy and RBCs previous policy on Falling Rolls.
- 1.3 AGREE: To proceed on working out a falling rolls allocated budget (£0.2m) and proposed criteria

2. Background

- 2.1 Local authorities may set aside schools block funding to create a small fund to support good schools with falling rolls, where local planning data shows that the surplus places will be needed within the next three financial years.
- 2.2 The schools' forum should agree both the value of the fund and the criteria for allocation, and the local authority should regularly update the school's forum on the use of the funding. As with the growth fund, the falling rolls fund is also within the NFF schools block. Any in-year reduction to the falling rolls fund needs to be agreed with the school's forum or Secretary of State if appropriate.
- 2.3 Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases
- 2.4 Compliant criteria would generally contain some of the features set out below:
 - support is available only for schools judged good or outstanding at their last Ofsted inspection (this is a mandatory requirement)
 - surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
 - local planning data shows a requirement for a minimum percentage of the surplus places within the next three years
 - formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
 - the school will need to make redundancies in order to contain spending within its formula budget
- 2.5 Methodologies for distributing funding could include:
 - a rate per vacant place, up to a specified maximum number of places (place value likely to be based on basic per pupil funding)
 - a lump sum payment with clear parameters for calculation (for example, the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)
- 2.6 Where falling rolls funding is payable to academies, the local authority should fund the increase for the period from the additional September intake through until the following August
- 2.7 Local authorities should report any falling rolls funds remaining at the end of the financial year to the Schools Forum.

- 2.8 Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for falling rolls.

3. An Example of Hampshire Falling Rolls Policy

- 3.1 The below example is based on the policy for Falling Rolls in Hampshire (Criteria shown in Extract 1 and methodology shown in Extract 2).

Extract 1

- Schools must meet all the following criteria to be eligible for falling rolls funding:
- Falling rolls funding applies to primary, secondary and all-through schools.
 - Had a falling number on roll for a minimum of 2 years based on the autumn term census.
 - Falling number on roll cannot be as a result of a bulge class leaving the school.
 - Number on roll must have fallen by more than 5% in both years.
 - Must have an Ofsted rating of good or outstanding. The Ofsted ratings will be taken as at census day in October.
 - The forecast pupil data must show the school is expected to have an increase in pupil numbers by the end of the 3 years (e.g. years 2 to 3).
 - Forecast pupil numbers must also show the school is increasing numbers in future years 4 and 5 to ensure sustained growth.
 - Schools are not eligible if they are deemed to have an excess balance.
 - Schools cannot receive more than 5% of their budget share or £100,000 whichever is the larger.

Extract 2

Methodology

Where a school's number on roll has fallen by more than 5% from the previous year, they will be funded for the percentage reduction above this. For example, a school has dropped 50 pupils, which is a 10% reduction, so they will receive funding for 25 pupils, which is the amount over and above the 5%.

Funding is provided based on the pupil-led funding unit for each school, which includes the basic entitlement plus other pupil led factors such as deprivation, prior attainment, mobility and English as an additional language. Based on the example above and a pupil-led funding unit of £2,900, the school would receive £72,500 (25 pupils x £2,900).

4. RBC Falling Rolls Policy in 2014

- 4.1 A falling rolls policy including allocated amount and criteria was agreed at Schools Forum back in January 2014.
- 4.2 Schools Forum were presented with 3 options for a falling rolls policy (see Appendix 1 for Paper presented at Schools Forum).

4.3 Schools Forum went with the LA recommendation of option A based on its relative simplicity.

4.4 The policy consisted of the following criteria:

- Judged Good or Outstanding at their last Ofsted inspection (this is a mandatory requirement).
- Surplus capacity exceeds 30 pupils or 20% of the published admission number
- Local planning data shows a requirement for at least 50% of the surplus places within the next 2 years
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- The school will need to make redundancies in order to contain spending within its formula budget
- It does not have a surplus balance in excess of 5% of its school budget share as at 31st March 2021 and 31st March 2022 (or the relevant academic years in the case of academies)

5. Current Proposal and Next Steps

5.1 To replicate the policy of 2014 and to include all mandatory criteria as set out in section 2.4

5.2 Schools who meet the above criteria in 2022/23 will be able to prepare a Business case that, after checking by officers, will be submitted to Schools Forum for a decision, taking into account the funding available in the falling pupils fund. Any agreed funding will be for a specified number of surplus places (within the planned admissions number) at 75% of the relevant basic entitlement rate.

5.3 Currently Reading have been carrying over surplus funds relating to the growth funding element of the budget. It is recommended that we reserve £200k for the falling rolls funds for 2022-2023 and will be reviewed during the year via potential business cases from the schools pass the agreed criteria and then sent to School's Forum for final approval.

5.3 The current data analysis (Section 6 of this report) shows that the only eligible school to submit a business case for a 22-23 falling rolls fund would be Caversham Park Primary School. The business case would need to state the criteria with supporting information.

5.4 The falling rolls fund that would apply to Caversham Park Primary School would follow: (Planned Admission Number - # current number) 2022/23 x £4,265 x 75%

5.5 To utilise £200k of surplus growth funding to fund falling rolls fund. This fund will roll forwards if surplus remains.

5.6 Please refer to Appendix 2 to find the current analysis of Reading schools and their potential eligibility status.

6. Appendices

Appendix 1 – 2014 School Forum Agenda Item: Falling Rolls

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

TO:	READING SCHOOLS FORUM		
DATE:	16 JANUARY 2014	AGENDA ITEM:	5
SUBJECT:	FALLING ROLLS SCHEME		
SERVICE:	EDUCATION, ADULTS AND CHILDRENS SERVICES	WARDS:	All
AUTHOR:	RUSSELL DYER	TEL:	0118 937 2398
JOB TITLE:	HEAD OF FINANCE	E-MAIL:	russell.dyer@reading.gov.uk

1 PURPOSE OF REPORT

1.1 At the last meeting of Schools Forum we agreed to bring forward criteria proposals as to how to allocate the £78k set aside for falling rolls in schools. Within the regulations the LA should propose the criteria for the falling rolls fund and Schools Forum should approve this.

2. RECOMMENDED ACTION


2.1 **FOR DECISION:** To consult with and approve a criteria for allocating the funding for schools with falling rolls.



3. BACKGROUND

- 3.1 At the last meeting of the Forum we set aside £78k of provision for schools with falling rolls, with a larger contingency of £167k, as funding can be retained centrally for falling rolls where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term. The falling rolls fund should be restricted to population increases expected in 2-3 years in necessary schools which are classed by OFSTED as good or outstanding. It must not be used to prop up unpopular or failing schools.

4 POSSIBLE OPTIONS

- 4.1 At the last meeting we agreed to work up proposals for such a scheme within the allocation set aside and bring those back to Schools Forum for approval.
- 4.2 We have obtained from the EFA three good practice examples of schemes approved by other local authorities (attached as Appendix 1 to the report) and Schools Forum is asked for its views on a preference for these or whether there is a variation on these schemes which would be acceptable. Having considered these good practices examples, the LA would have a preference for the Authority A option, given its relative simplicity.
- 4.3 Schools Forum, having considered these options, is asked for its views on the options or any variations with a view to approving such criteria for the scheme.
- 

Appendix 1: Good Practice Examples Provided by the EFA.

AUTHORITY A

Support will be available **only** for schools:

- Judged Good or Outstanding at their last Ofsted inspection (this is a mandatory requirement).
- Surplus capacity exceeds 30 pupils or 20% of the published admission number
- Local planning data shows a requirement for at least 50% of the surplus places within the next 2 years
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- The school will need to make redundancies in order to contain spending within its formula budget
- It does not have a surplus balance in excess of 5% of its school budget share as at 31st March 2013 and 31st March 2014 (or the relevant academic years in the case of academies)

Schools who meet the above criteria in 2014/15 will be able to prepare a Business case that, after checking by officers, will be submitted to Schools Forum for a decision taking into account the funding available in the falling pupils fund. Any agreed funding will be for a specified number of surplus places (within the planned admissions number) at 75% of the relevant AWPU rate.

AUTHORITY B

Support is available only for schools judged Good or Outstanding at their last Ofsted inspection (this is a mandatory requirement).

Surplus capacity as the October count date exceeds 15% of the published admission number in the following year groups:

Financial Year	2014/15	2015/16	2016/17	2017/18	2018/19
Year Group	7	7 & 8	7, 8 & 9	7, 8, 9 & 10	7, 8, 9,10 & 11

Local planning data shows a requirement for at least 90% of the surplus places within the next 5 years.

Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.

The school will need to make redundancies in order to contain spending within its formula budget.

Formula for distributing funding:

85% of the appropriate AWPU x per vacant place below 85% of the PAN. e.g.

First Year of Funding - PAN: 192; 85%: 163

Year 7 NOR October 2013: 70

Difference between 85% of PAN and Yr7 NOR: 93

$93 \times \text{KS3 AWPU} \times 85\% (\pounds 4,551.86 \times 85\% = \pounds 3,869) = \pounds 359,824$

Second Year of Funding - PAN: 192; 85%: 163

Year 7 NOR October 2014: 120

Year 8 NOR October 2014: 70

Difference between 85% of PAN and Yr7 NOR: 72

Difference between 85% of PAN and Yr8 NOR: 93

Total difference = 165

$165 \times \text{KS3 AWPU} \times 85\% (\pounds 4,551.86 \times 85\% = \pounds 3,869) = \pounds 638,398$

AUTHORITY C

The Fund has the following eligibility criteria:

- i) The school/academy has fewer than 550 pupils (excluding sixth form) in the October census prior to the start of the financial year
- ii) The number of places offered by the school across year groups 7 to 11, if full, is greater than 550.
- iii) The authority has forecast that at least 110 places will be required from the school in year 7 (year 9 for upper schools) by Autumn Term 2017, otherwise there will be an absolute shortfall of capacity in the relevant planning area.
- iv) The school is Good or Outstanding. The date at which Ofsted category data will be taken will be 31st August prior to the start of the financial year to which funding relates, except that a school which becomes Good or Outstanding during

the subsequent Autumn term prior to the start of the financial year shall also be eligible.

Formula for Allocation:

The allocation formula takes account of the size of the school but also incorporates a ceiling on allocations. It also takes into account any MFG protection funding the school receives in its budget share to avoid duplicating it.

The formula for determining an allocation to an eligible schools is:

- i) KS3 calculation: $330 - \text{actual number of KS3 pupils on roll} \times \text{KS3 AWPU} \times 50\%$
- ii) KS4 calculation: $220 - \text{actual number of KS4 pupils on roll} \times \text{KS4 AWPU} \times 50\%$
- iii) Sum of the result of lines i) and ii) capped at £250,000
- iv) Deduct any MFG protection funded received by the school
- v) Equals the allocation from the Fund

Appendix 2 – Analysis of Reading Schools (Table 1: Statistics, Table 2: School Pupil Trend Forecasts)

Table 1

LEA/Estab	School Name	Area of Reading	OFSTED ratings	Oct 19 NOR	Oct 20 NOR	Oct 21 NOR	19-20 to 20-21	20-21 to 21-22	Bulge Class?	School Max Level	Vacancy	21-22 Formula Budget	Balance as at 31st December 2021	total funding/incom	5% of total income	Excess Balances over 5
8702000	Alfred Sutton Primary School	East		613	619	627	0.98%	1.29%	-	630	3	£2,855,450	147,072	£3,265,549	163,277	No
8702003	Caversham Primary School	North		419	414	415	-1.19%	0.24%	-	420	5	£1,746,162	-12,889	£2,048,084	102,404	No
8702005	Coley Primary School	Central		216	222	196	2.78%	-11.71%	Bulge	210	14	£1,206,018	28,005	£1,336,334	66,817	No
8702006	E P Collier Primary School	Central		336	298	305	-11.31%	2.35%	-	420	115	£1,523,942	67,799	£1,771,569	88,578	No
8702007	Geoffrey Field Junior School	South		353	348	356	-1.42%	2.30%	-	360	4	£1,634,381	295,415	£2,006,220	100,311	Yes
8702008	Geoffrey Field Infant School	South		267	265	267	-0.75%	0.75%	-	270	3	£1,461,484	292,998	£1,771,963	88,598	Yes
8702016	Oxford Road Community School	West		205	208	211	1.46%	1.44%	-	210	-1	£1,139,155	113,535	£1,438,803	71,940	Yes
8702018	Redlands Primary School	East		202	206	207	1.98%	0.49%	-	210	3	£1,049,866	4,668	£1,184,721	59,236	No
8702019	The Hill Primary School	North		447	406	396	-9.17%	-2.46%	Bulge	420	24	£1,727,434	174,588	£1,990,801	99,540	Yes
8702020	The Ridgeway Primary School	South		409	421	419	2.93%	-0.48%	-	630	211	£2,148,684	75,773	£2,593,534	129,677	No
8702021	Park Lane Primary School	West		411	406	404	-1.22%	-0.49%	-	420	16	£1,733,876	117,883	£2,008,078	100,404	Yes
8702024	Wilson Primary School	West		417	408	412	-2.16%	0.98%	-	420	8	£1,899,371	176,365	£2,295,771	114,789	Yes
8702026	Emmer Green Primary School	North		416	406	411	-2.40%	1.23%	-	420	9	£1,714,000	-122,673	£2,137,814	106,891	No
8702027	Southcote Primary School	West		617	597	600	-3.24%	0.50%	-	630	30	£2,595,572	149,530	£3,073,481	153,674	No
8702029	St Michael's Primary School	West		409	412	397	0.73%	-3.64%	-	420	23	£1,829,068	347,206	£2,123,226	106,161	Yes
8702034	Moorlands Primary School	West		381	363	335	-4.72%	-7.71%	-	420	85	£1,823,125	113,653	£2,182,718	109,136	Yes
8702036	Thameside Primary School	North		392	393	390	0.26%	-0.76%	-	420	30	£1,716,522	264	£2,461,579	123,079	No
8702226	Katesgrove Primary School	Central		601	588	605	-2.16%	2.89%	-	630	25	£2,806,035	254,678	£3,192,088	159,604	Yes
8702233	Caversham Park Primary School	North		198	185	148	-6.57%	-20.00%	-	210	62	£808,055	2,137	£955,976	47,799	No
8702234	Micklends Primary School	North		382	372	376	-2.62%	1.08%	-	420	44	£1,585,765	-105,370	£1,892,833	94,642	No
8702253	Manor Primary School	West		278	267	252	-3.96%	-5.62%	-	315	63	£1,427,052	79,162	£1,766,755	88,338	No
8703000	All Saints Church of England Aided Infant School	Central		62	60	60	-3.23%	0.00%	-	60	0	£355,990	36,719	£410,098	20,505	Yes
8703302	St Anne's Catholic Primary School	North		181	181	181	0.00%	0.00%	-	210	29	£870,215	-501,642	£1,047,311	52,366	No
8703304	English Martyrs' Catholic Primary School	West		414	404	402	-2.42%	-0.50%	-	420	18	£1,900,976	246,986	£2,310,242	115,512	Yes
8703305	Christ The King Catholic Primary School	South		318	308	297	-3.14%	-3.57%	-	315	18	£1,711,335	73,102	£2,205,194	110,260	No
8703360	St Martin's Catholic Primary School	North		155	156	154	0.65%	-1.28%	-	210	56	£699,198	-179,654	£803,233	40,162	No
8703361	Whitley Park Primary and Nursery School	South		516	519	529	0.58%	1.93%	-	630	101	£2,715,894	137,769	£3,339,523	166,976	No
8705411	Blessed Hugh Faringdon Catholic School	West		800	829	868	3.63%	4.70%	-	922	54	£5,004,053	330,443	£5,788,857	289,443	Yes

All Areas in Reading are forecast to decline for the next 2 years, then stabilise and increase.





Reading Schools' Forum

June 16, 2022

Agenda Item 8

Scheme for Financing Schools
2022/23



For decision



For discussion



For information

SUMMARY

This report sets out the statutory changes required to the Scheme for Financing Schools, which requires approval by the Schools' Forum.

AUTHOR

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Business Partner

VERSION

Version number 1

DATE

June 16, 2022

REVIEW DATE

June 2023

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Brighter Futures for Children
Civic Offices, Bridge Street,
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Company number 11293709

1. Recommendations

- 1.1 AGREE: The revisions to the Scheme for Financing Schools as set out in Appendix 1
Note: Voting applies to all Schools Members only.

2. Background

- 2.1 The Scheme for Financing Schools is a statutory document and all local authorities are required to publish their Scheme. It sets out the financial relationship between them and the schools they maintain.
- 2.2 The Department for Education (DfE) set out the provisions which the Scheme must, should or may include. In making any changes to their Schemes, other than directed revisions, local authorities must consult all maintained schools in their area and receive the approval of the members of Schools' Forum representing maintained schools.
- 2.3 The last update to Reading Borough Council's Scheme was in June 2021 and can be found on the RBC website¹.
- 2.4 The statutory guidance for the 2022/23 financial year was updated by the DfE on 31 March 2022.

3. Proposed Changes

- 3.1. There is only one change relating to the borrowing by schools which is the removal of the reference to the Salix Scheme which has now closed.
- 3.2. There are other minor/presentational changes to reflect current policy wording. The changes are listed in Appendix 1.
- 3.3. We do not propose any local changes at this time, but we will exercise discretion on schools meeting certain requirements/deadlines as set out in the Scheme.
- 3.4. As we are only making the changes to reflect the current DfE policy guidance, we will not go out to consultation with all schools, though Schools' Forum are still required to approve these changes.

4. Appendices

Appendix 1 – Changes to The Scheme for Financing Schools

Appendix 2 – Scheme for Financing Schools 2022/23 (with changes)

¹ <https://www.reading.gov.uk/schemes-for-financing-schools>

² [Schemes for financing local authority maintained schools - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/schemes-for-financing-local-authority-maintained-schools)

Appendix 1 – Changes to The Scheme for Financing Schools 2022/23

- Paragraph 2.10 – addition of website address - <https://schools-financial-benchmarking.service.gov.uk/>
- Paragraph 2.15: Changes made to the guidance – added ‘Schools are required to report their Related Party Transactions as part of the annual submission of the Schools Financial Value Standard see 22.2.’
- Paragraph 2.22: Changes made to the guidance – Removed wording relating to the 2020-21 submission and added ‘31 May 2022 for the financial year 2021-22’.
- Paragraph 3.7 changes made to the guidance – removal of reference to Salix and updated reference to IFRS16 to ‘There was a CIPFA consultation taking place in March 2022.’



SCHEME FOR FINANCING SCHOOLS

Version 2022.01

Approved by Schools' Forum on 16/06/2022

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FOREWORD

The Scheme sets out the principles underlying the funding of schools, and the basis for the financial relationship between maintained schools in Reading and the Authority.

The June 2022 version incorporates statutory changes to reflect current policy positions and changes in legislation, as notified in the 31 March 2022 version of the guidance from the DfE¹.

The Authority will keep the scheme under review and stakeholders are invited to comment on the scheme at any time to the Chief Finance Officer.

¹ <https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

SECTION 1: INTRODUCTION

1.1 The Funding Framework

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

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

Local authorities must distribute their 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 the scheme, governing bodies of schools may spend budget shares as they think fit for any purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school).

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 managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (schedule 17 of the Act).

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 outturn expenditure.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State. A copy of each year's budget and outturn statement should be made easily accessible to all schools.

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

1.2 The role of the scheme

The Scheme is prepared in line with the latest statutory guidance issued by the Department for Education which relates to s.48 of the School Standards and Framework Act, and Schedule 14 to the Act. It sets out the principles underlying the funding of schools, and the basis for the financial relationship between Reading Borough Council and the maintained schools which it funds. The requirements of the scheme relating to financial management and associated issues as detailed throughout this document are binding on both the Authority and on schools.

1.3 Application of the scheme to the Authority and maintained schools

The institutional coverage of the scheme will be for all community, nursery, voluntary, foundation, community special or foundation special schools and pupil referral units (PRUs) maintained by Reading Borough Council. A current list of the schools to which the scheme applies is provided at annex A (Schools covered by the scheme) of this document. Unless specifically stated otherwise the provisions of this Scheme apply to any nursery school maintained by the Authority.

As indicated in s.48 of the Act, new maintained schools opening will also be covered by the scheme.

Maintained schools that convert to academy status will cease to be covered by the Scheme. Similarly, new Free Schools will not be covered by the Scheme.

1.4 Publication of the scheme

A copy of the scheme and any approved revisions will be supplied to the head teacher and to the governing body of each school covered by the scheme and placed on the Authority's website. This requirement is subject to regulations published by the Secretary of State for Education.

1.5 Revision of the scheme

The scheme and any subsequent amendments are subject to the approval of members of Schools' Forum representing maintained schools. Any subsequent revisions to the scheme will be subject to consultation with the governing body and head teacher of every school maintained by the Authority and then submission to Schools' Forum for approval. Where 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.

If the Secretary of State makes directed revisions to schemes *after* consultation, such revisions become part of the scheme from the date of the direction.

1.6 Delegation of powers to the head teacher

As part of the scheme, the governing body of each school is required to consider and review (at a frequency to be determined by the governing body and agreed with the Director of Education) the extent to which it wishes to delegate its financial powers to the head teacher, and to record its decision (and any revisions) in the minutes of the governing body. Additionally, the Governing Body or a committee of the governing body must approve the first formal annual budget plan of each financial year.

1.7 Maintenance of Schools

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

SECTION 2: FINANCIAL CONTROLS

2.1 Application of financial controls to schools

Schools are required to abide by the Authority's requirements on financial controls and monitoring in the management of their delegated budgets as outlined within this scheme and detailed in the financial regulations, and those guidelines contained in more detailed publications referred to in the scheme but outside and compatible with it.

2.2 Provision of financial information and reports

Schools are required to provide the Authority with details of actual expenditure and income reconciled to the bank account (I&E Return) on a monthly basis. Schools will also be required to submit outturn statements twice a year – usually in September (monitoring position at month 5) and in January (monitoring position at month 9). The Authority may determine different methods for individual schools and will consult with schools about such requirements, for example schools in financial difficulty may be asked to submit monthly monitoring reports. The submission of such information should so far as possible take account of the Consistent Financial Reporting (CFR) framework. This is in addition to the financial information required as part of schools annual budget plans and year-end predicted outturn processes.

2.3 Payment of salaries; payment of bills

All payments from delegated budgets are to be made in accordance with:

- any specific Service Level Agreement drawn up between the school and Reading Borough Council and,
- the guidelines as detailed as part of any service purchased by the school as part of a Buy-Back service from the Authority, which includes the retention of delegated funding as part of the arrangements for the payroll service.

2.4 Control of assets

Each school is required to maintain an inventory of its moveable assets, in a form to be agreed by the Authority and establish authorisation procedures for disposal of assets. As a minimum requirement all schools should maintain an inventory which records all plant, machinery and equipment with an estimated life of more than five years and an approximate replacement value of, or historic cost of more than, £1,000. Schools should also keep some form of register of assets worth less than £1,000 but are free to determine their own arrangements (with a suggested de minimis of £250). This would be to register anything that is portable and attractive such as a camera.

2.5 Accounting policies (including year-end procedures)

Schools are required to comply with the procedures, requirements and regulations relating to the accounting policies and end of year financial procedures issued and determined by the Authority as being applicable to schools. Guidance will be published annually on the practical arrangements (e.g. accruals accounting and other end of year financial procedures).

2.6 Writing off of debts

No debt shall be discharged other than by payment in full or being written-off. The writing-off of non-recoverable debts is set out in the Financial Regulations and requires the Authority's approval for sums over £5,000, as well as full governing body approval.

2.7 Basis of accounting

End of year reports and accounts completed by schools for submission to the Authority are to be prepared on the same accounting basis as the Authority's financial accounts, that is on an accruals accounting basis, as detailed in the Authority's financial regulations and in accordance with a timetable agreed with the Authority. Support will be available from the Authority for schools requiring assistance in this process.

2.8 Submission of budget plans

Governing bodies must prepare, formally adopt and submit to the Authority a budget plan which reconciles with their total budget allocation, detailing its budgeted income and expenditure for the current financial year, in a format taking account of the Consistent Financial Reporting framework. The plan should be prepared in accordance with the guidelines issued by the Authority to schools as part of the Authority's annual budget preparation process and should take full account of estimated deficits / surpluses at the previous 31 March. Governing bodies should normally submit their formal budget plan to the Authority by no later than 1 May.

The Authority will supply schools in a timely manner with all income and expenditure data it holds which is necessary to efficient planning by schools, for example indicative budget shares as soon as they are available, usually by the end of January.

The Authority would normally expect the governing body to review the initial submitted and approved budget plan in September and January of the current financial year and submit current year outturn forecasts to the Authority. Completed budget plans and any current year forecasts need to demonstrate both the assumptions which underpin the financial data reported and what consideration the

school has made of other Authority initiatives which have a direct impact on the school's resources.

2.9 Submission of financial forecasts

Governing bodies must also submit to the Chief Finance Officer a financial forecast covering each year of a three to five year period. The purposes of such forecasts are to ensure schools are planning ahead strategically and to indicate where schools may have financial difficulties. Multi-year forecasts should be submitted no later than the 30 June.

2.10 School Resource Management

Schools must seek to achieve effective management of resources and value for money, to optimise the use of their resources, and to invest in teaching and learning.

It is for heads and governors to determine at school level how to optimise the use of resources and maximise value for money.

As a minimum, schools should review their current expenditure, compare it to other schools (such as through use of the DfE's benchmarking tool <https://schools-financial-benchmarking.service.gov.uk/>), and think about how to make improvements.

2.11 Virement

Governing bodies are authorised to freely transfer funds between budgets whilst ensuring that the overall budget as approved and submitted to the Authority remains within the cash limit agreed with the Authority. It is for the governing body to determine the extent to which it wishes to delegate power to vire between budget heads and to record its decision in the minutes of the governing body. Proposed virements exceeding the delegated power must be formally adopted by the governing body and duly minuted.

2.12 Audit: General

In accordance with the Local Government Act 1972 and the Accounts and Audit Regulations 2011, the Chief Finance Officer has a statutory responsibility to ensure that a continuous internal audit and examination of accounting, stores and financial records and internal control systems of the Authority and its officers are carried out.

The Chief Finance Officer or a nominated and authorised representative, including the Authority's external auditor, shall have the authority to:

- enter at all times on any premises or land used by the Authority;
- make such checks and seek such explanations as is considered necessary to be satisfied any matters under examination are correct;

- require any employee of the Authority and/or governing body to produce upon request cash, stores or other Authority (including all school) property under his/her control (including reasonable access to IT systems).

Wherever possible auditors will agree an appointment in advance with the school and ensure that they carry out their duties with the minimum disruption to the school.

This internal audit shall be carried out in accordance with the audit regime adopted by the Authority and as detailed in the Authority's *Financial Regulations*. Schools must co-operate with the Chief Finance Officer or his / her representative in all aspects related to the internal and external audit process including responding promptly and where appropriate confidentially to requests for information necessary to carry out the audit.

Head teachers and/or governing bodies shall notify the Director of Education, who shall in-turn inform the Chief Finance Officer of any irregularities or suspected irregularities concerning cash, stores or other property of the Authority or school, or the exercise of any of the Authority's or school's functions.

2.13 Separate external audits

Governing bodies are authorised to spend funds from their budget share to obtain external audit certification of its accounts, separate from any Authority internal or external audit process. Any external audit commissioned by the school must take into account the status of the school as being a spender of the Authority's funds. Copies of external audit reports commissioned by the school should be made available to the Authority.

2.14 Voluntary Funds Charity Commission Registration and Audit of voluntary and private funds

Registration

Charity Commission registration requirements should be followed, these differ between voluntary, foundation and community schools.

Schools must consider their own specific needs should the annual gross income of these funds exceed £5,000. This includes donations, fund raising receipts as well as interest payments. Where the fund (or part of the fund) is used as a holding account, where money is being collected for a specific purpose, e.g. school trips, photographs, uniforms, this can be netted off and be exempt from the £5,000 (other than any surplus). If a school is in any doubt about whether or not it needs to register, it should seek advice from the Charity Commission.

Scrutiny of accounts

The governing body must advise the Chief Finance Officer of all voluntary and private funds held by the school including any trading organisations controlled by the school. In addition to details of any such funds, schools are required to provide annual audit

certificates of all such funds. The governing body must choose either independent examination by a suitably qualified person or arrange for an independent audit by a registered auditor that provides the level of assurance deemed suitable and this should be documented in the school's own finance procedures manual.

Any other requirements concerning the audit of such funds are a matter for those making the funds available and, where registered as a charity, any Charity Commission requirements.

2.15 Register of business interests

Governors and staff have a responsibility to avoid any conflict between their business and personal interests and the interests of the school. This is essential for effective and accountable financial management of the school. Interest should be declared that could result in a conflict of interest. Examples of potential conflicts of interest include:

-

1. Financial – interests in a contract or proposed contract by direct or family connection.
2. Appointment – interests in the provision for sponsor governors or interests in someone's appointment, reappointment or suspension from office as a governor or clerk to the governing body.
3. Pay and performance – interests in the pay or appraisal of someone working at the school in cases where the governor or staff member is also paid to work at the school.

The governing body of each school is required to establish a register which lists for each member of the governing body and management team (including the head teacher and School Business Manager/Bursar), any business interests they or any member of their immediate family have; details of any other educational establishments that they govern; and any relationship 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, and to make the register available for inspection by governors, staff and parents, and the authority and to publish the register on a publicly accessible website. [Schools are required to report their Related Party Transactions as part of the annual submission of the Schools Financial Value Standard see 22.2.](#)

2.16 Purchasing, tendering and contracting requirements

Schools must abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters (including leases). Schools are required to assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority's policies and procedures.

In accordance with DfE requirements, schools are **exempt** from any provisions in the Authority's *Financial Regulations* which would require them to:

- a. do anything incompatible with the provisions of the Scheme, or any statutory

- provision, or any EU Procurement Directive;
- b. seek an Authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
 - c. select suppliers only from an approved list;
 - d. permit schools to seek fewer than three quotes or tenders in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

The fact that an authority contract has been let in accordance with EU procurement procedures does not in itself make it possible to bind a school into being part of that contract. For the purposes of the procurement directives schools are viewed as discrete contracting authorities.

Schools may seek advice on a range of compliant deals via Buying for schools (<https://www.gov.uk/guidance/buying-for-schools>).

2.17 Application of contracts to schools

Schools are free to elect to opt out of contracts arranged by the Authority.

Whilst governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the Authority as maintainer of the school and the owner of the funds in the budget share. For this reason, the Authority will require all contracts exceeding £100,000 entered into by the school to be counter-signed by the Authority. Other 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. VA and Foundation school governing bodies are legally separate entities and do not require counter-signature from the Authority. However, as the Authority is providing the funds, any school which places a contract that will be funded by more than £60,000 from delegated funds, should advise the Authority. In practice this notification will normally happen in the ordinary course of events.

In line with Section 2.16 and the requirement on schools to have regard to good tendering procedures, schools should:

- Seek tenders for all contracts over £60,000
- Obtain 3 quotes or tenders for contracts above £10,000
- Ensure that the Chair of Governors of all schools (or a nominee) opens tenders above £100,000
- Ensure that an Authority Member is involved in the opening of tenders above £250,000 (community schools only)

2.18 Central funds and earmarking

The Authority is authorised to make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget

shares. All such allocations may 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 does not permit virement), 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 only to be spent on the purposes for which it is given, or on other budget heads for which earmarked funding is given and is not transferred into the budget share. Schools are not permitted to authorise expenditure in excess of the amount allocated without the prior agreement and approval of the Director of Education. Furthermore, unless previously agreed with the Director of Education, any earmarked funds not spent in the current financial year are to be returned to the Authority. The Authority will not make any deduction, in respect of interest costs to the Authority, from payments to schools of devolved specific special grant. Schools shall comply with the audit requirements as outlined within financial regulations. Details of earmarked funds as well as the purposes of such funds will be included with the budget statements for each school year.

2.19 Spending for the purposes of the school

Schools must be managed in accordance with their budget allocation for each financial year. They may use their budget allocation to meet, subject to the requirements as outlined in the scheme, all expenditure for the purposes of the school.

They may not however use this resource to meet the cost of:

- any items detailed as exceptions within the scheme, and outlined in this document,
- any items relating to unofficial school funds and;
- any non-LA (or non-curriculum related) activities. By virtue of section 50(3A), amounts spent by governing bodies on community facilities under section 27 of the Education Act 2002 will be treated as if spent for the purposes of the school.

Schools are allowed to spend their budgets on pupils who are on the roll of other maintained schools or academies.

Income received and/or reflected in the schools general accounts must come from the following sources only:

- Advances (general and special) from the Authority
- VAT, tax and other related reimbursements
- Any income generated as a result of an authorised school activity
- Approved contributions towards school expenditure from a third-party
- Any other sources as notified and agreed with the Director of Education and the Chief Finance Officer.

2.20 Capital spending from budget shares

Governing bodies may 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 SSAF Act 1998.

Schools must notify the Authority of all proposed capital spending from their budget share. It is recommended that schools discuss their proposals with the Authority prior to the final authorisation of such proposals and in particular that they ensure that the proposed works do not already form part of the Authority's approved capital programme. If the expected capital expenditure from the budget share in any one year will exceed £25,000, the governing body must notify the Authority and take into account any advice from the Director Education and the Chief Finance Officer as to the merits of the proposed expenditure. If the Authority owns the premises or the school has voluntary controlled status, then the governing body should seek the consent of the Authority to the proposed works, but consent will only normally be withheld on health and safety grounds.

The reasons for these provisions are to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

These provisions do not affect expenditure from any capital allocation made available by the authority outside the delegated budget share.

2.21 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 Education, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the Authority or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day-to-day financial management of a school than the scheme requires for all schools

- such as the provision of monthly accounts to the Authority;
- insisting on regular financial monitoring meetings at the school attended by Authority officers;
- requiring a governing body to buy into the Authority’s financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

2.22 Schools Financial Value Standard (SFVS)

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

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 action 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 Authority before the 31 March. ~~However due to the coronavirus (COVID-19) outbreak, DfE has decided that the SFVS return should be delayed this year. This is to take account of the current pressures schools and local authorities are facing. For the financial year 2020 to 2021, schools should submit their SFVS to their local authority by no later than 28 May 2021.~~ Authorities should submit their assurance statement to DfE within 6 weeks, by no later than 31 May 2022 for the financial year 2021-22.

2.23 Fraud

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

The governing body and head teacher must inform all staff of school policies and

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

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

For the purposes of this section, Budget Share includes any place-led funding for special schools or pupil referral units.

3.1 Frequency of instalments

The Authority will ensure that schools receive their budget share allocation in monthly instalments sufficient to meet their reasonable cash-flow needs. Top-up payments for pupils with high needs will be made on a monthly basis unless alternative arrangements have been agreed with the provider. The Chief Finance Officer in consultation with the Director of Education will agree with individual schools an appropriate schedule of payment. Payments to individual school bank accounts will usually be by BACS.

3.2 Proportion of budget share payable at each instalment

Monthly budget share payments to schools will be made in accordance with the schedule of payment agreed with individual schools and the Chief Finance Officer. Where no prior agreement exists with a school and the Chief Finance Officer, then the budget share payable will be equal to one twelfth of the schools approved budget share. Payment will be made direct into the school's main bank account.

Schools wishing to revise their schedule of payment, changing either the frequency of each instalment or the proportion of budget share payable at each instalment are required to submit their request at least two weeks in advance in writing to the Chief Finance Officer.

Schools who use a payroll service that is external to that provided by the Authority will receive their budget share in instalments that reasonably take account of payroll costs. Those schools whose payroll is administered by the Authority will receive the instalments net of estimated payroll costs for the period to which the payment relates.

3.3 Interest clawback

Where a school requests and the Authority agrees to make available the budget share in advance (of what the Authority believes to be reasonable cash flow needs taking account of the pattern of expenditure of schools of that size, and any particular representations relating to the individual school's circumstances) the Authority may deduct from the budget share an amount equal to the estimated interest lost. The calculation basis as outlined in annex B (Interest charges on advances) may be at a rate up to 2% higher than the rate applicable to funds invested with the Authority on any amount advanced, although provided the Authority has agreed the business plan with the school that sets out the repayment regime, interest will usually be waived.

3.3.1 Interest on late budget share payments

The Authority will add interest to late payments of budget share instalments made after payroll run day each month, where such late payment is the result of Authority error. The interest rate to be used will be that used for clawback calculations as detailed above.

3.4 Budget shares for closing schools

Subject the agreement of the Director of Education and the Chief Finance Officer, the budget shares of schools for which approval for discontinuation has been secured, may be made available until closure of that school on a monthly basis net of estimated pay costs, even where some different basis was previously used.

3.5 Bank and building society accounts

All maintained schools must establish a main bank account to which the budget share will be paid. They must notify the Chief Finance Officer of the account and any proposals to change it. Schools 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.

When a school so changes its bank account, the previous account used to receive budget shares should be closed within 3 months, and any balance transferred to the new account. Any balance the Authority is holding in respect of the school's budget share (or if necessary, an estimate, to be adjusted once the correct amount is determined), will also be transferred to the new account (or from it in the case of a deficit, subject to funds being available).

Schools shall also notify the Chief Finance Officer of other bank accounts they hold, although this is not necessary if the account is held by a separate legally constituted related legal body (e.g. a properly constituted charitable trust).

The operation of school bank accounts in this way will result in school balances being held in the nominated account at the year end, or one otherwise agreed with the Chief Finance Officer (subject to adjustments associated with estimated payroll costs, as mentioned in 3.2.).

3.6 Restrictions on accounts

Full details, including account details and authorised signatories (minimum of two) for all banking transactions, of all bank and/or building societies maintained by the school should be supplied in writing to the Chief Finance Officer. Schools are normally

required to advise the Authority at least three months in advance of its intention to change its banking arrangement. Any school closing an account used to receive its budget share and opening another must agree the new bank or building society with the Chief Finance Officer, which must be consistent with the authority's Treasury Management policy.

Under section 49(5) of the Act, all monies paid by the Authority and held in such accounts shall remain to be the property of the Authority until spent.

Although accounts can be in the name of the school rather than the authority, wherever the school holds its bank account, the account mandate should provide 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.

Where on-line banking is used, schools must ensure that sufficient controls are in place for authorisation of transactions.

3.7 Borrowing by schools

With the exception of loan schemes run by the Authority and outlined in the scheme, governing bodies may only borrow money (which includes the use of finance leases) with the written permission of the Secretary of State (who will only grant permission for borrowing in exceptional circumstances). Details of all such requests and subsequent approvals or otherwise should be supplied in writing to the Authority's Chief Finance Officer.

However, schools may be permitted to use any scheme that the Secretary of State has said is available to schools without specific approval, ~~such as the Salix scheme which is designed to support energy saving.~~

Schools must not use interest bearing credit cards, as this is considered a form of borrowing. Procurement cards should be used for facilitating electronic purchases, and these must be set up to prevent cash withdrawals. Balances must be fully cleared on a monthly basis.

The restrictions do not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on government accounts, though such borrowing must not be serviced directly from the delegated budget.

This provision does not apply to loan schemes run by the Authority. The introduction of IFRS 16 was postponed in relation to 2020 to 2021. ~~It has been postponed again until April 2022.~~ There was a CIPFA consultation taking place in March 2022.

3.8 Finance leases and hire purchase agreements

The Authority adopts the definition of leases in accordance with best accounting practice as described in the International Accounting Standard (IAS) 17.

IAS 17 classifies a lease as a finance lease if it 'transfers substantially all the risks and rewards incidental to ownership' to the lessee. A lease not classified as a finance lease is classified as an operating lease.

A finance lease is a form of borrowing and must not be entered into by a school without the agreement of the Authority. A hire purchase agreement is similar in substance to a finance lease and must not be entered into by a school.

IAS 17 states that 'whether a lease is a finance lease, or an operating lease depends on the substance of the transaction rather than the form of the contract'.

IAS gives the following examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease: -

- a) The lease transfers ownership of the asset to the lessee by the end of the lease term.
- b) The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised.
- c) The lease term is for the major part of the economic life of the asset even if title is not transferred.
- d) At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
- e) The leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

The standard also provides indicators of situations that individually or in combination could result in a finance lease as follows: -

- a) If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee.
- b) Gains and losses from the fluctuation in the fair value of the residual accrue to the lessee.
- c) The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Schools must seek an opinion from the Authority's professional advisors (financial or legal) or the Authority before entering into any significant lease agreement, where a significant lease agreement is defined as a lease agreement where an annual gross lease payment to a bank or banks exceeds £20,000 or total gross lease payments over the life of the lease exceed £60,000 and/or at a level at the discretion of the

Chief Finance Officer. This must be done irrespective of any advice given by the leasing company on the nature of the lease.

Schools must not enter into a significant lease through the equipment vendor without the express agreement of the Authority.

Schools must provide information on all leases as at the year-end or as requested by the Chief Finance Officer.

3.9 Other provisions

All relevant provisions contained in the Authority's financial regulations or other appropriate financial guidance issued by the Authority shall be applicable to schools where those provisions impact on a school's banking arrangements.

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

4.1 The right to carry forward surplus balances

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

4.2 Reporting on and control of the use of surplus balances

Local authorities are no longer required to operate a balance control mechanism.

The Authority will, however, provide Schools' Forum with the level of year-end balances held by schools and the balance as a percentage of the delegated budget, plus the data for the previous three years. Schools' Forum will decide whether any schools will be required to provide additional information regarding the proposed use of those balances, if it has concerns over that school's financial management. Schools' Forum may commission the Authority to collect the information or collect the information directly. Schools' Forum must make information so collected available to the Authority on request.

4.3 Interest on surplus balances

Balances held by the Authority on behalf of schools will **not** attract interest.

4.4 Obligation to carry forward deficit balances

Where a school's expenditure in a financial year exceeds the school's budget share plus any surplus/deficit balances carried forward from a previous year, this will generate a deficit balance to be carried forward to the next financial year. Any such deficit balances will form a first charge and be deducted from the following year's budget share.

Unless the deficit is very small and can be managed within the school's normal cash flow, as soon as the school foresees such a situation is likely to arise it must seek advice of the Chief Finance Officer and Director of Education with proposals as to how the situation will be addressed.

Details of the amount of balances carried forward from one financial year to the next will be reflected in the relevant outturn statement published under s.251.

4.5 Planning for deficit budgets

Schools are required to operate on the basis of a balanced budget agreed with the Authority and are not permitted to plan for deficits in their initial budget plan. In the event that a school unavoidably generates a deficit balance then section 4.9 of the scheme shall apply.

4.6 Charging of interest on budget advances

The Authority is permitted to charge interest on any cash advanced to fund deficit balances. Interest on deficit balances will be calculated on a daily basis and may be charged at a rate up to base rate plus 2% though this will normally be waived provided the Authority has agreed the business plan to address a deficit position.

4.7 Writing off deficits

The Authority is not permitted to write off the deficit balance of any school.

4.8 Balances of closing and replacement schools

When a school closes, any balance, whether surplus or deficit shall revert to the Authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school. The closing school must make all reasonable endeavours to avoid a deficit balance on closure.

The Authority may make allocations to new schools which have the effect of giving them the benefit of additional sums which are equal to the balances of the relevant closing schools.

Where a school converts to academy status (whether as a standalone academy or as part of a multi academy trust) under section 4(1)(a) of the Academies Act 2010, the Authority must pay to the new academy school an amount equal to the surplus balance of the school at the date of conversion.

Where a school with a deficit balance converts to academy status (whether as a standalone academy or as part of a multi academy trust) under section 4(1)(a) of the Academies Act 2010, the Authority shall be compensated by central government for the amount of deficit inherited at the date of conversion. Central government will then recover the deficit from budget allocations made by them to the new academy.

Where a school converts to academy status as a sponsored academy due to being eligible for intervention, the Authority will pay to the academy school an amount equal to the surplus balance of the school at the date of conversion. Where a school with a deficit balance converts to academy status as a sponsored academy due to being eligible for intervention, the amount of the deficit is transferred to the Authority. The

Authority may charge some or all of the cost of deficit against the Dedicated Schools Grant.

4.9 Planned (licensed) deficits

The Authority will permit schools to plan for a deficit budget in particular circumstances. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the Authority on behalf of schools although it is open to the Authority, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant Authority finance legislation.

The requirements are set out below:

- The maximum length over which schools may repay the deficit, i.e. reach at least a zero balance with appropriate mechanism to ensure that the deficit is not simply extended indefinitely, would normally be five years.
- The deficit will only be agreed to allow a school in the short term to maintain a level of spend which in the opinion of the Director of Education is the minimum required to deliver the National Curriculum.
- The maximum size of the deficit in normal circumstances will not exceed 5% of the school's budget share.
- The maximum proportion of the collective balances held by the LA, which would be used to back the arrangement, shall not exceed 20%.
- Before a deficit budget is approved, the school must produce a detailed deficit recovery plan in the prescribed format for the duration of the planned period of the deficit, which will be reviewed and updated at least annually.
- Schools must submit a deficit recovery plan to the Authority when their revenue deficit rises above 5% at 31 March of any year. Authorities may set a lower threshold than 5% for the submission of a deficit recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2022.
- The school must provide to the Authority any additional information/school data requested in relation to the deficit recovery within a reasonable timescale. This may include information on staffing structures, class/timetable arrangements, curriculum plans etc.
- The school must submit monthly budget monitoring reports to the Authority.
- The school must meet with the Authority at least every 6 months to review progress of the deficit recovery plan and attend Schools' Forum if requested.
- A member of the Authority may attend the school's Governor Meetings where the budget is to be discussed.
- The Director of Education, jointly with the Chief Finance Officer, would be responsible for approving any deficit.
- Should a school not comply with the requirements of the licensed deficit, and/or the deficit recovery plan is not being adhered to, the Authority may issue a Notice of Concern (see paragraph 2.21) which may ultimately result in withdrawal of financial delegation.

The Authority will inform schools annually on the guidelines to setting a deficit budget and any additional requirements in operating with a licensed deficit.

In circumstances where a school requires a budget share advance in order not to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements

4.10 Loan Schemes

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

There is currently no loan scheme available to Reading Borough Council Schools, and schools with a deficit are covered by a licenced deficit as set out in paragraph 4.9.

4.11 Credit union approach

Schools may group together to utilise externally held balances for a credit union approach to loans. If doing so and if the authority does not act as administrator of such an arrangement, audit certification will be required.

SECTION 5: INCOME

5.1 Income from lettings

Schools are allowed to retain income from lettings of school premises owned by the Authority which would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Income from lettings of school premises should not be paid into voluntary or private funds held by the school. Schools must ensure that lettings of school premises are not provided at an overall cost to the budget share but may 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. The use of such premises is subject to any directions issued by the Authority as to the appropriate use of school premises as permitted under the School Standards and Framework Act 1998 for various categories of schools.

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

5.2 Income from fees and charges

Schools are allowed to retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. Schools are required to give due regard to any policy statements on charging the Authority may produce.

5.3 Income from fund-raising activities

Schools are allowed to retain income from fund-raising activities.

5.4 Income from the sale of assets

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

5.5 Administrative procedures for the collection of income

The procedures for the collection of all income due to the Authority are subject to the continual review of and issuing of appropriate guidance from the Chief Finance Officer.

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.

Sale of assets would become part of the capital balance of the school and, therefore, would be available for capital expenditure only.

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The Authority is authorised to charge the budget share of a school without the consent of the governing body **only** in circumstances expressly permitted by the scheme (6.2) and requires authorities to consult with schools on any intended changes, and notify schools when it has been done. The Authority is not permitted to levy a charge where the statutory responsibility rests elsewhere and therefore the Authority cannot incur a liability. For the avoidance of doubt the Authority may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase of the Schools' Forum.

All charges for salaries and wages of school-based staff to school budget shares will wherever possible be based on actual rather than estimated costs.

Schools may wish to draw to the attention of the Authority expenses they feel they have incurred as a result of the acts or omissions of the Authority.

6.2 Circumstances in which charges may be made

The circumstances under which charges may be applicable are outlined below:

- i. 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);
- ii. Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex D);
- iii. Awards by courts and industrial tribunals against the Authority or out of court settlements, arising from acts or omissions by the governing body or head teacher contrary to the Authority's advice
- iv. 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;
- v. Expenditure by the Authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Authority or the school has voluntary controlled status;
- vi. 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;
- vii. Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out

- in a service level agreement, and the result is that monies are owed by the school to the Authority;
- viii. Recovery of penalties imposed on the Authority by the Board of Inland Revenue, the Contributions Agency or HM Customs and Excise, Teachers Pensions, the Environment Agency or other regulatory authorities as a result of school acts or omissions.
 - ix. Correction of Authority errors in calculating charges to a budget share (eg pension deductions)
 - x. 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.
 - xi. Legal costs which are incurred by the Authority because the governing body did not accept the advice of the Authority.
 - xii. Costs of necessary health and safety training for staff employed by the Authority, where funding for training had been delegated but the necessary training not carried out.
 - xiii. Compensation paid to a lender where a school enters into a contract for borrowing or leasing beyond its legal powers, and the contract is of no effect, and the full initial cost of any credit arrangement the school enters into without the prior written agreement of the Chief Finance Officer.
 - xiv. Cost of work done in respect of teacher pension remittance and records for schools using non-Authority payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
 - xv. Costs incurred by the Authority in securing provision specified in an Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
 - xvi. Costs incurred by the Authority due to submission by the school of incorrect data.
 - xvii. Recovery of amounts spent from specific grants on ineligible purposes.
 - xviii. Costs incurred by the Authority as a result of the governing body being in breach of the terms of a contract.
 - xix. 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.
 - xx. Costs incurred by the Authority in administering admission appeals, where the Authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

SECTION 7: TAXATION

7.1 VALUE ADDED TAX

Schools are required to complete a monthly return of expenditure and income showing the amount of VAT incurred and any VAT arising for services supplied by schools. In respect of VAT incurred, schools must hold a valid VAT invoice to support their claim.

On receipt of the monthly return the Authority will reclaim the net VAT and arrange for the school to be reimbursed.

VAT **cannot be recovered** on expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings.

Schools should seek advice of the Chief Finance Officer in relation to VAT if there is any doubt as to how a particular transaction should be treated.

7.2 CIS (Construction Industry Taxation Scheme)

Schools are required to agree a procedure with the Chief Finance Officer to enable any expenditure they incur to which the Construction Industry Taxation Scheme (CIS) applies to be correctly accounted for. For many schools this can be achieved by asking the Chief Finance Officer to make such payments.

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

8.1 Provision of services from centrally retained budgets

The Authority will determine the basis upon which services from centrally retained funds (including existing premature retirement costs and redundancy payments) are provided to schools. The Authority will, wherever possible endeavour to do this in consultation with schools. The Authority will not discriminate in its provision of services on the basis of categories of schools except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant.

8.2 Provision of services bought back from the Authority using delegated budgets

The Authority will limit the term of any arrangement with a school to buy services or facilities from the authority to a maximum of three years from the date of the agreement, and periods not exceeding five years for any subsequent agreement or extensions relating to the same.

Schemes for contracts for supply of catering services may be limited to a maximum of five years, with a maximum agreement of seven years if the contract is extended.

When a service is provided for which expenditure is not retainable centrally by the Authority under the Regulations made under section 45a of the Act, it will be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service will be met by the total income, even if schools are charged differentially.

8.3 Packaging

The Authority will ensure that in providing any service on a buy-back basis that such services will be offered in a way which does not unreasonably restrict schools freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services. Services available to be purchased with delegated funds will be outlined in guidance from time to time (Reading Borough Council support services for schools).

8.4 Service level agreements

Service level agreements must normally be in place by no later than 31st March to be effective for the following financial year and schools must normally have at least a month to consider the terms of agreements.

With the exception of centrally funded premises and liability insurances, if services or facilities are provided under a Service Level Agreement (SLA) (whether free or on a buy-back 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.

Services provided by the Authority will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements. Where such services are provided on an ad-hoc basis they may be charged for at a different rate than if those services were provided on the basis of an extended agreement.

8.5 Teachers' Pensions

For the purposes of the Teachers' Pensions Scheme (TPS), the Authority is deemed to be the employers of teachers employed in maintained schools, whoever is the contractual employer. This brings with it the duty, under the Teachers' Pensions Regulations 2014, to make data returns relating to contributions, salaries and service for the staff concerned to Teachers Pensions.

Schools must ensure that their contracts with third party payroll agencies contain proper provision requiring the agency to supply a monthly return of salary and service to the Authority and in the format as reasonably specified by the Authority. Governing bodies must also ensure that details of Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit showed in the AVC scheme. Annex C sets out the full details. Where a revision to the contract involves increased charges then the additional cost is to be met from within the existing schools' budget share.

SECTION 9: PRIVATE FINANCE INITIATIVE / PUBLIC –PRIVATE PARTNERSHIP

9.1 Private Finance Initiative (PFI) / Public –Private Partnership (PPP)

The Authority may develop PFI projects within the schools sector. An appropriate funding mechanism for such projects will be established in consultation with schools and the particular governing bodies concerned. The Authority anticipates agreeing with the governing body of schools as to the basis of such charges; and the treatment of monies withheld from contractors due to poor performance.

SECTION 10: INSURANCE

10.1 Insurance cover

The Chief Finance Officer has the responsibility for ensuring that the Authority is adequately protected by insurance. It is essential that the School governing body is adequately protected. Without insurance, schools could find themselves in a position where they are exposing the School and the Authority to potential liabilities which could have serious financial implications for Schools and Authority, e.g. a major fire or injury. In addition, individual teachers or governors may unwittingly open themselves to the possibility of being sued personally. The Chief Finance Officer can determine the minimum levels of insurance cover for schools. The **Minimum Requirement** will be based on the cover currently provided by the Authority, or such amounts that the Chief Finance Officer reasonably determines due to changes in the nature of the risk. Schools will not be allowed to place their insurance cover elsewhere unless they can demonstrate that these meet the Minimum Requirements.

When considering the options open to them governing bodies should make their decision bearing in mind their own individual circumstances and ensure that they are clear as to the extent of cover and other services included within each option.

In the event of the School deciding not to take advantage of the Authority's insurance service, the School must demonstrate that it has arranged cover to as good a standard as that which would have been arranged by the LA.

Schools making their own alternative insurance arrangements must produce evidence of such insurance to the Chief Finance Officer following inception and each subsequent annual renewal. The evidence required to demonstrate parity of cover should be reasonable, not place an undue burden upon the School, nor act as a barrier to the school exercising their choice of supplier.

An Authorised Insurer (i.e. a company that is licensed to undertake the appropriate insurance business in the United Kingdom) must provide any insurance cover. It must also meet the requirements of the Authority's insurance advisor's security board.

If the alternative insurance does not meet the minimum specification, the Authority will have the right to take out the necessary insurance cover on behalf of the School and charge the premium to the School delegated budget.

Details of the insurance cover required for Reading schools (available as a buy-back) is updated annually in the School Insurance Guide which is published on the Reading SLA portal, also available on request from the Chief Finance Officer.

Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. Schools may join

the RPA after 1st April 2020. Schools may do this individually when any insurance contract of which they are part expires. All primary and/or secondary maintained schools may join the RPA collectively by agreeing through the Schools' Forum to de-delegate funding.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

Governing bodies are required to supply upon request and within a reasonable timescale, all financial and other information including the specific requirements outlined throughout this document, which might reasonably be required to enable the Authority or, its auditors 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 (eg earmarked funds) on the school.

11.2 Liability of governors

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

11.3 Governors' Allowances

Schools with delegated budgets

Under schedule 50(5) of the Act, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. Payment of any other allowances is forbidden. Schools are also barred from payment of expenses which duplicate those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

Schools without delegated budgets

The authority may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses. Governing bodies would not normally have discretion in the amounts of such allowances, which would be set by the authority.

11.4 Responsibility for legal costs

Where the governing body fails to act in accordance with the advice of the Authority, then the Authority is authorised to charge school's budget shares for appropriate legal costs incurred by the school's governing body. The Authority will wherever possible discuss in advance with schools its intention to make such a charge, and may in exceptional circumstances, following consultation with schools, waive this right. The costs referred to are those of legal actions, including costs awarded against the authority, not the cost of legal advice provided.

The Head of Legal Services will issue from time to time guidance to schools about procedures for obtaining legal advice, including circumstances where there is a conflict of interest between the governing body and the Authority.

11.5 Health and Safety

The Authority, governors, senior managers and all employees have general duties under the Health and Safety at Work Act 1974. Those duties are underpinned by more specific requirements set out in regulations or other legislation. In expending the school's budget share, governing bodies are required to give due regard to the requirements as specified in the aforementioned as well as those incorporated in Authority policy and other guidelines issued by the Authority that are deemed to be applicable to schools.

11.6 Right of attendance for the Chief Finance Officer

Governing bodies are required to permit the Chief Finance Officer, or any person nominated by the Chief Finance Officer to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities. To facilitate this, the Authority will, unless this is impracticable, give prior notice of its intention to attend, and the governing body will supply upon request advance details including appropriate documentation of specific items to be discussed at such meetings.

Relevant items are those relating to financial probity, or overall financial management of the Authority. Schools will always advise the Chief Finance Officer if the governing body is considering a probity matter where there is an allegation of fraud or irregularity in the use of delegated or devolved funds.

11.7 Special Educational Needs

Schools are required to use their best endeavours in spending the budget share, to secure the special educational needs of their pupils. If the Authority is advised that this is not being achieved it may need to suspend delegation where a situation is serious enough to warrant it.

11.8 Interest on late payments

Schools are reminded that the terms of the scheme cannot affect statutory requirements. The Late Payment of Commercial Debts (Interest) Act 1998 requires debts to suppliers to be paid within 30 days of receiving the goods/services or receiving the invoice (whichever is the later). The supplier must receive a cheque or cleared funds by the 30th day. Suppliers are entitled to charge interest at Bank of England Base rate plus 8% on late payments, as well as reasonable debt recovery costs.

11.9 'Whistleblowing'

RBC has a 'whistleblowing' policy available on the Authority's website – www.reading.gov.uk/councilanddemocracy/corporatecomments/whistleblowing.

The purpose of the policy is to encourage all staff to feel confident in raising serious concerns, to question and act upon concerns about practice; to provide a method of raising concerns and receiving feedback on any action taken; to ensure that a response to concerns is received and to reassure staff that they will be protected from reprisals or victimisation for whistleblowing in good faith. This scheme should be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school.

As a first step, concerns should normally be raised with their immediate manager or Chair of the board of governors. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If advice and guidance is needed on how matters of concern may be pursued the Chief Auditor at the Authority should be contacted.

11.10 Child Protection

Schools must release staff to attend child protection case conferences and other related events.

11.11 Redundancy/Early Retirement Costs (new)

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. The Authority has its own local arrangements and it is expected that schools will normally meet all redundancy/early retirement costs from their delegated budgets, unless there are exceptional circumstances.

Annex D sets out the statutory guidance on the funding of premature retirement and redundancy costs.

SECTION 12: REPAIRS AND MAINTENANCE

12.1 Responsibility for Repairs and Maintenance

With the exception of capital expenditure as defined by the 'CIPFA Code of Practice on local authority accounting', Reading Borough Council will delegate all funding for repairs and maintenance to schools.

School's should set their own de-minimus limit in assigning whether work is classified as revenue or capital, the default being that used by the Authority.

For voluntary aided schools, the liability of the Authority for repairs and maintenance is the same as for other maintained schools.

Voluntary aided governor responsibilities are as set out in the DfE document 'Funding for premises-related work at Voluntary Aided (VA) Schools in England' effective from 1st April 2002. VA governors will continue to be eligible for grant from the DfE in respect of their statutory responsibilities and in addition they will have responsibility for other repair and maintenance items on the same basis as community and foundation schools. VA governing bodies are liable for:

- The existing buildings (internal and external);
- Those buildings previously known as 'excepted' (kitchens, dining areas, medical/dental rooms, swimming pools, caretakers' dwelling houses);
- Perimeter walls and fences, even if they are around the playing fields;
- Playgrounds;
- Furniture, fixtures and fittings - but not normally ICT equipment;
- Other capital items (which can include boiler replacements and replacement of services).

The Authority is liable for:

- Playing fields

SECTION 13: COMMUNITY FACILITIES

13.1 Application of Schemes for Financing Schools to the Community Facilities Power

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 controls. Regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Section 88 of the Children and Families Act 2014 has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its Authority and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their Authority when offering this type of provision.

Under s.28(1), the main limitations and restrictions on the power will be those contained in the maintaining authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.

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

13.2 Consultation with the authority – financial aspects

Schools no longer need to consult the Authority when establishing community facilities. Nor do they have to have regard to advice given to them by their Authority. However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions they make.

13.3 Funding agreements – authority powers

Schools seeking to enter into any funding agreement with a third party either supplying funding or supplying funding and taking part in the provision, must submit any such proposed agreement to the Director of Education for comment. Schools must give the Authority a minimum of 4 weeks response time in such consultation.

Schools seeking Authority advice and submitting proposals to the Authority for comment must take into account the comments of the Authority and inform the Authority what action has been taken following Authority advice. Whilst the Authority has no right of veto for such agreements, if an agreement has been or is to be concluded against the wishes of the Authority, or as been concluded without informing the Authority, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

13.4 Other prohibitions, restrictions and limitations

In cases where the Authority considers that a proposed project carries significant financial risks to the Authority, it may require the governing body concerned to make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project as specified by the Authority.

13.5 Supply of financial information to the Authority

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

Should the Authority consider there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, it may request financial statements every three months and the submission of a recovery plan for the activity in question if required.

Financial information relating to community facilities must be included in returns made by schools under the CFR framework.

Schedule 15 of the act provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.

13.6 Audit

Schools, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, should ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of income and surpluses

Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider.

Schools may carry such retained net income over from one financial year to the next as a separate community facility supply or transfer all or part of it to the budget share balance.

If the school is a community or community special school and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority.

13.8 Health and safety

The health and safety provisions of the main scheme (see section 11.5) also apply to the community facilities power.

The governing body will be responsible for the costs of securing Disclosure and Barring Service clearance, where appropriate for all adults involved in community activities taking place during the school day.

13.9 Insurance

It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power. **The school should seek the Authority's advice before finalising any insurance arrangement for community facilities** and should allow a two week response time for the Authority. The Authority may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school.

Instead of taking out insurance, a school may join the RPA for risks that are covered by the RPA.

13.10 Taxation

Schools should seek the advice of the Authority initially and the local VAT office or professional VAT advice on any issues relating to the possible imposition of Value Added Tax on income and expenditure in connection with community facilities and any company set up to manage such facilities.

Schools must fulfil the Authority's directions on VAT issues that impact on the Authority's VAT return or position.

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 a school's own back account, the school is likely to be held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules.

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

13.11 Banking

Schools should either maintain separate bank accounts for budget share and community facilities or have one account but with adequate internal accounting controls to maintain separation of funds. Schools should also have regard to the provisions at 3.5 and 3.6 above relating to the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters. The general approach to these matters should mirror these sections, except that a provision requiring that a mandate show the Authority as owner of the funds in the account should exempt the community facilities funds from that if they are not in the same account as the budget share.

ANNEXES

- A Schools Covered by the Scheme
- B Interest Charges on Advances
- C Requirement to provide data on Teacher Pensions
- D Responsibility for Redundancy and Early Retirement Costs

ANNEX A

SCHOOLS COVERED BY THE SCHEME

Nursery Schools:		
Blagrove	Caversham	Norcot
Blagdon	New Bridge	
Primary Schools:		
Alfred Sutton	Geoffrey Field Infant	Redlands Primary
All Saints Infants	Geoffrey Field Junior	Ridgeway Primary
Caversham Park Primary	Hill Primary,The	Southcote Primary
Caversham Primary	Katesgrove Primary	St. Anne's RC Primary
Christ The King RC Primary	Manor Primary	St. Martin's RC Primary
Coley Primary	Micklands Primary	St. Michael's Primary
E P Collier Primary	Moorlands Primary	Thameside Primary
Emmer Green Primary	Oxford Road Primary	Whitley Park Primary
English Martyrs' RC Primary	Park Lane Primary	Wilson Primary
Secondary Schools:		
Blessed Hugh Faringdon		
Special Schools:		
The Holy Brook		

ANNEX B

INTEREST CHARGES ON ADVANCES

The calculation basis of the deduction that the Authority may make from a school's budget share in respect of estimated interest lost will be at a rate up to 2% higher than the rate applicable to funds invested with the Authority on any amount advanced.

For example:

Suppose the normal instalments the Authority agrees to pay are one twelfth of the budget at the start of each month. A school with an annual budget of £300,000 asks for its March instalment 10 months earlier in May. Assuming that the current interest rate applicable to funds invested with the Authority is 3% then, the interest charge on that advance will be calculated as:

$\frac{\text{annual budget}}{12} \times \frac{\text{number of days in advance}}{365} \times (\text{current interest rate} + 2\%) = \text{interest charge}$

$$\frac{\underline{\pounds 300,000}}{12} = \pounds 25,000 \times \frac{305}{365} = \pounds 20,890 \times (3\% + 2\%) = \pounds 1,045$$

ANNEX C

REQUIREMENT TO PROVIDE DATA ON TEACHER PENSIONS

In order to ensure that the performance of the duty on Reading Borough Council to supply Teachers Pensions with information under the Teachers' Pensions Regulations 2014, the following conditions are imposed on Reading Borough Council 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 Reading Borough Council 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 monthly return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

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

ANNEX D

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

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

Section 37 of the 2002 Education Act says:

(4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met

(5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the Authority's budget. In the former case, the Authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the Authority's policy
- Where the school is making staffing reductions which the Authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit

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- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the Authority's redeployment policy

Charge of premature retirement costs to Authority non-schools budget

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

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

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

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

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

*(7) Where a local education authority incur costs—
(a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or
(b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,*

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

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

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

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