

# SCHOOLS FORUM

## AGENDA

Wednesday 16 October 2024 at 1pm

via videoconferencing

**Membership:** Tony Eginton (Chair), Phil Haigh (Chair of Sub-Groups), Shabana Aslam, Kate Needs, Kris O’Sullivan, Mel Penney, Carly Rissen, John Buckingham, Jo Palmer, Dan Cowling, Jenny Rigby, Harshinder Buttar, John Garner, Nicola Edwards, Nicola Kelly, Helen Manwaring, Liam McGillicuddy, Ben Spinks, Sudhi Pathak, Paul Chambers, Elaine Caffary, Naazish Haq, Jonathan Jacob.

**Shadow Reps/Observers:** Debbie Gilder, Eleesa Dowding, Graham Wells, Bryony Smith, Pearl Greenwald.

**Officers:** Amy Episcopo, Danny Doherty, Bharti Bhojan, Andy Evans, Dan Kennedy, Abi Preston, Michael Hawkins, Julie Kelly, Philip Ryan, Kate Boulter(Clerk)

## AGENDA

|    | Item   | Approx. time     | Lead   | Update                                       |
|----|--|------------------|--|--|
| 1  | Welcome, apologies & opening comments.   | 13.00–<br>13.05  | <b>Chair</b>   | Oral   |
| 2  | Notification of Any Other Urgent Business  | 13.05–<br>13.10  | <b>Chair</b>   | Oral   |
| 3  | Minutes of meeting held on 2 July 2024   | 13.10–<br>13.15  | <b>Chair</b>   | Minutes                                      |
| 4  | Matters arising from meeting on 2 July 2024  | 13.15–<br>13.20  | <b>Chair</b>   | Oral   |
| 5  | Schools Forum Membership<br>a) Membership update   | 13.20–<br>13.25  | <b>Chair/<br/>Clerk</b>                                | Oral   |
| 6  | Feedback from sub-groups/working groups.<br>a) High Needs Funding Group 24 September 2024<br>b) Early Years Group 8 October 2024   | 13.25–<br>13.35  | <b>PH<br/>PH</b>                                       | Draft<br>Minutes                             |
| 7  | Items for Decision or for Noting:<br>a) Scheme for Financing Schools<br>b) Proposed Consultation – School Block NFF<br>c) De-Delegation: Education Statutory Duties<br>d) De-Delegation: Trade Union & Pension Admin<br>e) Oak Wood Proposal           | 13:35–<br>14:15  | <b>DD<br/><br/>DD/AP<br/>Chair<br/>Dan<br/>Cowling</b> | Report<br>Oral<br>Report<br>Report<br>Report |
| 8  | Information Items<br>a) DSG Budget Monitoring Forecast 2024/25 (M5)<br>b) Mainstream Banding Funding Framework (Numbers)<br>c) Implications to the SEND budget of ISG going into receivership<br>d) Survey of Members – Annual Review of Schools Forum | 14:15-<br>14:45  | <b>DD<br/>HR<br/>GB<br/><br/>AP</b>                    | Report<br>Oral<br>Oral<br><br>Report         |
| 9  | For note – agenda items for next meeting as per forward plan   | 14:45–<br>14.50  | <b>Chair</b>   | Oral   |
| 10 | AOB (if any)   | 14:50 –<br>15.00 | <b>Chair</b>   | Oral   |

# HILLINGDON SCHOOLS FORUM

Minutes of the meeting held on Tuesday 2 July 2024 at 1.30pm via Teams

## Voting members

| NAME   | ORGANISATION   | ATTENDANCE | TERM ENDS |
|--|--|------------|-----------|
| <b>Maintained Nursery (1)</b>  |  |            |           |
| Shabana Aslam  | McMillan Early Childhood Centre                        | APOLOGIES  | Sep 2026  |
| <b>Maintained Primary - Schools (4)</b>                              |  |            |           |
| Kris O'Sullivan  | Deanesfield Primary School                             | PRESENT    | Sep 2024  |
| Kate Needs   | Lady Banks   | PRESENT    | Sep 2027  |
| Mel Penney   | Glebe Primary School                                   | PRESENT    | Sep 2027  |
| Carly Rissen   | Colham Manor   | PRESENT    | Sep 2024  |
| <b>Maintained Primary - Governors (4)</b>                            |  |            |           |
| John Buckingham  | Glebe Primary School                                   | APOLOGIES  | Sep 2024  |
| Jim Edgecombe  | Whiteheath Junior School                               | PRESENT    | Sep 2024  |
| Tony Eginton (CHAIR)   | Minet Infant & Nursery School & Hillside Junior School | PRESENT    | Sep 2024  |
| Phil Haigh   | Cherry Lane Primary School & Meadow High School        | PRESENT    | Sep 2024  |
| <b>Maintained Secondary (1)</b>                                      |  |            |           |
| Dan Cowling  | Oak Wood School  | PRESENT    | Sep 2026  |
| <b>Maintained Special (1)</b>  |  |            |           |
| Jenny Rigby  | Meadow High School                                     | PRESENT    | Sep 2027  |
| <b>Academies (9)</b>   |  |            |           |
| Harshinder Buttar  | Lake Farm Park Academy                                 | PRESENT    | Sep 2027  |
| John Garner  | Ruislip High School                                    | PRESENT    | Sep 2026  |
| Nicola Edwards   | William Byrd   | PRESENT    | Sep 2028  |
| Nicola Kelly   | Charville  | PRESENT    | Sep 2024  |
| Helen Manwaring  | The Willows  | PRESENT    | Sep 2027  |
| Liam McGillicuddy  | Bishopshalt  | APOLOGIES  | Sep 2027  |
| Ben Spinks   | Middlesex Learning Partnership                         | APOLOGIES  | Sep 2028  |
| (2 vacancies)  |  |            |           |
| <b>Special Academies (1)</b>   |  |            |           |
| Sudhi Pathak   | Eden Academy Trust                                     | PRESENT    | Sep 2026  |
| <b>Alternative provision (1)</b>                                     |  |            |           |
| Paul Chambers  | The Skills Hub   | APOLOGIES  | Sep 2027  |
| <b>Private Voluntary &amp; Independent Early Years Providers (2)</b> |  |            |           |
| Elaine Caffary   | 4 Street Nursery                                       | PRESENT    | Sep 2024  |
| Naazish Haq  | Little Companions                                      | APOLOGIES  | Sep 2027  |
| <b>14-19 Partnership (1)</b>   |  |            |           |
| Jonathan Jacob   | Global Academy   | PRESENT    | Sep 2028  |

## Other attendees (non-voting)

|  |   |  |              |
|--|---|--|--------------|
| <b>Independent Non-Maintained Special School</b>             |   |  |              |
| Debbie Gilder  | Pield Heath School                                |  | NOT REQUIRED |
| <b>Shadow Representative (Maintained Primary - Schools)</b>  |   |  |              |
| Eleesa Dowding   | Harmondsworth                                     |  | NOT REQUIRED |
| Nicky Bulpett  | Ruislip Gardens                                   |  | PRESENT      |
| <b>Shadow Representative (Maintained Primary - Governor)</b> |   |  |              |
| Jo Palmer  | Hillside Infant School and Hillside Junior School |  | NOT REQUIRED |
| Graham Wells   | Grange Park Junior School                         |  | NOT REQUIRED |
| <b>Maintained Special</b>                                    |   |  |              |
| Pearl Greenwald  | Hedgewood School                                  |  | PRESENT      |
| Bryony Smith   | Hedgewood School                                  |  | PRESENT      |
| <b>Officers</b>  |   |  |              |
| Laura Baldry   | LA Admissions                                     |  | PRESENT      |
| Bharti Bhoja   | LA Finance  |  | PRESENT      |
| Gary Binstead  | LA  |  | PRESENT      |
| Kate Boulter   | Independent Clerk                                 |  | PRESENT      |
| Danny Doherty  | LA Finance  |  | PRESENT      |
| Amy Episcopo   | LA Finance  |  | PRESENT      |
| Julie Kelly  | LA Director of Children's Services                |  | PRESENT      |
| Sailesh Patel  | LA Finance  |  | PRESENT      |
| Abi Preston  | LA Director of Education & SEND                   |  | PRESENT      |
| Philip Ryan  | LA Early Years                                    |  | PRESENT      |
| <b>Observers</b>   |   |  |              |
| Carol Jumpp-Graham   | NEU   |  | PRESENT      |
| Simon Warne  | NEU   |  | PRESENT      |

|    |  | <b>ACTION</b>                           |
|----|--|---|
| 1. | <p><b>APOLOGIES &amp; OPENING COMMENTS</b></p> <ul style="list-style-type: none"> <li>• Apologies were accepted and recorded in the attendance list (above).</li> <li>• The Chair confirmed the meeting was quorate and could proceed to business.</li> </ul>  |   |
| 2. | <p><b>ANY OTHER URGENT BUSINESS</b></p> <ul style="list-style-type: none"> <li>• None.</li> </ul>  |   |
| 3. | <p><b>MINUTES OF PREVIOUS MEETING</b></p> <p>The draft minutes of the meeting held on 21 May 2024 were considered and it was agreed that approval of the minutes be <b>DEFERRED</b> to the next meeting.</p>   | <b>TE</b>                               |
| 4. | <p><b>MATTERS ARISING</b></p> <p>All matters arising from the draft minutes appeared elsewhere on the agenda.</p>  |   |
| 5. | <p><b>SCHOOLS FORUM MEMBERSHIP UPDATE</b></p> <ul style="list-style-type: none"> <li>• A number of members' terms of office would be ending in September 2024 and the next meeting was on 16 October 2024. The nominating bodies for the following categories, which had representatives with terms ending, were asked to confirm their nominations to the Clerk before the next meeting: <ul style="list-style-type: none"> <li>– Primary Maintained (2 x Representatives and 1 x Shadow Representative)</li> <li>– Primary Maintained Governors (4 x Representatives and 2 x Shadow Representatives)</li> <li>– PVI (1 x Representative)</li> </ul> </li> <li>• There were two vacancies for Academy Representatives, and one other Academy member's term of office would end in September. The nominations process for the three academy representative vacancies would be held before the next meeting.</li> <li>• The Forum noted that this was Jim Edgecombe's last meeting after 22 years as a member of Schools Forum, including as Chair. The Forum thanked Jim for his tremendous service and wished him well in his retirement.</li> </ul>  | <p><b>JP/MP</b></p> <p><b>AP/KB</b></p> |
| 6. | <p><b>FEEDBACK FROM SUB-GROUPS &amp; WORKING GROUPS</b></p> <p><b>(a) HIGH NEEDS FUNDING GROUP – 11 JUNE 2024</b></p> <ul style="list-style-type: none"> <li>• The draft minutes of the meeting held on 11 June 2024 were considered and it was agreed that approval of the minutes be <b>DEFERRED</b> to the next meeting.</li> <li>• PH reported that the Group had discussed the £10.5m increase in the DSG deficit due to the addition of funding for over 800 extra EHCPs and had asked for a report showing how these additional EHCPs impacted the 2024/25 budget. Officers confirmed that £4.2m of the £10.5m related to 2023/24 and the remaining £6.3m related to prior years, primarily 2022/23.</li> <li>• An update on the Banded Funding Review had been received. The aim was for mainstream schools to implement the new model from early 2024/25 academic year, and special schools towards the end of the 2024/25 year.</li> <li>• The Group had welcomed the substantial reduction in children being places in independent and non-maintained schools and had requested data for the next meeting on the number of children with EHCPs going in / out of the Borough, whether children were being sent to maintained provision out of borough, and whether specific need groups were being exported.</li> </ul> | <b>PH</b>                               |
| 7. | <p><b>ITEMS FOR DECISION</b></p> <p><b>(a) DE-DELEGATION OF TRADE UNION FACILITY TIME</b></p> <p>The Chair reported that he had been contacted by union representatives in relation to the decision made by Forum at its meeting on 6 December 2023 regarding de-delegation of trade union facility time. At that meeting, the Forum had considered a proposal to increase the rate from £2.19 to £6.25, then a further proposal was made at the meeting to agree a lower rate of £4. The matter had been voted on by those Forum members eligible to vote from primary and secondary maintained schools, and the decision had been not to de-delegate. The union representatives had subsequently contacted the Chair seeking clarification as to which rate had been rejected and had indicated that the item had not appeared on the agenda for the 6 December 2023 meeting so there was no chance for Forum members to be informed about the importance of de-delegation.</p>  |   |

|    |  |                |
|----|--|----------------|
|    | <p>The Forum commented:</p> <ul style="list-style-type: none"> <li>• The item had been on the agenda which was published before the meeting on 6 December 2023.</li> <li>• The Forum had a full debate at the December meeting with two union representatives in attendance who also spoke. In its discussion, the Forum had raised concerns regarding the lack of evidence of how the money was spent and its impact, and issues of transparency and fairness in relation to the funding being taken only from maintained schools and not academies.</li> <li>• One of the maintained school members of Forum, who was also Chair of Primary Forum, confirmed she had spoken with one of the union representatives before the December meeting and obtained feedback from other primary maintained heads.</li> <li>• The motion voted on in December was whether the Forum agreed to de-delegate. Both voting bodies (primary maintained and secondary maintained) had voted not to de-delegate any amount.</li> </ul> <p>For the avoidance of doubt, the Forum agreed to repeat the vote and, having been put to a vote, all primary and secondary maintained representatives who were eligible to vote <b>AGREED</b> not to de-delegate any amount for trade union facility time. No primary or secondary maintained representatives voted in support of de-delegation.</p> <p>The Forum observed that it had not received a report on use of de-delegated trade union facility time funding for some time and requested that, when the matter was considered again in December 2024, Bob Charlton be asked to provide a report on how the money was spent, the benefits of de-delegation, and any suggestions to improve the equity of how facility time was funded in Hillingdon.</p> | TE             |
| 8. | <b>INFORMATION ITEMS</b>   |                |
|    | <p><b>(a) SCHOOLS AND ACADEMY BALANCES 2023/24</b></p> <p>The Forum considered a report which showed the revenue balances held by Hillingdon maintained schools at the end of the financial year (31 March 2024) and compared this with balances held by academies within the Borough at 31 August 2023:</p> <ul style="list-style-type: none"> <li>• Total school balances for the LA's maintained schools dropped by 4% to £11.3m.</li> <li>• Academy balances to 31 August 2023 increased by 29% to £38m.</li> <li>• The total deficit balance across all schools was £8.5m, made up of 8 maintained schools (£2.7m) and 8 academies (£5.8m).</li> <li>• In March 2024 a further 3 maintained schools moved into deficit.</li> <li>• 42% of maintained schools had to use their reserves to balance their budget in 2023/24, compared with 34% of academies.</li> <li>• 15 schools had a surplus above the recommended 8%, and 5 schools had a balance over 20%. There could be an opportunity to look at more effective use of balances and a report on this would be brought to Forum in due course.</li> </ul> <p>The Forum <b>NOTED</b> the report and commented:</p> <ul style="list-style-type: none"> <li>• Around 70% of schools had an in-year deficit last year which was a concern. The Forum requested figures on how many schools had put an in-year deficit in their 2024/25 budget and whether this would result in a cumulative deficit.</li> <li>• The report appeared to repeat a table but with slightly different data. Officers would correct this and re-issue the report.</li> </ul>   | DD<br>DD<br>DD |
|    | <p><b>(b) SCHOOLS FORUM TRAINING</b></p> <p>The Forum considered a report which set out a framework as the structure and platform for the Finance training with Forum members which was proposed to take place in September as a 5-hour session covering finance law, governance, DSG funding and the annual cycle, and what these meant for members of the Forum in terms of planning and expectations. The Forum commented:</p> <ul style="list-style-type: none"> <li>• In response to a suggestion as to whether there could be 'core' training which then split into different sessions for maintained and academy representatives, the Forum observed that members needed to understand both.</li> <li>• 5 hours was a long session and consideration should be given to splitting it into two 2.5 hour sessions.</li> <li>• Given a number of new members could be joining Forum in the autumn, the training should be held in October rather than September to capture new members.</li> </ul>   |                |

|     |   |           |
|-----|---|-----------|
|     | <ul style="list-style-type: none"> <li>• Refresher training should be arranged for early 2025 and thereafter annually. This could pick up any changes that arose as a result of the General Election.</li> <li>• There were mixed views as to whether in person or videoconferencing would be better. In person was preferable, however video was easier to attend.</li> </ul> <p>The Forum <b>NOTED</b> the report and asked officers to progress arrangements for the training.</p>   | <b>DD</b> |
|     | <p><b>(c) SCHOOLS IN FINANCIAL DIFFICULTY –DRAFT POLICY</b></p> <p>The Forum considered a report which sought the Forum’s view on a draft policy for Schools in Financial Difficulty. The LA had a responsibility and a liability to ensure that schools were financially managed responsibly and this new policy covered how the LA could effectively engage with schools which were in deficit or at risk of deficit. 28 schools were in that position currently and the policy set out how these schools would be RAG-rated and the Head of Finance and Head of Education would work together to provide support for schools in difficulty.</p> <p>The Forum commented:</p> <ul style="list-style-type: none"> <li>• The policy mentioned a ‘task force’ and it would be helpful to have clearly defined who this was and what is role was.</li> <li>• The policy referred to support costs being passed to the school, which did not seem appropriate for a school already in financial difficulty, and the Forum observed that the LA had a statutory duty to provide support to schools. Officers clarified that this would only apply if specific resources needed to be bought in, and that costs would be agreed with the school beforehand. The rationale was that occasionally specific external expertise might be needed to mitigate the deficit.</li> </ul>   |           |
|     | <p><b>(d) ADMISSIONS - UPDATE</b></p> <p>The Forum considered a report which provided an update on admissions for September 2024:</p> <ul style="list-style-type: none"> <li>• In primary, 3623 offers had been made against a PAN of 4260 making a total of 14.95% vacant spaces, and in secondary 3443 offers had been made against a PAN of 3662 making a total of 7.5% vacant spaces.</li> <li>• Officers advised that a further 86 primary and 38 secondary offers had been made since the report was circulated, reducing the primary vacancy rate to 13% and secondary to 6.5%.</li> <li>• The vacancies were not evenly spread across schools. Some schools had significant vacancies.</li> <li>• Based on projections, this was the last year additional ‘bulge’ classes in secondary schools would be needed.</li> <li>• The School Organisation Plan had been finalised which would help schools’ planning.</li> </ul> <p>The Forum <b>NOTED</b> the report and commented:</p> <ul style="list-style-type: none"> <li>• Primary numbers were close to last year’s census levels. Secondary was lower.</li> <li>• The decrease in secondary numbers could impact the DSG with a drop in the Schools Block funding.</li> <li>• The result of the General Election could impact independent school fees and push more children into state schools. Officers reported they had received a number of calls from parents making general enquiries about spaces.</li> <li>• The Forum requested that updated figures be circulated when available.</li> </ul> | <b>LB</b> |
| 9.  | <p><b>FOR NOTE – AGENDA ITEMS FOR NEXT MEETING – AS PER FORWARD PLAN</b></p> <p>The Forum noted that agenda items were set out on the Forward Plan.</p>   |           |
| 10. | <p><b>ANY OTHER BUSINESS</b></p> <p>None.</p>   |           |

The meeting closed at 3.25pm

**Appendix A to Item 7a**

**London Borough of Hillingdon**

**Scheme for Financing Schools**

**October 2024**



**HILLINGDON**  
LONDON

## Scheme for Financing Schools

| <b>Section</b> | <b>Title</b>  |
|----------------|---|
| Section 1      | <a href="#"><u>Introduction</u></a>   |
| Section 2      | <a href="#"><u>Financial Controls</u></a>                                       |
| Section 3      | <a href="#"><u>Instalments of budget share: banking arrangements</u></a>        |
| Section 4      | <a href="#"><u>Treatment of surpluses and deficits</u></a>                      |
| Section 5      | <a href="#"><u>Income</u></a>   |
| Section 6      | <a href="#"><u>Charging of school budget shares</u></a>                         |
| Section 7      | <a href="#"><u>Taxation</u></a>   |
| Section 8      | <a href="#"><u>Provision of services and facilities by the Authority</u></a>    |
| Section 9      | <a href="#"><u>PFI Clauses</u></a>  |
| Section 10     | <a href="#"><u>Insurance</u></a>  |
| Section 11     | <a href="#"><u>Miscellaneous</u></a>  |
| Section 12     | <a href="#"><u>Responsibility for repairs and maintenance</u></a>               |
| Section 13     | <a href="#"><u>Community Facilities</u></a>                                     |
| Appendix 1     | <a href="#"><u>Schools subject to the scheme</u></a>                            |
| Appendix 2     | <a href="#"><u>Best Value and Schools</u></a>                                   |
| Appendix 3     | <a href="#"><u>Categories of work for repairs and maintenance</u></a>           |
| Appendix 4     | <a href="#"><u>Responsibility for redundancy and early retirement costs</u></a> |
| Appendix 5     | <a href="#"><u>NQT Loan Application Model</u></a>                               |

## **Section 1: Introduction**

### **1.1 The funding framework**

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

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

Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the authority in accordance with s.48 of the Act and approved by the Secretary of State. 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 local authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend budget shares for the 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 (s50(3A) of the Act.)



An authority may suspend a school's right to a delegated budget if the provisions of the Local Authority's financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998).

Each authority is obliged to publish each year a statement (the section 251 statement) setting out details of its planned Schools Budget and other expenditure on children's services showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements are set out in regulations issued by the Secretary of State, but the statements must be made available on a publicly accessible website.

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

## **1.2 The role of the scheme**

The scheme is binding on both the Authority and maintained schools. It aims to set the financial relationship between the Local Authority and the maintained schools which it funds. The scheme contains requirements relating to financial management and associated issues and sets parameters within which schools can exercise the financial and management freedoms they have experienced in Hillingdon, both as LA maintained schools with high levels of delegation and local bank accounts, and as former grant maintained schools with full delegation.

The scheme represents the minimum requirements necessary for the Chief Financial Officer of the Authority to exercise his/her responsibilities under s.151 of the Local Government Act 1972.

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

This scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and PRUs maintained by the authority whether they are situated in the area of the authority or situated elsewhere.

It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to academies, free schools, University Technical Colleges or Studio Colleges.

A list of the schools to which this scheme applies is in **Appendix 1**.

## Publication of the scheme

A copy of the scheme and any amendments to it will be published on <http://www.hillingdon.gov.uk/article/23526/Financing-schools-scheme> so that it is accessible to all schools and the general public.

### 1.3 Revision of the scheme

Any proposed revisions to the scheme will be the subject of consultation with the governing body and head teacher of every school maintained by the Local Authority. Following consultation, all proposed revisions must be submitted to the schools forum for approval by members of the forum representing maintained schools. Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval. It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction

### 1.4 Delegation of powers to the head teacher

It is a requirement that each Governing Body puts in writing the **financial** powers it has delegated to sub-committees and to the head teacher. Any decision (and subsequent revisions) should be recorded in the minutes of the governing body. The precise arrangements are for each Governing Body to determine for itself, but the LA would recommend as good practice that a Finance sub-committee be established to consider the budget position of the school and to report to the Governing Body on its findings. The LA would also wish to recommend the following split between Governing Body (and sub-committee) and the head teacher.

#### **Financial responsibilities to be retained by the Governing Body (including those responsibilities delegated to a Finance sub-committee):**

- Overall responsibility for the financial management and budgetary control of the school.
- Approval of the revenue budget as prepared and submitted by the head teacher.
- Regular review of the school's expenditure against the budget based upon reports from the head teacher, giving details of performance, especially with respect to variations on the budget plan resulting in under/ over-spends.
- Approval of proposals to exceed agreed limits of delegated authority.
- Approval of funds to be spent on prescribed capital projects subject to the Council's agreement and statutory regulations.
- Approval of additional insurance cover to be funded from the school's delegated budget.
- Approval of the disposal of obsolete or surplus items of equipment valued at more than **£500**, but not exceeding **£5,000** (above which the approval of the Chief Financial Officer is required.)

- The opening and acceptance of tenders required to comply with the Council's standing orders for contracts provided to or by the governing body.

#### **Financial responsibilities to be delegated to the head teacher.**

- Day-to-day responsibility for the financial management and budgetary control of the school.
- Any other financial responsibilities apart from those listed above as remaining the responsibility of the Governors.
- To ensure compliance with the Council's standing orders and financial regulations.

The Governing Body is responsible for approving the first formal budget plan of each financial year, regardless of the arrangements for delegations.

#### **1.5 Maintenance of Schools**

The Local Authority is responsible for maintaining the schools covered by the scheme, (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the governing body). Part of the way an authority maintains its schools is through the delegation of funding to schools including a provision for maintenance.

## Section 2: Financial Controls

### 2.1.1 Application of financial controls to schools

Schools are obliged to adhere to requirements on financial controls and monitoring in the management of their delegated budget and any earmarked sums devolved to the school. In particular, schools must comply with:

- a) Hillingdon's **Financial Regulations** – Appendix 1 of **Guidance to Schools on Financial Management**
- b) Hillingdon's **Standing Orders (Schools)** – Appendix 2 of **Guidance to Schools on Financial Management**

### 2.1.2 Provision of financial information and reports

Schools should provide the authority with details of anticipated and actual expenditure and income, in a form and at times determined by the authority, currently the local authority require schools to submit quarterly returns. **Where a school is in financial difficulty, the local authority may take the decision to request monthly monitoring reports in order to ensure that the position is being adequately managed and the recovery is on track.** The necessary reports are explained in the **Requirements on Financial Reporting** within the **Guidance to Schools on Financial Management** (section 2).

The format determined by the LA for submission of information should so far as possible take account of the Consistent Financial Reporting framework and the desirability of compatibility with that framework.

### 2.1.3 Payment of salaries; payment of bills

School's internal procedures for paying salaries and other bills can be set at the discretion of the governing body, within the constraints of the Council's Financial Regulations and Standing Orders. Separate guidance on setting internal procedures is provided to schools in the **Guidance to Schools on Financial Management**.

### 2.1.4 Control of assets

The governing body is responsible for the management of the school's resources which include the custody and control of stocks and stores and the maintenance of a record of stock receipts and issues.

Requirements relating to inventories are included in the Hillingdon **Financial Regulations (contained in Appendix 1 of Guidance to Schools for Financial Management)**.

The Scheme for Financing Schools only requires schools to maintain asset registers for items with a value in excess of **£1,000**, whereas the Financial Regulations refer to items with a value in excess of **£250**. While the Scheme for Financing Schools prevails, schools are urged to abide by the Financial Regulations as good practice **and are encouraged to register anything that is portable and attractive, such as a camera.**

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

Schools' accounts, provided to the local authority during the year, are to be prepared either on a receipts and payments basis or an accruals basis and each governing body should indicate at the start of the year the basis they would wish to adopt. In either case the reports should be cumulative.

At the year end the accounts will need to be on an accruals basis. Schools will be expected to maintain the accounts in their own financial systems in such a way as to facilitate the production of a detailed analysis which meets the requirements set out in the **Guidance to Schools on Financial Management**.

Schools will be required to provide details of outstanding creditors, outstanding debtors, pre-payments and income in advance in order that the local authority's accounts can appropriately reflect each school's balance sheet position. This scheme does not seek to impose a particular system of accounting (i.e. cash, commitments or accruals) for the school's internal purposes.

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

Once all reasonable courses of action have been taken to recover monies where an invoice has been raised, a governing body may write-off the income if the outstanding amount on the invoice is less than **£500**. It is recommended that the Governing Body take this decision itself and an annual list of items written off should be sent to the **Finance Manager – Education and Schools**.

Where the amount outstanding on the invoice exceeds **£500** the write-off should be approved by the **Finance Manager – Education and Schools**.

### **2.2 Basis of accounting**

The financial year runs from 1<sup>st</sup> April to 31<sup>st</sup> March. Reports provided to the local authority during the year will be either on a cash or accruals basis. This is made clear in the **Guidance to Schools on Financial Management**.

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

Schools are required to submit a budget plan for their individual school budget and any known earmarked sums, approved by the full Governing Body, by **31<sup>st</sup> May of each financial year**. Schools may take account of balances at the end of the previous year in planning their budget for the new financial year. The format of the budget plan should be as per the **Guidance to Schools on Financial Management**.

During the year the Governing Body is required to report on their expected outturn financial position for the year as part of the quarterly reporting process, as set out in the **Guidance to Schools on Financial Management**. This is to enable the Chief Financial Officer to fulfil his responsibilities under Section 151 of the Local Government Act 1972, ensuring the necessary financial standards are being met and to make an informed response to questions raised in relation to schools. The local authority is bound by this scheme to supply schools with all information held on income and expenditure data which it holds which is necessary for efficient planning by schools.

### **2.3.1 Submission of Financial Forecasts**

The LA requires schools to submit a financial forecast for at least three years in the format prescribed in the **Guidance to Schools for Financial Management**. Budget plans received from schools will be used for assessment against Schools Financial Value Standards forms and to monitor school balances.

Schools are required to submit a **3-year balanced budget plan to the Authority by 31<sup>st</sup> May (or the first working day before the end of May) each year. The school's budget plan must be approved and signed by the governing body (or a committee of the governing body).**

### **2.4 School Resource Management**

Schools must seek **effective management of resources** and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements outlined in section 2.10.

It is for heads and governors to determine at school level how to secure better value for money. There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

### **2.5 Virement**

Schools have the freedom to vire budgets between budget heads in the expenditure of their delegated budget share.

Schools may not, however, vire between the delegated budget share and any earmarked sums. The arrangements for virement within each earmarked sum will vary, depending on the nature of the expenditure. Virement arrangements for earmarked sums will be notified to schools when they are advised of the purposes to which the sums may be put.

### **2.6 Audit: General**

From April 1999 the accounts of all maintained schools have formed part of the total income and expenditure subject to external audit and all schools are therefore within the scope of the LA external audit regime. The governing body

must bear in mind that whilst external auditors must plan, perform and evaluate their audit work to have a reasonable expectation of detecting material misstatements arising from error or fraud, the duty to deter and detect fraud rests primarily with the Governing Body.

In addition the internal audit of schools is an obligation imposed upon the Council by the Local Audit and Accountability Act 2014 which require the maintenance of an adequate and effective system of internal audit of the accounting records and systems of the council.

The responsibility for Internal Audit of schools has been delegated to the LA's Section 151 Officer. To enable the LA's internal auditors to carry out their duties schools must allow the auditor's full access at all times to all papers and records of the school and provide explanations the auditors consider necessary. Schools must pass on to auditors any information that the auditors should be aware of to carry out their audit.

Internal audit has introduced a fully risk-based approach to the internal audit coverage of Hillingdon schools. Financial regulations require the governing body to inform the Head of Business Assurance immediately, in any circumstances where a financial irregularity occurs or is suspected.

The reports provided to the Authority as per the **Guidance to Schools on Financial Management**, will provide most of the information necessary to allow external audit to form a view on schools' accounts. Nevertheless, external audit may wish to visit schools on a sample basis to examine prime documents at source and schools are required to provide all internal and external auditors with access to such records or information as they believe to be necessary in the completion of their audit.

The records which schools are required to retain for audit and other inspection are included in **para 1.25** of the **Financial Regulations**, (Retention of Documents Policy).

## **2.7 Separate external audits**

Schools may, if they wish, arrange for an external audit of their accounts, separate from and in addition to the LA internal and external audit process described in **Section 2.6** above, using funds from their delegated budget share.

Schools should consider whether the service they require is financial advice, rather than a full or partial audit.

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

Schools' voluntary funds must be kept completely separate from the delegated budget. Governing Bodies of community schools should take account of the charities legislation which requires that private school funds are legally required to be registered as a charity if income exceeds **£5,000** per annum. Voluntary and foundation schools are exempt from registering.



There should be a clear audit trail if any monies are donated from the voluntary fund to the school budget. Where a donation is made to the delegated budget of the school, this should be recorded as income for the school and should not be coded to offset the expenditure on the item for which the donation was made.

The school is required to have an annual audit or, where appropriate, an independent examination of expenditure, and to have available the audit certificates, in respect of any private school funds held by the school or the accounts of any trading organisations controlled by the school.

There is **no** requirement that these be sent to the LA; rather they should be available for inspection by internal audit if requested.

## 2.9 Register of business interests

All schools are required to establish and maintain a register of business interests. This will list, for each member of the governing body and the head teacher, any business interests they or any member of their immediate family have along with details of any other educational establishments they govern and any relationships between governors and members of the school staff including spouses, partners and relatives.

The register should include the information in the example format in the **Guidance for Schools on Financial Management**. All schools are required to keep their register up-to-date using notifications of changes, as well as reviewing all entries on an annual basis.

The register does **not** need to be sent to the LA but should be available for scrutiny by governors, staff, parents and auditors on request. From 1 September 2015, governing bodies have been under a duty to publish their register of interests on the school website.

## 2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the Council's Standing Orders with respect to purchasing, tendering and contracting matters. Details of LBH's Standing Orders are contained in **The Guidance to Schools on Financial Management**, Appendix 2A and 2B. In particular, schools must assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures.

The current values of contracts which require particular numbers of quotations and tenders is set out below:

| <u>Total Value</u> | <u>Minimum number of quotations or tenders</u> | <u>Award Criteria</u> | <u>Approval</u>    |
|--------------------|--|-----------------------|--------------------|
| <u>£0-£3,000</u>   | <u>2 Quotations</u>                            | <u>Best Value</u>     | <u>Headteacher</u> |



|                           |                                      |   |   |
|---------------------------|--------------------------------------|---|---|
| <u>£3001-£25,000</u>      | <u>3 Quotations</u>                  | <u>Most economically advantageous</u>   | <u>Headteacher</u>                        |
| <u>£25,000-£100,000</u>   | <u>5 Quotations</u>                  | <u>Most economically advantageous</u>   | <u>Governing Body</u>                     |
| <u>£100,000 and above</u> | <u>5 Tenders</u>                     | <u>Most economically advantageous</u>   | <u>Governing Body and Local Authority</u> |
| <u>£138,760 and above</u> | <u>Find a Tender Service (FTS)**</u> | <u>European tender (goods/services)</u> | <u>Governing Body and Local Authority</u> |

**\*\*Note:** Since the UK's departure from the EU, OJEU has been replaced by a UK-only tendering service called 'Find a Tender Service' and works in the same format as OJEU.

## 2.11 Application of contracts to schools

Schools have the right to opt out of LA-arranged contracts except where they lost that right for particular contracts where they have agreed to be bound into the specified terms and conditions.

Although 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 LA as maintainer of the school and the owner of funds in the budget share. To comply with Hillingdon's constitution, Governing Bodies are required to obtain LA countersignature on contracts with third parties where the value of the contract exceeds £100,000.

The only exceptions to this are:

- a) contracts of employment entered into by aided or foundation schools;
- b) contracts for the works or fees associated with building projects at aided schools where the project is the governors' liability;
- c) contracts for the works or fees associated with building projects at foundation schools where the funding (including DfE funding) provided via the LA is less than £100,000 (i.e. in practice this exemption is likely to occur only where a foundation school has generated the funding for the project itself through land disposal, sponsorship or other fund-raising).

## 2.12 Central funds and earmarking

The LA 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. Such earmarked funding from centrally retained funds should be

spent only on the purposes for which it is given and must be returned to the LA if not spent within the period stipulated.

Schools will be required to code expenditure relating to earmarked sums to a cost-centre, determined by the LA, with the required subjective analysis. This will be reflected in the expenditure return submitted to the local authority to demonstrate that the requirement for which the funding has been given is complied with.

The LA may not deduct from payments to schools of devolved specific or special grant, any sum in respect of interest costs to the LA.

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

The governing body may use their delegated budget and any earmarked sums for the purposes of the school, this includes spending on pupils at other maintained schools or academies and spending on community facilities or services.

The Governing body must not make or sanction gifts or ex-gratia payments from public funds. Gifts / benefit payments to staff in cash or kind are not permitted. Schools are allowed to grant loans to Newly Qualified Teachers up to the value of £1,500 in accordance with the Council's Human Resources policy. Appendix 5 contains a model loan application form for use when issuing such loans.

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

To avoid conflict with the Government's capital expenditure controls, governors must inform the LA's Chief Financial Officer if they wish:

- a) to enter into a contract for the acquisition, enhancement or replacement of any buildings / structures, plant machinery, apparatus or vehicles costing more than **£20,000** per single item; or
- b) to enter into an operating lease agreement where the value is more than **£20,000** (schools are not permitted to enter into finance leases).

This is to ensure that the Chief Financial Officer accounts for the expenditure appropriately; schools do not need the permission of the Chief Financial Officer to enter into such agreements.

Where schools intend to use their budget share for capital expenditure the governing body must notify the LA and take account of any advice from the Chief Financial Officer as to the merits of the proposed expenditure if it exceeds **£15,000**. The reason for these provisions is 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. Expenditure from capital allocations made available by the Authority outside of the delegated budget share are not affected by these provisions.

## 2.15 Notice of concern

The LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Financial Officer and the **Director of Children and Young People Services**, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

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

These may include:

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

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

## 2.16 Schools Financial Value Standard (SFVS)

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

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

deadlines. All maintained schools with a delegated budget must submit the form annually to the local authority before the end of the financial year.

## **2.17 Fraud**

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

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

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### **Section 3: Instalments of Budget Share (includes any place-led funding for special schools or pupil referral units); Banking Arrangements**

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

Cash advances based on budget shares for the year will be paid to schools in 12 instalments by crediting schools' nominated bank accounts (i.e. cleared funds) on the last banking day before the 15<sup>th</sup> of the month (or the preceding day if the 15<sup>th</sup> falls on a non-banking day) to allow schools to meet their payroll commitments in time.

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

The Authority will calculate the amount to be paid to each school on the following basis.

During the financial year schools will need cash in order to meet commitments arising from their delegated and devolved budgets. The Authority will identify each month what the total known budgets for the school are.

In the monthly instalments between April and March the amount payable will be:

$$(A - B) \times 1/C$$

where;

**A** = known budgets at time when monthly cash advance transaction needs to be calculated (i.e. normally 2 weeks prior to the date the cash is transferred to schools' bank accounts).

**B** = cash advances already made to the school for that financial year's funding.

**C** = the number of monthly cash advances till year-end

Special schools, Pupil Referral Units and Specialist Resource Provision units will receive 12% of their planned placed funding and top up funding (for Hillingdon pupils only) in April and 88% of the remaining funding in 11 equal instalments from May to March.

After the end of the financial year the total cash advanced will be compared against the total delegated and devolved budgets for the financial year. The resulting balance will either be added to or deducted from the monthly cash advance following the confirmation by the LA of the carry-forward balance for all schools i.e. a one-off adjustment to the cash advances for either July or August of the year following that financial year. A worked example is in the **Guidance for Schools on Financial Management**.

The only exceptions to this standard distribution are:

- Grants which may be paid to the Local Authority for distribution to schools
- Capital funding for specific projects (i.e. other than formula capital allocations) will be distributed on a school by school basis in accordance with the planned expenditure on the project agreed with the LA.
- Where a maintained school converts to Academy, adjustments will be made to the maintained school's cash advance to adjust funding no longer owing to the school or recoup overpayments

### **3.3 Interest clawback**

There will be no deduction for interest where a school receives cash advances in the pattern and for the amounts calculated in **Sections 3.1** and **3.2** above.

#### **3.3.1 Interest on Cash Advance Reprofiting**

Where schools require additional cash arising from overspending, a formal application for a **cash advance reprofiling** will be required.

Any advance payments will accrue interest at the prevailing **London Inter Bank Offered Rate (LIBOR)** effective for the term of the advance prevailing on the day the advance is obtained from the LA until the amount is repaid. Interest on longer term advances or advances for periods above one year will be charged at the prevailing **Public Works Loan Board (PWLB) / LIBOR** rate at the time the advance is taken reviewed annually at the start of each financial year. This will affect those schools whose patterns of expenditure are different to the norm or those that have accumulated deficit budgets. An example of the application form to be used is in the **Guidance to Schools on Financial Management**.

#### **3.3.2 Interest on Loans**

Where a school requires a loan to assist in spreading the cost over more than one year of large one-off individual items of a capital nature, the loan will accrue interest calculated on the same basis as detailed in **Section 3.3.1** above

Schools are not permitted to borrow money from any other source (**see para 3.6**).

#### **3.3.3 Interest on Late Budget Share Payments**

In circumstances where the LA fails to provide the monthly cash advance on the predetermined date, and this was due to LA error, schools will be entitled to interest at the prevailing **London Inter Bank Bid Rate (LIBID)**.

### 3.4 Budget shares for closing schools

Budget shares of schools for which approval for discontinuation has been secured may be made until closure on a monthly basis net of estimated pay costs at the discretion of the Chief Financial Officer.

### 3.5 Bank and building societies

All maintained schools may operate a bank account separate to the Council's own bank account.

When converting to become an Academy a closing-maintained school's bank account mandate should provide that the LA is the owner of the funds during the period that the accounts are being finalised which is three months from the date the school ceases to exist.

Any interest generated from bank account balances may be retained by the school, credited to the school's budget share (**never** the private school fund). Schools having bank accounts with other banks prior to 1 April 2001 are allowed to retain those accounts.

The **Hillingdon Financial Regulations** include requirements on bank accounts, in particular **paras 3.124**.

#### 3.5.1 Restrictions on accounts

Schools can use any of the following banks:

Royal Bank of Scotland, Barclays, HSBC, Lloyds Banking Group, Natwest and Standard Chartered Bank.

No other banks should be used without written consent of the Council's Chief Financial Officer. Schools may operate more than one bank account, but each one, other than those for unofficial funds, would need to be reconciled to the same timetable as is specified in Appendix 4 of the **Guidance to Schools on Financial Management**.

If a school's bank account is opened under its own name provision should be made for the LA to take control and be the owner of the funds if the school's right to a delegated budget is suspended by the LA.

Every cheque **must** be signed by two authorised individuals and at least one of those individuals **must** be a member of staff. It is advised that signatories should be Headteacher, Deputy Headteacher and/or a senior member of staff.

It is **strongly advised** that the school administrative (or finance) officer **is not involved** in the cheque signing process. The need to have a separation of duties would suggest that it is best practice for the school administrative (or finance) officer not to be a cheque signatory.

It is also **advised** that governors **should not be routine** cheque signatories. Under the scheme of delegation for sub-committees and the headteacher, it is recommended that the headteacher have delegated authority to run the day-to-day finances of the school; signing cheques is an operational aspect of financial administration. Where governors are cheque signatories the school is likely to encounter problems in having sufficient cheque signatories in an emergency. Equally, however, smaller schools may be able to resolve some of the difficulties they often face in ensuring separation of duties by including a governor on the bank mandate.

Governing bodies may decide that it is appropriate for cheques above a certain amount (e.g. **£20,000**) to be counter-signed by a governor, but there is no requirement for this to be the case. Schools which do decide to include a governor on the bank mandate **must** check that the school's insurance policy covers governors for **fidelity guarantee**.

In considering which bank to use, governors should consider:

- **service charges** (many banks offer a deal where service charges are nil for as long as the account is not overdrawn)
- **interest receivable** (interest rates between banks and for different accounts in the same bank will vary from the prevailing base rate)
- **accessibility** (if the bank is to be visited frequently it may be useful to use a bank close to the school)
- **services included as standard** (banks may offer more frequent statements or an interest earning current account or other services which their competitors may charge for)
- **the implications of changing banks** (all schools now have their own bank account and the advantages of a different bank may be outweighed by the inconvenience and expense of changing banks)

Banks do not offer exactly the same service and schools should choose a bank which best meets their needs.

### **3.6 Borrowing by schools**

Schools cannot borrow money (including the use of finance leases), unless they have the written permission of the Secretary of State. This does not apply to any loans granted by the LA within the provisions of this scheme.

This provision also extends to the use of credit cards by schools, which are regarded as borrowing. However, this does not bar schools from using debit cards or the government purchase card, which can be a useful means of facilitating electronic purchase. Schools are required to manage the use of the purchase cards and must abide by the repayment criteria. Schools are required to adhere to separate guidance (contained in the **Guidance to Schools on Financial Management**) on the use of purchase cards. The use of purchase cards is not considered to infringe the borrowing restrictions imposed on schools as long as the balance on the account is cleared in full within the month. All costs and charges for cards should be met from the school's budget share.



## **Section 4: The treatment of surpluses and deficit balances arising in relation to budget shares**

### **4.1 Right to carry forward surplus balances**

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

The amount of a surplus balance will be that shown in the relevant out-turn statement published in accordance with s.251 of the Apprenticeships, Skills, Children and Learning Act 2009.

Where a school's surplus balance is more than 8% for Nurseries, Specials and Primaries and 5% for Secondaries of the school's total income (including brought forward balances) for that financial year, the governing body is required to report to the LA on the use to which the school intends to put the surplus balance, this to be submitted with the budget plan by 31<sup>st</sup> May.

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

Surplus balances will be accounted for in the accounts of the local authority but, in cash terms, schools' balances (subject to year-end reconciliations) will be held in their local bank accounts. Interest accrued on all cash in schools local bank accounts is retained by the school. (See **section 3.5**)

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

Where a school's expenditure during a financial year exceeds the budget share plus / minus the balance brought forward from the previous financial year the school is obliged to carry forward the deficit. Any deficit carried forward will be the first call on the budget share for the following year.

Where deficits at schools maintained by the LA exist, a schedule of repayments may be agreed with the governing body.

### **4.5 Planning for deficit balances**

Governing bodies **may not** plan for a deficit. If, during the year, expenditure patterns suggest that a deficit is likely, governing bodies are under an obligation to take all appropriate measures to avoid a deficit occurring. If, in spite of all efforts a deficit is not avoidable, the local authority may, in exceptional circumstances, **licence a deficit** where the governors have provided a satisfactory business plan for putting the school's financial position **back into balance**. An application for deficit licence must be made to the LA stating the recovery strategies and when the school is to return to a balanced position. (See **Section 4.9** below)

**4.5.1 Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year.**

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

Interest will not be charged on deficit balances, but schools should note that deficit balances will require a cash advance reprofiling which interest will be charged. (See **Section 3.3**).

Where schools have deficit budgets, any direct payments by the LA on behalf of the school will be treated as if they were supplementary cash loans and interest will be charged on those sums too.

#### **4.7 Writing off deficits**

The local authority is not permitted to authorise the use of Dedicated Schools Grant to write off any deficits accumulated by governing bodies. In certain instances the LA may agree to give assistance towards the elimination of a deficit balance where agreed by Schools Forum. Funding to support schools in financial difficulty can only come from a de-delegated contingency for mainstream schools, or a central budget for special schools and PRUs.

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

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

In 2013, Schools Forum agreed to amend this requirement. The current arrangement is that schools which fall under this definition will be allocated funds equivalent to any surplus balance that is to be retained, subject to Schools Forum agreement. It was also agreed that any deficits would be funded from the centrally retained DSG.

#### **4.9 Licensed deficits**

In exceptional circumstances, where a governing body has explored all alternatives to the satisfaction of the local authority, it may be appropriate for the Chief Financial Officer to agree to license a deficit for a specific period. The local authority may only license deficits up to a maximum of **40%** of the amount of surplus balances at the end of the previous financial year held by schools maintained by the authority.

It would be expected that the vast majority of deficits should be for one financial year only i.e. carry forward a deficit at the end of one year and return to a nil or surplus balance at the end of the following year. In particularly exceptional circumstances governing bodies may agree with the local authority to **manage a**

**deficit over / up to three financial years.** Such an agreement could only be entered into where the expected deficit at the end of the first year was likely to be in excess of **15%** of the school's annual budget share. This assumes that the school has encountered financial difficulties.

Should the amount of licensed deficits due to schools experiencing financial difficulties be less than **40%** of the amount of surplus balances at the end of the previous financial year held by schools maintained by authority, the authority may consider formal requests from governing bodies who wish to undertake curricular or building projects which they expect will require funding over more than one financial year.

It is not likely that the local authority will agree to license a deficit for any such project before October of the financial year in which the deficit would occur.

All deficits of the school's budget share must be licensed by the local authority, and the Governing Body has to take all measures necessary to avoid a deficit. Nevertheless, governing bodies with deficits of whatever level will be required to report to the local authority on the reasons for them and the plans they have in place to remove the deficit.

#### **4.10 Loan schemes**

The LA will operate a supplementary cash loan scheme (**See also Section 3.3**). Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.

##### **4.10.1 Cash Advance Reprofiting**

Schools experiencing cash flow problems arising either from natural variations from the standard pattern of cash advances or from overspending will be able to request a re-profit of their school budget share payments through the cash advance.

##### **4.10.2 Credit union approaches**

Schools wishing to operate a credit union, using pooled bank balances to fund loans to participating schools may do so. It is a requirement that the local authority is sent a copy of the constitution of any such credit union and that an annual audit certificate is provided.

## **Section 5: Income**

### **5.1 Income from lettings**

Schools may retain income from lettings of the school premises, subject to alternative provisions arising from any joint use or PFI agreements. Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school because the assets and revenue expenditure used to generate the income are most likely to have been provided with LA funds. Voluntary Aided schools might in certain circumstances be able to demonstrate that the assets were bought with governor / DFE funds and that the costs associated with lettings are to be fully charged to the private school fund; it is not likely that foundation or community schools could demonstrate both circumstances. Crediting income to the private fund is likely to have tax implications. **Moreover, private school funds are now to be accounted for as part of Consistent Financial Reporting to improve transparency of this area of school accounts.** 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.

Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share. Schools are required to have regard to the Policy on Community Use of School Premises which only applies to premises owned by the London Borough of Hillingdon.

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

Schools may retain income from fees and charges except where a service is provided by the LA from centrally retained funds. Schools should have regard to the Policy on Charging for School Activities.

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

Schools may retain income from fund-raising activities. It is appropriate for such funds to be lodged in the school's private fund.

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

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

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

Where schools are producing invoices for the recovery of monies due, they must have due regard to whether the income is subject to VAT.

The **Guidance to Schools on Financial Management** identifies typical circumstances in which VAT is recoverable and guidance will be issued to schools periodically when HMRC regulations are updated.

If VAT is recoverable, it is a requirement that invoices issued by the school be in the format set out in the **Guidance to Schools on Financial Management**.

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

Income generated from the sale of assets purchased may only be spent for the purposes of the school.

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## **Section 6: The Charging of School Budget Shares**

### **6.1 General position**

The LA cannot charge the budget share of any school without the consent of the governing body except in circumstances expressly permitted by this scheme. Where the LA intends to make such a charge the LA must consult with the school(s) concerned as to the intention to so charge and notify schools when it has been done. In circumstances where the LA is to charge the costs of salaries of school based staff to the school's budget share, this will be on the basis of actual costs.

In the event of a dispute the school should contact the **Finance Manager /Head of Service** who will arbitrate. In the event that this post-holder has been involved in the decision to charge the school, the matter will be referred to the Chief Financial Officer who will make alternative arrangements for the matter to be considered. Where no objection to the charge has been received by the LA within one calendar month of the notification that the charge has been made being sent to the school, it shall be deemed that the school has accepted the charge and no further correspondence on the matter can be entered into.

The LA may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

#### **6.1.1 Charging of salaries at actual cost**

In circumstances where the LA is to charge the costs of salaries of school based staff to the school's budget share, this will be on the basis of actual costs.

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

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

6.2.2 Other expenditure incurred to secure resignations where the school had not followed authority advice or where there is good reason to charge this to the school;

6.2.3 Awards by courts and industrial tribunals against the authority, or out of court settlements, arising from action or inaction by the governing body contrary to the authority's advice.

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

6.2.5 Expenditure by the authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the authority.

6.2.6 Expenditure incurred by the authority in ensuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the authority;

6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the authority;

6.2.8 Recovery of penalties imposed on the authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence.

6.2.9 Corrections of authority errors in calculating charges to a budget share (e.g. pension deductions).

6.2.10 Additional transport costs incurred by the authority arising from decisions by the governing body on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs.

6.2.11 Legal costs which are incurred by the authority because the governing body did not accept the advice of the LA (see also Section 11).

6.2.12 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.

6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.

6.2.14 Cost of work done in respect of 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.

6.2.15 Costs incurred by the authority in securing provision specified in an Education, Health & Care plan where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence and /or specific funding for a pupil with High Needs;

6.2.16 Costs incurred by the authority due to submission by the school of incorrect data.

6.2.17 Recovery of amounts spent from specific grants on ineligible purposes.

6.2.18 Costs incurred by the authority as a result of the governing body being in breach of the terms of a contract.

6.2.19 Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

6.2.20 Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

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## Section 7: Taxation

### 7.1 Value Added Tax (VAT)

Governing bodies are required to identify all of the VAT relating to payments made by the school or income received by the school to the same timetable as the actual expenditure returns (see **Appendix 4** in the **Guidance to Schools on Financial Management**).

It is imperative that the format and timetable for reporting VAT transactions is adhered to strictly by schools. The Chief Financial Officer will need to be satisfied that governing bodies which do not provide the information by the due date have appropriate systems of financial administration in place. This could involve supplementary audit visits and an instruction that the governing body provide the information more frequently until administrative procedures are fully operational (as per the **Guidance to Schools on Financial Management**).

Some guidance on VAT with examples of typical situations is included in the **Guidance to Schools on Financial Management and the VAT guidance booklet**.

### 7.2 Construction Industry Taxation Scheme (CIS)

Schools no longer come under the scope of CIS from 1<sup>st</sup> April 2007 if the contract is directly with the school paid for from the delegated budget. Schools however will need to determine whether a contractor is 'employed' or 'self employed'. Schools should check with the HMRC to establish the employment status of the worker. (Further guidance available in the **Guidance to Schools Financial Management**).

Although the changes mean that schools can pay for construction payments made from delegated budget resources through their local accounting systems, there are certain responsibilities for schools in terms of reporting payments for services to HMRC and checking the employment status of workers which must be fulfilled by the school.

## **Section 8: The Provision of Services and Facilities by the Authority**

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

It is for the Authority to determine the basis on which services from centrally retained funds will be provided to schools. This includes redundancy and premature redundancy contribution (PRC) payments. The Authority must not discriminate in its provision on the basis of categories of school except in cases where this would be allowable under the school and early years finance regulations or the dedicated schools grant (DSG) conditions of grant. ([Schools to determine if they wish to de-delegate for this purpose – refer to Appendix 4 \(page 51\)](#))

### **8.2 Provision of services bought back from the authority using delegated budgets**

Services offered to schools for buy-back are included in an annual Service Level Agreement document. The length of agreements varies from service to service, but any initial agreement to buy services or facilities from the LA must not exceed three years from the inception of the scheme or the date of the agreement, whichever is later. Subsequent agreements relating to the same service must not exceed five years.

When a service is provided for which expenditure is not retainable centrally by the LA under the Regulations made under Section 46 of the Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

#### **8.2.1 Packaging**

For those services for which the LA has delegated funding and which the LA is offering on a buy-back basis, the authority must not package services in a way which unreasonably restricts 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.

### **8.3 Service level agreements**

If services or facilities are provided under a service level agreement, whether free or on a buyback basis, the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

Service Level Agreements must be in place by 1<sup>st</sup> April for insurance related services (i.e. supply, premises, employee related etc) and all other services. Schools must have at least one month to consider the terms of the agreement.

Where services are offered by the LA, they will be available on the basis of buy-back for an extended period or on a pay-as-you-go basis. Different rates will apply to the different types of agreement.

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

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

The conditions apply to all governing bodies of maintained schools who 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 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** returns of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

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

## **Section 9: Private Finance Initiative / Public-Private Partnerships**

9.1 Where a school is operating through a Private Finance Initiative the Authority will make the full monthly payment directly to the Special Purposes Vehicle (SPV). The school will make a contribution to the costs of the PFI contract on a monthly basis by cheque or CHAPS transfer to L B Hillingdon.

9.2 Currently the only Private Finance Initiative deal is with **Barnhill Community High School**. The school will make a contribution, per pupil, to the overall cost of the annual charge. This will be indexed throughout the life of the project on the same basis as the indexation in the contract (for those elements which are to be indexed).

9.3 Before 1st April each financial year the calculations for uprating the school's per pupil contribution will be made and this will be applied to the appropriate numbers of pupils. A schedule of expected monthly payments for the year will be provided to the school.

9.4 The monthly contribution will be determined on the basis of the pupil numbers used in the local Fair Funding Formula (or its replacement). Currently, this is on the basis of total pupil numbers in the school on the annual School Census (formerly PLASC) in January immediately preceding the start of the financial year. Any prior year adjustments will be charged at or paid at the new year prices. The school's contribution is unlimited i.e. the greater are the formula funded pupils, the greater the contribution.

9.5 The school's contribution to the annual charge will be transferred to the LA on a monthly basis. The amount will be as determined in 9.4 above.

9.6 Penalties incurred by the contractor should be retained by the school (except in the circumstances described in paragraphs 9.8). The school will deduct penalty payments from the sum determined in paragraph 9.4 above in the same month where such penalties are reflected in the contract payment.

9.7 In the event of the LA incurring direct additional costs (which are not reimbursable through insurance) as a result of non-availability or poor performance by the contractor, these costs will be outlined and refunded by the school by an increase in the following month's allocation. This clause deals with circumstances in extremis and the school would not contribute any more than the amount of contract penalties relating to the non-availability or poor performance.

9.8 The contract penalties to be retained by the school in any one financial year should not exceed the amount of the school's contribution to the PFI contract, as per the calculation in 9.4 above.

## Section 10: Insurance

10.1 Funds for insurance are delegated. Governing bodies must arrange appropriate levels of insurance for the school. As a minimum, schools are required to demonstrate that cover relevant to the Authority's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LA. **The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.**

10.2 The LA's guideline cover levels for schools are set out in the "Risk Management Advice - Guide to Insurance" provided to schools each year by Hillingdon's Insurance Services section.

10.3 ~~From~~Since 1 April 2020, maintained schools ~~are~~have been able to join the Secretary of State's risk protection arrangement (RPA). Schools may do this individually when any insurance contract of which they are part expires. Schools are able to join the RPA collectively by agreeing through the schools forum to de-delegate funding.

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## **Section 11: Miscellaneous**

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

In addition to the specific requirements elsewhere in this document, governing bodies are required to supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (e.g. earmarked funds) by the school. This would include access for the School Financial Monitoring Team.

### **11.2 Liability of governors**

Because a governing body is a corporate body and because of the terms of Section 50(7) of the SSAF Act 1998, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

### **11.3 Governors' expenses**

The LA may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

Under section 50(5) of the Act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. It is forbidden for governors to be paid any other allowances. Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

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

Legal costs incurred by the governing body, although the responsibility of the LA as part of the cost of maintaining the school, unless they relate to the statutory responsibility of aided school governors for buildings, may be charged to the school's budget share unless the governing body acts in accordance with the advice of the Authority. A school cannot expect to be reimbursed with the cost of legal action against the Authority itself. Governing bodies are free to use the budget share to seek alternative sources of legal advice.

### **11.5 Health and Safety**

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

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

Governing bodies are required to permit the Chief Financial Officer of the Authority, or any officer of the Authority nominated by the Chief Financial Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of his/her responsibilities. Such attendance will normally be limited to items which relate to issues of probity or overall financial management. The Authority will give prior notice of such attendance unless this is impracticable.

## **11.7 Special Educational Needs**

Schools are required to make their best endeavours in spending the budget share, to secure the special educational needs of their pupils.

## **11.8 Interest on Late Payments**

Schools are reminded of the entitlement of small businesses to interest payments where invoices are paid outside of the agreed payment terms. As a public sector organisation schools should aim to pay 95% of their invoices within the credit terms (usually 30 days). Liability for any penalties will be the responsibility of the school, charged to the school's delegated budget share and not the LA.

## **11.9 Whistleblowing**

School staff or governors who wish to complain about financial management at the school should address their complaints to the **Finance Manager - Education and Schools**. Complaints about financial propriety should be referred to the Head of Internal Audit.

## **11.10 Child Protection**

Schools are reminded of the importance of releasing staff to attend child protection case conferences and other related events. Schools are expected to meet the costs of release time from within their delegated resources.

## **11.1 Redundancy / early retirement costs.**

Section 37 of the 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. In accordance with this regulation and effective from 1<sup>st</sup> April 2011, all premature retirement costs of staff in maintained schools will be charged to the school's delegated budget while redundancy costs will normally be charged to the local authority's budget unless there is good reason for these costs not to be centrally funded. 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 conditions of a licensed deficit,
- Where staffing reductions arise from a deficit caused by factors within the school's control,
- Where the school has excess surplus balances and no agreed plan to use them,
- 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 LA or government intervention to improve standards.

Appendix 4 is attached to provide further guidance of the process and information on the responsibility for redundancy and early retirement costs.



## Section 12: Responsibility for Repairs and Maintenance

The LA delegates all revenue funding for day-to-day repairs and maintenance to schools. Schools manage devolved capital projects on behalf of the LA. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting. **In particular, no item may be regarded as capital if its value is below £10,000, unless being charged to specific capital grants of value below the de minimus.**

*In cases where the value of enhancement is below £10,000 expenditure would normally be revenue in nature, unless it can be demonstrated that items will be in use for more than one financial year and represents a significant proportion of available capital funding.*

**Appendix 3** identifies the categories of work which governing bodies must expect to finance from their budget.

Voluntary Aided governor responsibilities are included in the examples. VA governors will continue to be eligible for grant from the DfE in respect of their statutory duties and, in addition, they will have responsibility for other repair and maintenance items on the same basis as Community and Foundation schools (subject to amendment as stated above). The de minimus limit for capital works in VA schools is that applied by the DfE, not the de minimus limit used by the Authority.

## **Section 13: Community Facilities**

### **13.1 Introduction**

#### **The Application of the Scheme for Financing Schools to the Community Facilities powers**

13.1.1 Schools which chose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls.

- First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power.
- Secondly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

13.1.2 However, under s.28 (1), the main limitations and restrictions on the power will be:

- a) those contained in schools' own instruments of government, if any; and
- b) in the maintaining LA's scheme for financing schools made under section 48 of the School standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

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

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

13.1.5 Schools may use their budget shares to fund community facilities.

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

### **13.2 Consultation with the LA – financial aspects**

13.2.1 Before exercising the community facilities power, governing bodies must consult the authority and have regard to advice given to them by their LA. Schools should write to the **Finance Manager /Head of Service** –and set out the following:

- the nature of the proposal;
- the timescales;
- what accommodation will be used, whether new or existing;

- what staffing resources will be required to set up and then run the proposed facility;
- the expected set-up and on-going costs and income;
- a consideration of the risks of the venture;
- any organisational issues (e.g. whether the facilities will be operated by a third party, if a steering committee is to be established etc)

13.2.2 The LA will be required to provide advice within 20 school days of the proposal being submitted. Schools will be required to report back to the authority on the action to be taken once LA advice has been received. There will be no charge levied for advice from the LA.

### **13.3 Funding Agreements – local authority powers**

13.3.1 Any funding agreement between a governing body and a third party in exercise of the community facilities power must be submitted to the LA in the same manner as that described in 13.2.1 and 13.2.2 above. The LA has no right of veto on such agreements. Where a third party requires LA consent to the agreement for it to proceed, such a requirement and the method by which the LA consent is to be signified, is a matter for that third party, not this scheme.

13.3.2 If an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, 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**

13.4.1 The LA may require a governing body in exercise of its community facilities power to either carry out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the authority.

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

13.5.1 Schools exercising the community facilities power are required to provide the Authority with a summary financial 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. Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework, and these should be relied upon by LAs as their main source of information for the financial aspects of community facilities.

In the event of the school spending less than the budget, the unspent balance will be lost to the school at the end of the year during which schools are allowed to use the funding.

In the event of the school spending more than the budget, the excess expenditure will be treated as the first call on the following year's budget.

13.5.2 Where, in the view of the LA, there is cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, such schools could be required to provide financial statements every three months. If the LA sees fit, to require such schools to submit a recovery plan for the activity in question.

### **13.6 Audit**

13.6.1 Schools are required to grant access to the school's records connected with the exercise of the community facilities power to internal and external auditors on income and expenditure. Any funding agreements entered into as part of the exercise of the community facilities power should allow for audit access to financial information.

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

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

13.7.2 Schools may carry forward such retained net income from one financial year to the next as a separate community facility surplus. Schools may transfer all or part of any community facilities surplus into their budget share.

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

### **13.8 Health and Safety matters**

13.8.1 The requirements applying to the school under the Scheme for Financing Schools on Health and Safety apply in the exercise of the community facilities power.

13.8.2 The governing body is responsible for costs of securing Disclosure & Barring Service (DBS) clearance for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

### **13.9 Insurance**

13.9.1 The governing body is responsible for ensuring that adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share.

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

### **13.10 Taxation**

13.10.1 Schools must obtain advice from the LA and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility.

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

13.10.3 Schools are required to follow LA advice in relation to the Construction Industry Scheme where this is relevant in the exercise of the community facilities power.

### **13.11 Banking**

13.11.1 Schools must open a separate bank account for their operations in connection with the community facilities power.

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

## Schools subject to the 'Scheme for Financing Schools'

### Primary

Botwell House  
 Bourne  
 The Breakspear School  
 BWI  
 Cherry Lane  
 Colham Manor  
 Coteford Infant  
 Deanesfield  
 Dr Triplets CE  
 Field End Infant  
 Field End Junior [Now an Academy](#)  
 Frithwood  
 Glebe  
 Grange Park Infant  
 Grange Park Junior  
 Harefield Infant  
 Harefield Junior  
 Harlyn  
 Harmondsworth  
 Hayes Park  
 Heathrow  
 Hermitage [Now an Academy](#)  
 Highfield  
 Hillside Infant  
 Hillside Junior  
 Holy Trinity  
 Lady Banks Infant [– Now closed](#)  
 Lady Banks Junior [– Now Lady Banks Primary](#)  
 Minet Infant  
 Minet Junior  
 Newnham Infant  
 Newnham Junior  
 Oak Farm Infant [– Now known as Oak Farm Primary](#)  
 Oak Farm Junior [– Now closed](#)  
 Rabbsfarm  
 Ruislip Gardens  
 Sacred Heart RC  
 St Andrew's CE  
 St Bernadette's RC  
 St Catherine's RC  
 St Mary's RC  
 St Swithun Wells RC  
 Warrender  
 Whitehall Infant  
 Whitehall Junior  
 Whiteheath Infant  
 Whiteheath Junior

### Primary (contd)

Yeading Infant  
 Yeading Junior

### Nursery

McMillan Nursery School

### Secondary

Oak Wood  
 Harlington

### Special

Hedgewood  
 Meadow

### Summary

|              |           |
|--------------|-----------|
| Nursery      | 1         |
| Primary      | 45        |
| Secondary    | 2         |
| Special      | 2         |
| <b>Total</b> | <b>50</b> |

## Best Value and Schools

1. This paper is intended to assist schools in considering the relevance of best value principles to the expenditure of funds from their delegated budget share.
2. Best value is a statutory duty to deliver services to clear standards, covering both cost and quality, the most effective, economic and efficient means available. Legislation is to place a duty on local authorities to secure best value in respect of the way in which they exercise their functions. The new duty is not intended to apply to those functions which are exercised by the governing bodies of authority maintained schools. However, schools will be encouraged to adopt the best value performance management framework.
3. In relation to schools and expenditure from delegated budgets, the main features of best value can be summarised as a need for the governing body of a school to ensure:
  - a) the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-OFSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:
    - challenging how and why a service is provided (including consideration of alternative providers);
    - comparison of performance against other schools taking into account the views of parents and pupils;
    - mechanisms to consult stakeholders, especially parents and pupils;
    - embracing competition as a means of securing efficient and effective services;
  - b) the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;
  - c) that the following are included in school development plans -
    - a summary of objectives and strategy for the future;
    - forward targets on an annual and longer term basis;
    - description of the means by which performance targets will be achieved;
    - a report on current performance
  - d) that internal and external audit takes place ensuring that performance information is scrutinised. Authority oversight of school finances provides external review.
4. The independent inspection and intervention elements of the best value framework will be the responsibility of other bodies and therefore not relevant to demonstration by a governing body of adherence to best value principles.

## Categories of Repairs and Maintenance

### LA Capital /Revenue Split and items which are the separate responsibility of Governors in VA Schools.

Illustrative examples in line with DfE interpretation of the CIPFA Code of Practice.

All capital works are subject to a de minimus limit of **£10,000** i.e. if works are less than that, they are revenue. An exception to this rule is made where schools have capital budgets such as Devolved Formula Capital which is below the £10,000 limit and where expenditure against these budgets can only be recorded as a capital expenditure. Capital works must involve the acquisition or the substantial enhancement of the value or economic life of an asset and meet the de minimus requirement.

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



| ELEMENT        | CAPITAL: AS CIPFA CODE OF PRACTICE  | REVENUE: REPAIRS & MAINTENANCE   | VA SCHOOLS - GOVERNORS RESPONSIBILITIES   |
|----------------|---|--|---|
|                | Replacement of all/substantially all on existing roof   |  | replacement ( <u>NOT</u> cleaning)  |
| <u>Pitched</u> | Structure. New (not replacement) structure  | Repair/replacement of small parts of an existing structure   | Structure of new roof and all repairs <u>EXCEPT</u> trusses (i.e. internal repairs)   |
|                | Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure | Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc.<br>Not complete trusses | Replacement of internal structure <u>EXCEPT</u> trusses (i.e. internal repairs)   |
|                | Insulation in a new building/extension  | Repair/replacement/ increasing thickness of insulation in an existing roof                             | Insulation in new building and repair/replacement.  |
|                | Insulation. Replacement /repair of substantially all. Improve insulation to current standards   |  | Repair/replacement or improve insulation  |
|                | Roof finish in a new building/extension, replacement of all/substantially all on existing roof  | Replace missing/ damaged   | Finish in new building/extension and repair/replacement in existing building  |
|                | Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof   | Repairs/ replacement/ repainting   | Bargeboards/fascias in new building/extension and repairs/replacement/ repainting in existing building  |
|                | Drainage in a new building/extension  | Clearing out gutters and downpipes.<br>Replacement/repairs of individual pipes/gutters                 | Drainage in new building/extension and repair/replacement.<br>( <u>NOT</u> cleaning guttering or downpipes)<br>Drainage replacement in existing roof. |
|                | Drainage. Replacement of all/substantially all on existing roof   |  |   |
|                | Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof                           | Repair/ Replacement /cleaning  | Flashings, roof windows in new building/ extension and repair replacement ( <u>NOT</u> cleaning) in existing roof                                     |
| <u>Other</u>   | Provide new covered link etc. between existing buildings  | Minor repairs, maintenance to existing covered link  | Provide new covered link and repairs to existing.<br>( <u>NOT</u> cleaning)   |
|                | Rebuild or substantially repair structure of existing covered link  |  | Re-build or repair structure of existing covered link.  |
|                | Add porch etc. to existing building   | Minor repairs, maintenance to existing   | Add new porch and minor repairs to existing   |
|                | Rebuild / substantially repair structure of existing porch  |  | Re-build or repair existing porch.  |

#### Floors

| ELEMENT                                    | CAPITAL: AS CIPFA CODE OF PRACTICE  | REVENUE: REPAIRS & MAINTENANCE   | VA SCHOOLS - GOVERNORS RESPONSIBILITIES  |
|--|---|--|--|
| <u>Ground Floor</u>                        | Structure and dpc in new building   | Repair/replacement of small parts of an existing structure   | Structure and dpc of new building and replacement of existing structure  |
|  | Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of same |  |  |
|  | Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room      | Replacement and repair of screed and finishes/ Replacement of mats/ matwells. Maintenance e.g. revarnishing wooden floors. | Provide screed and finish in new buildings ( <u>NOT</u> repairs to finishes, matwells etc.)                                |
| <u>Upper Floor</u>                         | Structure - as ground floor   | As ground floor  | Structure of new buildings and replacement of existing structure<br>As ground floor  |
|  | Screed and Finish - as ground floor   | Repairs of finishes/ Replacement - as ground floor   |  |
| <b>Ceilings</b><br><u>Top/ only storey</u> | Suspension  | Repair/ replacement incl. From water damage, & necessary decoration  | Provision, ( <u>NOT</u> repair or replacement)   |
|  | Membrane  |  | Provision, ( <u>NOT</u> repair or replacement)   |
|  | Fixed   | Repair/ replacement Inc. from water damage   | Provision, ( <u>NOT</u> repair or replacement)   |
|  | Access panels   | Repair/ replacement  | Provision, ( <u>NOT</u> repair or replacement)   |
| <u>Lower storeys</u>                       | Suspension  | Repair/ replacement  | Provision, ( <u>NOT</u> repair or replacement)   |
|  | Membrane  |  | Provision, ( <u>NOT</u> repair or replacement)   |
|  | Fixed   | Repair/ replacement  | Provision, ( <u>NOT</u> repair or replacement)   |
| <u>All</u>                                 | Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency  | Inspection/ air testing<br>Applying sealant coats to asbestos surfaces for protection                                      | Removal/replacement of damaged/disturbed asbestos <u>EXCEPT</u> where part of repair project.                              |
| <b>External walls</b>                      |   |  |  |
| <u>Masonry/ cladding</u>                   | Structure<br>Underpinning/ propping for new build   | Repairs<br>Preventive measures e.g. tree removal   | Structure, underpinning/ propping of new building and repairs, ( <u>NOT</u> tree removal unless part of clearing new site) |

| ELEMENT                  | CAPITAL: AS CIPFA CODE OF PRACTICE   | REVENUE: REPAIRS & MAINTENANCE  | VA SCHOOLS - GOVERNORS RESPONSIBILITIES   |
|--------------------------|--|---|---|
|                          | External Finish on new build   | Repair/replacement of small parts of an existing structure. e.g. repointing/ re-cladding a proportion of a wall where failure has occurred. | External finish on new building and repairs/replacement of existing structure including re-pointing/re-cladding                         |
|                          | External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building /replacement build |   | External finish on existing building including correcting of structure.   |
| <u>Windows and Doors</u> | Framing - new build  | Repair/ replacement of individual frames. Repainting frames   | New window frames and doors in new building and repairs/replacement (NOT replacement/ repair/ re-painting of internal doors or windows) |
|                          | Framing - structural replacement programme   | Repair/ replacement of individual windows. Repainting frames  | New windows in replacement programme  |
|                          | Glazing - new build  | Replacing broken glass  | Glazing new building and replace broken glass.  |
|                          | Glazing<br>Upgrading existing glazing  |   | Upgrading existing glazing  |
|                          | Ironmongery<br>Improved security   | Repair/ replacement, upgrading locks etc.   | Ironmongery to improve security and repair/replacement.   |
|                          | Internal and external decorations to new build   | Internal and external decoration to include cleaning down and preparation.  | Internal and external decoration of new provision, external re-decoration (NOT internal redecoration)                                   |
| <u>Masonry chimneys</u>  | Structure  |   | Structure of chimneys   |
|                          | Jointing including expansion and mortar joints/ pointing/ DPC  | Repair/ re-pointing   | Jointing/Pointing and dpc of chimneys and repair/re-pointing.   |
| <b>Internal walls</b>    |  |   |   |
| <u>Solid</u>             | Complete including various internal finishes, linings and decorations  | Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.  | New walls & finishes, (Not repair/ replacement)   |
|                          | Refurbishment and alterations  | Minor alterations   |   |
| <u>Partitions</u>        | Complete structure including linings, framing, glazing, decoration etc.  | Repairs and redecoration.   | New partitions, (Not repair/ replacement)   |
|                          | Refurbishment and alterations  | Minor alterations   |   |

| <b>ELEMENT</b>             | <b>CAPITAL: AS CIPFA CODE OF PRACTICE</b>  | <b>REVENUE: REPAIRS &amp; MAINTENANCE</b>  | <b>VA SCHOOLS - GOVERNORS RESPONSIBILITIES</b>                                     |
|----------------------------|--|--|--|
| <u>Doors &amp; Screens</u> | Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations   | Internal maintenance and redecoration. Repair/ replacement of defective doors and screens  | Provision of new, ( <u>Not</u> repair/ replacement)                                |
| <u>All</u>                 | Glazing to meet statutory Health & Safety requirements   | Replacement of broken glass  | New glazing and replacement of broken glass, ( <u>Not</u> internal window repairs) |
| <b>Sanitary Services</b>   |  |  |  |
| <u>Lavatories</u>          | In new buildings provision of all toilet fittings, waste plumbing and internal drainage.   | Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc.  | Provision. ( <u>Not</u> repair/ replacement of damaged sanitary ware)              |
|                            | Large scale toilet refurbishment   | Small areas of refurbishment   | Provision / refurbishment (Not replacement of damaged sanitary ware)               |
|                            | Provision of disabled facilities, and specialist facilities related to pupils with an Education, Health & Care plan  | Repair/ replacement of damaged fittings, waste plumbing etc.   | Provision, ( <u>Not</u> repair/ replacement of damaged fittings etc.)              |
| <u>Kitchens</u>            |  |  |  |
|                            | Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.   | Maintain kitchen to requirements of LA<br>Cleaning out drainage systems  |  |
|                            | General refurbishment  | Redecoration<br>Repairs  |  |
|                            | Large and costly items of equipment  | Repairs/ replacement parts   |  |
| <b>Mechanical services</b> |  |  |  |
| <u>Heating/ hot water</u>  | Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.<br><br>Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.<br><br>Planned replacement of old boiler/ controls systems past the end of their useful life<br><br>Emergency replacement of boiler plant/ systems | General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects<br>Monitoring systems<br><br>Health & safety issues<br><br>Replacement of defective parts | Provision of complete system, ( <u>Not</u> repair/ replacement or maintenance)     |
| <u>Cold water</u>          | Provision of cold water services, storage tanks,   | Maintenance and repair/ replacement of defective parts   | Provision of complete system, ( <u>Not</u> repair/ replacement or                  |

| <b>ELEMENT</b>             | <b>CAPITAL: AS CIPFA CODE OF PRACTICE</b>  | <b>REVENUE: REPAIRS &amp; MAINTENANCE</b>   | <b>VA SCHOOLS - GOVERNORS RESPONSIBILITIES</b>  |
|----------------------------|--|---|---|
|                            | distribution, boosters, hose reels etc. in major projects  | such as servicing pipes. Annual servicing of cold water tanks.  | maintenance)  |
| <u>Gas</u>                 | Distribution on new and major refurbishment's, terminal units  | Repairs, maintenance and gas safety   |   |
| <u>Ventilation</u>         | Mechanical ventilation/ air conditioning to major projects   | All servicing<br>Provision of local ventilation.<br>Repair/ replacement of defective systems and units  | Provision, ( <u>Not</u> repair/ replacement)  |
| <u>Other</u>               | Swimming pool plant and its complete installation, including heat recovery systems   | Repair/ replacement of parts to plant, pumps and controls.<br>Water treatment equipment and all distribution pipework.<br>Simple heat recovery systems.<br>Solar heating plant and equipment. | If governors provided.  |
| <b>Electrical services</b> |  |   |   |
| <u>General</u>             | Main switchgear and distribution in major projects.  | Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.                                   | Provision, ( <u>Not</u> repair/ replacement or maintenance)   |
|                            | Replacement of obsolete and dangerous wiring systems, including distribution boards  | All testing, earthing and bonding to meet Health & Safety. All servicing.   |   |
| <u>Power</u>               | Control gear, distribution, fixed equipment, protection etc.   | All testing, repair and replacement of small items of equipment   | Provision, ( <u>Not</u> repair/ replacement)  |
| <u>Lighting</u>            | Provision of luminaires and emergency  | Replacement of luminaires, all testing, adjustments and improvements to emergency   | Provision, ( <u>Not</u> repair/ replacement)  |
| <u>Other</u>               | Lightning protection in new build<br>Alarm systems, CCTV, lifts/ hoists etc.,<br>New installation of communication systems, WIFI systems / TV, call, telephone, data transmission, IT etc. and provision in new build. | Repair/ replacement<br>Repair and maintenance<br>Repair/ replacement/ maintenance, including all door access systems  | Provision and repair<br>Provision, ( <u>Not</u> repair or maintenance)  |
| <b>External Works</b>      |  |   |   |
| <u>Pavings</u>             | Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access  | Maintenance and repair<br>Car park and playground markings.   | Provision if part of statutory proposal project. <u>Not</u> repair or maintenance<br><br>Provision and repair of ramps and steps. |

| <b>ELEMENT</b>               | <b>CAPITAL: AS CIPFA CODE OF PRACTICE</b>  | <b>REVENUE: REPAIRS &amp; MAINTENANCE</b>  | <b>VA SCHOOLS - GOVERNORS RESPONSIBILITIES</b>                      |
|------------------------------|--|--|---|
| Miscellaneous                | Provision of walls, fencing, gates and ancillary buildings as part of major project      | Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.   |   |
| <u>Drainage</u>              | Drains, soakaways, inspection chambers and sewage plant as part of new projects          | Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary. | Foul drainage plus external gutters and drainpipes. Not maintenance |
| <u>Open air pools</u>        | Structure, Hygiene/ safety in new build  | Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.   | If governors provided.  |
| <u>Services distribution</u> | Heating mains<br>gas mains<br>water mains<br>electricity mains,<br>renewal of any above. | Annual servicing   | Provision grant aided but <u>not</u> for repair                     |

DRAFT

## School Redundancy Reimbursement Procedure and Processes

### 1. Introduction

Under Section 37 (5) of the Education Act 2002 the Council is normally required to fund the cost of school redundancy payments. In order to access this funding, schools will need to demonstrate that they have followed the Council's Procedures and Processes which are set out in the following paragraphs.

### 2. Procedure and Processes

With any redundancy exercise the local authority will need to be satisfied that the school has clear documentation outlining the rationale for the proposal, that all alternative solutions to a redundancy have been explored, and the appropriate consultation has been undertaken.

In line with the above, the school will need to ensure that the **Director/Head of Service** is advised of any redundancy proposals at the earliest opportunity, preferably at the beginning of the process. Schools will also need to demonstrate that they have sought advice from their HR Service provider throughout the process. The school should also show that they have accessed advice from Schools Finance and any other appropriate forums in relation to their proposal and the viability of any other solution.

In relation to the consultation with staff and the relevant Trade Unions it is advised that the schools use the LA's model consultation guidance and that it is in line with the Redundancy Policy and Procedure adopted by the school.

As part of the consultation exercise, the school will need to provide a copy of the paper to the **Head of Service /Director**. The school will also need to provide the **Finance Manager/Head of Service** with the following documents:

- i) The most recent school budget plan.
- ii) The most up to date monitoring position of the school budget.
- iii) An explanation of the use of any surplus balances held by the school.
- iv) An explanation of changes of more than 10% on any budget, both expenditure and income.
- v) The estimated cost of redundancy for each post being made redundant

The school will need to provide responses to any questions that the Local Authority might have within one week of the request.

All of this supporting documentation will be provided to the Assistant Director – Housing, Environment, Education and Health & Wellbeing, who will produce a Cabinet Member Report for consideration by the Cabinet Member for Education and Children's Services for their final decision. The school will be notified within one week, once a decision is reached.

Schools will be able to claim the reimbursement of redundancy costs by submitting an invoice, one for the first tranche payment and a further invoice for the second and final tranche payment at least three months after the relevant persons have left the schools employment and signed the copy documentation confirming that they have not obtained further employment.

Failure to manage any redundancy process as outlined above may result in the Local Authority not meeting the redundancy costs or any part of those costs incurred by the school in accordance with guidance and regulations under the Education Act.

### **Education Act 2002 – Section 37 extract**

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 local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide



what a good reason was, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget:

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

Charge of premature retirement costs to local authority non-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 local 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 local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

A de-delegated contingency could be provided, if Schools Forum 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 in England to the local authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection (7B) is met.

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

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

(10) Regulations may make provision with respect to the recovery from governing bodies of amounts payable by virtue of subsection (7).

(11) Subsections (1) to (6) do not apply to a maintained school at any time when the school does not have a delegated budget by virtue of any suspension under section 17 of, or Schedule 15 to, the School Standards and Framework Act 1998 (c. 31).

(12) In this section "community purposes" means the purposes of the provision of facilities or services under section 27

Scheme for financing schools Jul 15 draft

XXXXXXXXXXXXX SCHOOL

MODEL APPLICATION FOR AN INTEREST FREE LOAN FOR A NEWLY QUALIFIED TEACHER OF UP TO £1,500

Completed form to be returned to:

XX

For queries about this form, please telephone XXXXXXXXXXXXXXXXXXXX

PERSONAL DETAILS

Surname..... (Mr/Mrs/Ms/Miss)

Forename(s) .....

Department ..... Payroll No:.....

Home Address.....

.....

.....

Work tel no..... Home/mobile no .....

DECLARATION

The details given above are complete and correct and I hereby apply for a loan of £1,500. I agree that I shall repay the full amount of the loan by 12 equal consecutive monthly instalments of £125.00 commencing on \_\_\_\_\_(Date), which sum I agree to being deducted from my salary each month until the total sum advanced be repaid.

I have read the conditions below and agree to be bound by them.

Signature..... Date .....

AUTHORISATION – To be completed by the Headteacher

I confirm that the details given are correct as far as I am aware and I recommend that the loan be granted.

Signature ..... Date .....

**CONDITIONS**

1. In consideration of the loan made to the employee by the School, the employee agrees to make twelve monthly repayments to the School on the last day of each month by deduction from salary until the whole loan has been repaid.

2. The School shall be entitled to deduct each monthly instalment as it falls due from the next payment of the employee’s salary.

3. If before the whole of the amount loaned has been repaid to the School by the employee as provided in Condition 2 the employee shall:-

- 1) cease to serve the Council for any reason whatsoever; or
- 2) fail to observe any of the conditions of the loan; or
- 3) become bankrupt; or
- 4) make any composition or agreement with creditors; or
- 5) die;

the whole of the amount remaining on loan to the employee shall immediately become payable to the School by the Employee or in the case of death by the Employee’s personal representative.

4. In the event of any amount under the loan becoming repayable as provided in Condition 3 hereof the School shall in addition to exercising all other legal or equitable rights and remedies be entitled to deduct such amount from any sum that may be or become due to the employee by the School whether by way of salary, refund of superannuation contributions, or otherwise.

5. The employee may at any time during the continuance of the loan repay to the School any balance on the loan then outstanding and owing.

6. Please note this loan is only available to Newly Qualified Teachers upon initial recruitment only. It is not to be used as an on-going loan facility.

I hereby further agree that in the event of my leaving the employment of the School within twelve months of the date of receiving this loan, the whole of the sum outstanding as at that date shall be deducted from my final payment of salary and any refund of superannuation to which I may be entitled. In the event that my final payment of salary and superannuation refunds be insufficient to cover the said sum I undertake to repay to the school on demand such balance as may be due.


Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

Signed ..... Name \_\_\_\_\_  
(in block letters)  
of (address) .....

School .....  
.....

## Hillingdon Schools Forum

### 2025/26 DSG Schools Block: Funding Investment Funding Investment Options for Consultation

|   |  |
|---|--|
|  | <b>London Borough of Hillingdon<br/>Schools Forum<br/>16<sup>th</sup> October 2024</b>   |
| <b>Title</b>  | <b>2025/26 DSG Schools Block: Funding Investment<br/>Funding Investment Options for Consultation</b>   |
| <b>Agenda Item</b>  | <b>7c</b>  |
| <b>Report by</b>  | Danny Doherty (Head of Finance CYPE)   |
| <b>Appendices</b>   | Appendix A - Funding factors values for 2024/25<br>Appendix B- Funding with and without Block Transfer.  |
| <b>Recommendations</b>  | To note the principles and values of the proposed schools funding formula for 2025/26 (based on 2024/25).<br><br>To agree to the recommendations in this report relating to: <ul style="list-style-type: none"><li>• the 2025/26 budget for the growth fund.</li><li>• charges to maintained schools budgets to cover the cost of school support services and a proposed contingency fund for schools in financial difficulty.</li></ul> |

#### 1. Details of Recommendations

##### **Schools Forum is asked to note:**

1. The principles of the Hillingdon schools local funding formula for 2025/26, as agreed as set out in section 4.1 of this report.
2. The 2025/26 funding factor values as set out in Appendix A (based on 2024/25) and the draft 2025/26 funding allocations for each school set out in Appendix B (based on 2024/25).

##### **Schools Forum is asked to agree the Council's proposals:**

3. To set the 2025/26 budget for growth of £1.219m (based on 024/25) as set out in section 7.8

##### **The maintained school representatives are asked to agree the:**

4. Amounts to be charged to maintained schools budgets for 2025/26 to contribute towards:
  - the cost of General Education Duties carried out by the Council on behalf of its maintained schools (as set out in section 8.5 of this report).

- a proposed contingency fund to assist maintained schools in financial difficulty (as set out in section 9.1 of this report).

## 2. Report Summary

- 2.1 This report provides a briefing on the principals and basis of Schools Block allocation of the Dedicated Schools Grant (DSG) for 2025/26 which is based on the allocations for 2024/25. This will be updated following the receipt of final funding allocations and the Authority Proforma Tool (APT) in December 2024.
- 2.2 This report outlines the principles under which the Council will set the local Hillingdon school funding formula for 2025/26 in light of the 2025/26 settlement for the Schools Block of the DSG to be announced in December 2024 including the proposed budgets for:
- the 2025/26 Growth Fund
  - the funding of some support services for maintained schools in 2025/26 that were previously funded from the Education Services Grant
  - a proposed contingency for maintained schools in financial difficulty

## 3. Background

- 3.1 The final allocation of Hillingdon's 2025/26 Schools Block DSG will be received in December from the Education and Standards Funding Agency (ESFA). For 2024/25 the settlement was £281.0m before recoupment and including the 2023/24 Mainstream Schools Additional Grant (MSAG) of £9.025m, which had been rolled into the schools block national funding formula (NFF) for 2024/25. This compares to £276.4m in 2023/24 (including the 2023/24 MSAG). This represented a £4.5m (1.7%) increase in Hillingdon's Schools Block allocation and a 1.6% increase in per pupil funding between 2023/24 and 2024/25, before recoupment for academy and free school provision. Nationally the percentage increase in Schools Block funding was 2.2% and the per pupil increase, 2.0%.
- 3.2 There is a separate pay grant for teachers' pay (TPAG) in 2025 to 2026. This is over and above the funding schools will receive via the NFF from within the December 2024 DSG allocations. Provisional figures indicate this could equate to a 1.7% increase in the per pupil funding 2024/25. The methodology for allocating this grant to mainstream schools has been published on the link below:  
<https://www.gov.uk/government/publications/teachers-pay-additional-grant-2024-to-2025/teachers-pay-additional-grant-2024-to-2025-methodology>

The DfE aim to publish school level allocations showing the total funding allocated for the 2025 to 2026 financial year and the conditions of grant in April 2025.

- 3.3 Schools will also receive further funding to support with increases to employer contribution rates to the Teachers' Pensions Scheme from April 2025. Again, this is over and above the funding they will receive via the NFF from within the December 2024 DSG allocations. The DfE will announce further details on this funding for pensions, including funding rates and allocations, in due course. Further details are available at the link below:  
<https://www.gov.uk/government/news/government-funding-for-schools-in-england-at-a-record-high>

3.4 In 2025/26, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. In July 2021, DfE published a consultation on proposals for completing their reforms of the funding system, whereby individual schools' budgets would be set directly through one single national formula, rather than local funding formulae. The consultation proposed that, from 2023/24, local authorities will be required to bring their own formulae closer to the schools NFF, to smooth the transition.

#### **4. 2025/26 schools funding formula**

4.1 The 2025/26 local schools funding formula will be set by the Council based on the 2024/25 principles:

- the funding factors in the local Hillingdon schools funding formula will move 10% closer to the factor values in the NFF, with the AWPU rate being set at the highest rate that can be funded (i.e. if there is a balance remaining in the Schools Block following application of the NFF factor values that will be distributed via adjusting the AWPU).
- the Minimum Funding Guarantee will be set at the highest rate that can be funded within the 0% and +0.5%.
- each school will receive a minimum increase in their per pupil funding of 0.5% based on the funding factors that are impacted by the MFG (i.e. AWPU, deprivation factors, EAL, mobility and prior attainment).
- The formula will retain the funding ratio per pupil of Primary to Secondary sector as 1 to 1.32

4.2 The full list of factor values (including the area cost adjustment, ACA) that the Council proposes to use in its local Hillingdon formula are set out in Appendix A.

4.3 The proposed budgets in this report use the ESFA's Authority Proforma Tool (APT) and operational guidance to update the model agreed by Schools forum in December 2024 including updates for:

- Pupil numbers per the October census.
- Falling rolls Fund.
- The Councils Growth Fund

#### **5. Growth Fund**

5.1 Growth funding is within local authorities' schools block DSG allocations.

5.2 Local authorities may operate a Growth Fund which can be used to:

- Support growth in pre 16 numbers to meet their basic need
- Support additional classes to meet the infant class sizes regulations
- Meet the cost of new schools including the lead in costs and post start up and diseconomy of scale costs.

5.3 The Growth Fund represents a top slice against the Schools Block. It is held by the Council and paid out to eligible schools once the pupil numbers for the 2025/26 academic year are confirmed by the Autumn 2025 census.

5.4 Growth Funds cannot be used to support schools in financial difficulty or support general growth due to popularity (which is to be managed through lagged funding).

5.5 For 2024/25, the DfE amended Growth Fund Schools Block funding as well as allocation criteria. The DfE also introduced some new mandatory requirements:

- Growth Funds will continue to be managed locally under the 'hard' NFF framework
- Changes to these mechanisms, to improve their value and the consistency of approach between local authorities, will be made gradually.

Further changes are expected in 2025/26. The way that Growth Fund funding is allocated by the DfE to local authorities was not changed.

### **New Growth Fund formula**

5.6 The government introduced a formulaic approach to allocating funding for pupil growth four years ago, rather than using levels set by each LA. The growth fund grant allocation funds:

**Implicit Growth** - the regulations require new schools building up their numbers to be funded through the formula for pupils forecasted to join such schools in the September of each financial year; and

**Explicit Growth** – expansions of existing schools and bulge classes to meet basis need. This funds schools for additional classes that would not otherwise be funded in that financial year due to the lagged nature of the school funding formula.

Hillingdon's explicit growth fund rules for expansions of existing schools and bulge classes in 2024 to 2025 were:

**Expansions** - Calculated by taking the total AWPU funding for the year, divided by the total number of pupils and multiplying by 30 (assumed class size), then pro rata 7 months (reflecting new class starting in September covering funding until the new financial year in April). A school will attract this funding for every year of an expansion, until the school has reached full capacity/ end of the expansion.

**Bulge Class** - Growth funding is also provided for schools who have significant growth in pupil numbers who are not expanding. If a school has an increase of over 25 pupils in the lowest year of the school, funding will be provided for each additional form of entry (assumed to be 30 pupils) which is calculated using the average AWPU rate for the year. This calculation will be carried out termly and funding provided proportionally. For academy schools who are expanding, the LA



will also provide funding for the period April to August, to reflect the difference in funding year compared to maintained schools. This funding is calculated at 5/12ths of average AWPU multiplied by 30

For the first time in 2024 to 2025 local authorities are required to provide growth funding in all cases where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment).

As a minimum local authorities will have to provide funding to a level which is compliant with the following formula: **primary growth factor value (£1,550) × number of pupils × ACA.**

In Hillingdon for 2024-25 this equated to **£51,237** for 1 additional form of entry. The primary growth factor value will be used for all school types, recognising there is one teacher pay scale and that this funding is a minimum value.

Hillingdon's criteria, which uses AWPU, is **above**, and therefore compliant with, this **minimum value**.

5.7 A review of the Growth Fund Contingency requirement, which provides funding for expanding schools and funding for significant in-year growth, estimates that the budget in 2025/26 should be **£TBD, an increase / decrease of £TBD** from the previous year. The calculations include **1 growing Primary School, 1 Growing Secondary school and contingency for funding of year 6 pupil classes over pan in Secondary schools etc.**

5.8 The growth funding allocated through the funding formula for 2025/26 is **£TBD** which is sufficient to cover the growth requirement due to an overall increase in Pupil number of **TBD** in Hillingdon and is a decrease from 2024/25 of **£TBD**.

## **6. Falling Rolls**

6.1 In 2024/25, for the first time government allocated funding to local authorities based on falling rolls as well as growth. Funding was allocated based on year-on-year reductions in pupil numbers at medium super output areas (MSOA) level. MSOAs are small geographical areas, within wards. Allocations were based on differences between the primary and secondary number on roll at schools located within each MSOA between the most recent October pupil census and the census in the previous October.

6.2 The falling rolls allocation for each local authority was £140,000 + area cost adjustment (ACA) per MSOA which sees a 10% or greater reduction in the number of pupils on roll between the two census years.

6.3 Hillingdon did not meet the criteria of the MSOA in 2024/25.

6.4 Local authorities will continue to have discretion over whether to set aside schools block funding to create a small fund to support schools with falling rolls.

## **7. Provisional Funding at Schools Level – Transfer from Schools Block for 2025/26**

7.1 The service is arranging for an extraordinary meeting of the Schools Forum in November to consider the proposal for 2025/26 to transfer funds from the Schools Block to support the High Needs Block.

## **8. Funding of general duties for maintained schools**

8.1 Local authorities can fund services previously funded from the general funding rate of the Education Services Grant (ESG) from maintained schools budget shares, with the agreement of maintained school members of the Schools Forum.

8.2 Until 1 April 2017 the Council received an ESG to cover the cost of delivering its responsibilities in respect of schools. This had two elements, a retained duties element covering the Council's duties to all schools (which now forms the Central Schools Services Block of the Dedicated Schools Grant) and a general duties rate which related to maintained schools only. The general duties rate ended on 1 April 2017 with a transitional grant being payable to local authorities for 2017/18. This resulted in a reduction in the Council's grant income of c£2M from 2018/19 whilst the duties remain.

8.3 In light of the reductions in grant funding the cost of services across the Council were reviewed and significant budget reductions were made. This has enabled the Council to reduce the cost of the services that were previously funded by the ESG to a significantly lower level. This has however limited the scope of the services that can be provided to schools to a minimum level that is needed to discharge the Council's responsibilities.

8.4 Until now the Council has never asked maintained schools to contribute towards these statutory services and has instead managed to pay for all such costs through the Council's General Fund. However, due to significant inflationary pressures over the past few years and increasing duties and responsibilities regarding general duties carried out by the Council on behalf of its maintained schools, this is no longer tenable and the Council is therefore proposing to charge (top slice) the maintained schools budget share in 2024/25, for a contribution towards these costs.

8.5 The Council proposes to charge the maintained school budget shares £10.93 per pupil (based on 2024/25 rates) to cover the costs of the services listed below, which were previously funded by ESG.

- £10k - monitoring of National Curriculum assessments (Schedule 2, paragraph 76)
- £60k - expenditure on inspecting attendance registers under the Education (Schedule 2, paragraph 80)
- £50k - appointment of governors and payment of governor expenses (Schedule 2, paragraph 74)
- £10k - functions under the Equality Act 2010 (Schedule 2, paragraph 72)
- £50k - appointment or dismissal of employee functions (Schedule 2, paragraph 67) and consultation costs relating to staffing (Schedule 2, paragraph 68).

- £20k - monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Schedule 2, paragraph 60)

## **9. De-delegation for a contingency fund to support maintained schools in financial difficulty**

- 9.1 The Council is proposing to create a contingency fund of £200,172 to assist maintained schools in financial difficulty. It is most likely that this fund will be used to contribute towards the redundancy costs of schools in financial difficulty, where they are taking action to help balance their budgets by restructuring their staffing establishments. This represents £10.93 per pupil of the maintained schools budget shares.
- 9.2 Schedule 2 of the School and Early Years Finance Regulations 2023 allows for the creation of such a contingency fund by top slicing (de-delegating) maintained schools' 24/25 budgets. The funds will then be redistributed to schools in financial difficulty through the new collaborative process, where the Council will be working more closely with maintained schools in financial difficulty in order to help them remain in surplus.
- 9.3 Each maintained primary and secondary school member representative will decide for their phase.

## **10. De-delegation - notes**

- 10.1 DfE allow funding for specified services to be de-delegated for maintained primary and secondary schools with Schools Forum approval.
- 10.2 At the schools Forum meeting on 6 December 2023 Maintained School Representatives of Schools Forum voted to de-delegate the Teachers Pensions Administration for maintained schools in 2024-25 at a rate of £1.28 per pupil.
- 10.3 It should be noted that the proposal to de-delegate Trade Union facilities time contributions for 2025/26 was rejected by representatives of maintained schools at the Schools Forum meeting on 6 December 2023.

## **11. Payment of School Business Rates**

- 11.1 Changes to the arrangements for administering the payment of schools business rates were introduced from 1 April 2024 to reflect latest ESFA guidance.
- 11.2 Under the previous arrangements the funding certificate for each mainstream school included the estimated funding required for the payment of their business rates, and schools received this funding. The business rates bills were paid by the Council on behalf of each maintained school and these costs were then charged back to each school by the Council. Academies paid their business rates bills directly.


- 11.3 From 1 April 2024 rates have been paid by the ESFA directly to billing authorities on behalf of all maintained schools and academies. As ESFA are paying business rates directly to billing authorities, cash advances to schools have been adjusted down to reflect the change. Schools budgets will however continue to reflect the cost of business rates.
- 11.4 The 2025/26 school funding certificates will include a line showing “Total Funding For Schools Block Formula (after deduction of de delegation, education functions and indicative 2024-25 NNDR)” so schools will not actually receive a cash backed budget for their business rates costs.
- 11.5 Under the new arrangements billing authorities communicate the cost of schools’ rates to the ESFA by uploading rates bill data to an online billing portal.

## **12. Notional SEN**

- 12.1 It should also be noted that the NFF includes notional SEN amounts within the school's block funding allocations to schools. Each school's 2025/26 funding certificate will include a notional SEN amount which is calculated based on the percentages applied to each of the pupil led factors. Schools are expected to use this element of their Schools Block funding to support pupils who require SEN support. Schools may also receive additional pupil specific funding for pupils with an Education, Health and Care Plan or for SEN Centres based at schools from the High Needs budget. These allocations will be separately determined and notified to schools. The notional SEN element is allocated to school's post MFG via the local funding formula. For 2024/25 this totals £29.981m.

## **13. Next steps**

- 13.1 Deadline for submission to ESFA of the APT proforma that is used to calculate Individual School Budgets is expected to be set for the third or fourth week of January 2025. This will be subject to a series of validation checks by ESFA which could lead to adjustments to the provisional funding allocations to individual schools shown. The allocations for 2024/25 are set out in Appendix B of this report.
- 13.2 Council approval of the 2025/26 schools budget is expected to be confirmed in the third or fourth week of February 2025.
- 13.3 The final Schools Block funding allocations for each school will be reported to Schools Forum on 25 March 2025. The Council expects to issue 2025/26 funding certificates soon after that meeting.

|   |   |
|---|---|
|  | <b>London Borough of Hillingdon<br/>Schools Forum<br/>16 October 2024</b>   |
| <b>Title</b>  | <b>De-delegation – Trade Union Facilities : 2023/24</b>   |
| <b>Agenda Item</b>  | 7 (d)   |
| <b>Report by</b>  | Chair   |
| <b>Appendices</b>   | <b>1:</b> Table of fund balances<br><b>2:</b> Summary of work undertaken<br><b>3:</b> Proposed refunds to be made |
| <b>Recommendation(s)</b>  | Note the report<br>Decide how the funds will be dispersed to contributing schools                                 |

## 1. Report on Use of Funds 2022/23 & 2023/24

- 1.1. Details of the funds held by Schools HR are shown at Appendix 1. The report includes totals of amounts subscribed in each year by Academy schools and under the de-delegation.
- 1.2. Totals of the cases dealt with by the Trade Unions in 2023/24 are shown in Appendix 2. Totals have been analysed between Academy schools and Maintained schools

## 2. Unspent Balance - £40,175.75

- 2.1. The unspent funds need to be reimbursed to schools. Schools HR have confirmed that the unspent balance is available to be repaid.
- 2.2. It is proposed to refund to all schools who subscribed to the fund pro-rata on the basis of the total amounts paid for the two years 2022/23 and 2023/24 (£117,859.45).
- 2.3. As an example, a school which has paid £1,500 in 2022/23 and £1,500 in 2023/24 would receive a repayment of £1,022.64. Details of amounts payable are shown on Appendix 3

## APPENDIX 1

| Facility Time Fund 2023/24 |                                      |    |              |
|----------------------------|--------------------------------------|----|--------------|
| <b>Income</b>              |                                      | £  | -            |
|                            | Maintained Income                    | -£ | 40,423.00    |
|                            | Academy Income                       | -£ | 18,220.80    |
|                            | Underspend from 2021/22              | -£ | 15,471.24    |
| <b>Total Income</b>        |                                      |    | -£ 74,115.04 |
| <b>Expenditure</b>         |                                      |    |              |
| Admin Fee                  | The Schools HR Co-operative          | £  | 1,750.00     |
| School Invoices            | Middlesex Learning Partnership (NEU) | £  | 31,020.67    |
|                            | Cranford Park Academy (GMB)          | £  | 5,530.90     |
|                            | Grangewood School (UNISON)           | £  | 7,613.04     |
| <b>Total Expenditure</b>   |                                      |    | £ 45,914.61  |
| <b>Over/(Underspend)</b>   |                                      |    | -£ 28,200.43 |

| Facility Time Fund 2023/24 |                                      |    |              |
|----------------------------|--------------------------------------|----|--------------|
| <b>Income</b>              | Maintained Income                    | -£ | 40,524.00    |
|                            | Academy Income                       | -£ | 18,691.65    |
| Underspend                 | Underspend from 2022/23              | -£ | 28,200.43    |
| <b>Total Income (Fund)</b> |                                      |    | -£ 87,416.08 |
| <b>Expenditure</b>         |                                      |    |              |
| Admin Fee                  | The Schools HR Co-operative          | £  | 1,750.00     |
| NAHT                       |                                      |    |              |
| NASUWT                     |                                      |    |              |
| NEU                        | Middlesex Learning Partnership (NEU) | £  | 38,311.00    |
| GMB                        | Cranford Park Academy (GMB)          | £  | 7,179.33     |
| UNISON                     | Grangewood School (UNISON)           |    |              |
| UNITE                      |                                      |    |              |
| <b>Total Expenditure</b>   |                                      |    | £ 47,240.33  |
| <b>Balance</b>             |                                      |    | -£ 40,175.75 |

## APPENDIX 2

| 2023/24 ANNUAL ACTIVITY RETURN   |                       |      |          |            |         |
|--|-----------------------|------|----------|------------|---------|
| Trade Union  | GMB                   |      |          | Maintained | Academy |
| Period   | 2023/24 Academic Year | Date | 17/07/24 | Maintained | Academy |
| Number of specific cases dealt with  |                       |      |          | 31         | 35      |
| Number of meetings attended supporting members   |                       |      |          | 3          | 11      |
| Number of meetings attended supporting members where school management or HR are present |                       |      |          | 2          | 9       |
| Number of formal panel hearings attended   |                       |      |          | 1          | 0       |
| Number of Local Authority meetings attended  |                       |      |          | 0          | 0       |
| Days spent on training courses and seminars  |                       |      |          | 0          | 6       |
| Cases by type  |                       |      |          | Maintained | Academy |
| Absence  |                       |      |          | 6          | 9       |
| Capability   |                       |      |          | 2          | 4       |
| Disciplinary   |                       |      |          | 0          | 5       |
| Grievance  |                       |      |          | 5          | 6       |
| Other  |                       |      |          | 18         | 11      |

## 2023/24 ANNUAL ACTIVITY RETURN

| Trade Union  | NEU                   |      |          | Maintained | Academy |
|--|-----------------------|------|----------|------------|---------|
| Period   | 2023/24 Academic Year | Date | 15/07/24 | Maintained | Academy |
| Number of specific cases dealt with  |                       |      |          | 75         | 232     |
| Number of meetings attended supporting members   |                       |      |          | 35         | 110     |
| Number of meetings attended supporting members where school management or HR are present |                       |      |          | 21         | 47      |
| Number of formal panel hearings attended   |                       |      |          | 15         | 30      |
| Number of Local Authority meetings attended  |                       |      |          | 6          | 10      |
| Days spent on training courses and seminars  |                       |      |          | 0          | 16      |
| Cases by type  |                       |      |          | Maintained | Academy |
| Absence  |                       |      |          | 18         | 60      |
| Capability   |                       |      |          | 13         | 25      |
| Disciplinary   |                       |      |          | 14         | 45      |
| Grievance  |                       |      |          | 6          | 27      |
| Other  |                       |      |          | 24         | 75      |



# APPENDIX 3

| Local Authority Name          | Number of Pupils | 2022/23 De-Delegated Budget | Academy/MAT Name              | Number of Pupils | 2023/24 De-Delegated Budget | Total 2022/23 & 2023/24 De-Delegated Budget | Percentage of 2022/23 & 2023/24 Budget | Rebate     |
|-------------------------------|------------------|-----------------------------|-------------------------------|------------------|-----------------------------|---|--|------------|
| Hillingdon Maintained Schools | 18458            | £40,423.00                  | Hillingdon Maintained Schools | 18504            | £40,524.00                  | £80,947.00                                  | 68.68%                                 | £27,593.09 |

| Academy/MAT Name                                       | Number of Pupils | 2022/23 SLA Charge | Academy/MAT Name   | Number of Pupils | 2023/24 SLA Charge | Total 2022/23 & 2023/24 SLA Charges | Percentage of 2022/23 & 2023/24 Budget | Rebate            |
|--|------------------|--------------------|--|------------------|--------------------|-------------------------------------|--|-------------------|
| Belmore Primary Academy, William Byrd Primary Academy) | 2723             | £5,963.37          | High, Belmore Primary Academy, William Byrd Primary Academy) | 2720             | £5,956.80          | £11,920.17                          | 10.11%                                 | £4,063.33         |
|  |                  |                    | Hillingdon Primary School                                    | 631              | £1,381.89          | £1,381.89                           | 1.17%                                  | £471.06           |
|  |                  |                    | Pinkwell Primary School                                      | 624              | £1,366.56          | £1,366.56                           | 1.16%                                  | £465.83           |
|  |                  |                    | John Locke Academy   | 645              | £1,412.55          | £1,412.55                           | 1.20%                                  | £481.51           |
| Charville Academy                                      | 464              | £1,016.16          | Charville Academy  | 433              | £948.27            | £1,964.43                           | 1.67%                                  | £669.63           |
| Coteford Junior  | 282              | £617.58            | Coteford Junior School                                       | 284              | £621.96            | £1,239.54                           | 1.05%                                  | £422.53           |
| Cowley St Laurence                                     | 418              | £915.42            | Cowley St Laurence CE Primary School                         | 423              | £926.37            | £1,841.79                           | 1.56%                                  | £627.83           |
| Cranford Park Academy                                  | 888              | £1,944.72          |  |                  |                    | £1,944.72                           | 1.65%                                  | £662.91           |
| Grangewood School                                      | 88               | £192.72            | Grangewood Primary School                                    | 80               | £175.20            | £367.92                             | 0.31%                                  | £125.42           |
| Laurel Lane Primary School                             | 321              | £702.99            | Laurel Lane Primary School                                   | 325              | £711.75            | £1,414.74                           | 1.20%                                  | £482.25           |
| Moorcroft School                                       | 108              | £236.52            |  |                  |                    | £236.52                             | 0.20%                                  | £80.62            |
| Pentland Field School                                  | 160              | £350.40            | Pentland Field School  | 168              | £367.92            | £718.32                             | 0.61%                                  | £244.86           |
| Queensmead School                                      | 1473             | £3,225.87          | Queensmead School  | 1460             | £3,197.40          | £6,423.27                           | 5.45%                                  | £2,189.55         |
| St Martin's Church of England Primary School           | 293              | £641.67            | St Martin's Church of England Primary School                 | 274              | £600.06            | £1,241.73                           | 1.05%                                  | £423.28           |
| St Matthew's CE Primary School                         | 442              | £967.98            | St Matthew's CE Primary School                               | 418              | £915.42            | £1,883.40                           | 1.60%                                  | £642.01           |
| Sunshine House Specialist Provision                    | 50               | £109.50            | Sunshine House Specialist Provision                          | 50               | £109.50            | £219.00                             | 0.19%                                  | £74.65            |
| West Drayton Academy                                   | 610              | £1,335.90          |  |                  |                    | £1,335.90                           | 1.13%                                  | £455.38           |
| <b>2022/23 Union Facility Time Budget</b>              | <b>26778</b>     | <b>£58,643.80</b>  | <b>2023/24 Union Facility Time Budget</b>                    | <b>27039</b>     | <b>£59,215.65</b>  | <b>£117,859.45</b>                  | <b>100.00%</b>                         | <b>£40,175.75</b> |



# Oak Wood School Deficit

## Paper to Schools' Forum

October 2024

**For consideration: The London Borough of Hillingdon Scheme for Financing Schools (4.7 page 21) states that 'In certain instances the LA may agree to give assistance towards the elimination of a deficit balance where agreed by Schools Forum.' Therefore, Oak Wood School is asking Schools Forum to agree to support the de-delegation of £500k from schools' block in 2025-26 giving assistance towards the elimination of the deficit balance held by Oak Wood School.**

### Background

Oak Wood School (formerly Abbotsfield school until August 2017) accumulated a significant deficit that by 2019 had reached a figure close to £3.5 million. In 2008, when the deficit was circa £1million Local Authority officers recommended the closure of Abbotsfield School but Hillingdon Council made the decision to keep the school open and allowed it to fall further into deficit. Indeed the deficit continued to increase until the appointment of the current Headteacher when the deficit began to decrease to the position that it is in today.

### The current situation

Oak Wood School finished the 2023-24 financial year with a deficit of £1.9m This is from a peak in 2019-20 of £3.5m.

This financial year, the school has already repaid a further £500k. The school has now repaid nearly £2m over the last 4 years and the deficit is now at £1. million. There have been significant savings made by the school during this time and there are no more further cuts that can be made.

**Table 1: Oak Wood School Deficit Reduction 2020-24**

| Financial Year | Projected Deficit | Final Position | Paid per Year |
|----------------|-------------------|----------------|---------------|
| 2024-25        | -£2,409,589.84    | £1,484,961.96  | £500,000.00   |
| 2023-24        | -£2,539,350.00    | -£1,984,961.96 | £471,317.04   |
| 2022-23        | -£2,577,875.00    | -£2,456,279.00 | £92,910.00    |
| 2021-22        | -£2,846,798.45    | -£2,549,189.00 | £839,108.00   |
| 2020-21        | -£3,434,032.54    | -£3,388,297.00 | £77,614.00    |
| 2019-20        |                   | -£3,465,911.00 |               |

Total repaid since 2020:

£1,971,949.04

Oak Wood School is now graded as 'Good' by Ofsted (May 2022) after 13 years and three Inspections judged as 'Requires Improvement' by Ofsted. Following the previous full inspection in November 2018 (under the previous Headteacher) had Oak Wood School received an 'Inadequate' judgement at that inspection, as arguably the school warranted, it would have been required to become an academy and the Local Authority would have been required to write off the deficit – which at that point was around £3.5m.

Since taking up post in April 2020, the Headteacher has therefore both improved standards and enabled repayment of £2m of the deficit.

For context, Oak Wood School has 38% of pupils eligible for free school meals compared to the Borough average at Secondary schools of 22.3% and the national average at 24.6% (for all schools). This means that over the period of 2020 to 2024 some of the poorest children in Hillingdon have been deprived of educational funding at Oak Wood School to the tune of £2 million or £350 per pupil per year (the equivalent of at least 6 extra teachers per year) in order to reduce the historical deficit.

In 2023-24 Oak Wood School will repay £500,000. Based on the number of pupils at the school in 2023-24 of 1,095 pupils this equates to £456.62 per pupil. This is in addition to payments in previous years.

### **Proposal**

The school believes that the £1.4m deficit can be eradicated in the financial year through the following proposal:

- The school has asked the London Borough of Hillingdon to contribute £500k
- The school is asking Schools' Forum to contribute £500k through de-delegation
- The school will contribute the final £485k (this will be in addition to the £1.9million already paid by the school).

The school has also requested the support of Hillingdon Council by waiving any future interest payments against the historical deficit. This is a position that many other councils have taken with schools to support deficit reduction in their schools.

### **Funding from Schools Forum**

Oak Wood School will repay £484,961.96. Based on the number of pupils at the school in 2023-24 of 1,095 pupils (subject to change) this equates to £442.89 per pupil. The amount requested from all other maintained schools is £500,000. Based on the number of pupils in the maintained sector in 2023-24 of 17,409 pupils (subject to change) this equates to £28.72 per pupil.

Table 2 below shows the impact of this at school level.

**Table 2: The impact of de-delegation of funds at school level**

| School Name                                  | NOR 2023-24 | Total Contribution |
|--|-------------|--------------------|
| Bourne Primary School                        | 191         | £5,485.67          |
| The Breakspear School                        | 592         | £17,002.70         |
| Colham Manor Primary School                  | 575         | £16,514.45         |
| Coteford Infant School                       | 178         | £5,112.30          |
| Deanesfield Primary School                   | 622         | £17,864.32         |
| Field End Infant School                      | 268         | £7,697.17          |
| Glebe Primary School                         | 588         | £16,887.82         |
| Harefield Junior School                      | 237         | £6,806.82          |
| Harefield Infant School                      | 162         | £4,652.77          |
| Harlyn Primary School                        | 416         | £11,947.84         |
| Harmondsworth Primary School                 | 192         | £5,514.39          |
| Heathrow Primary School                      | 397         | £11,402.15         |
| Lady Bankes Primary School                   | 564         | £16,198.52         |
| Minet Junior School                          | 435         | £12,493.54         |
| Minet Infant and Nursery School              | 328         | £9,420.41          |
| Newnham Junior School                        | 356         | £10,224.60         |
| Newnham Infant and Nursery School            | 261         | £7,496.12          |
| Whitehall Junior School                      | 385         | £11,057.50         |
| Whiteheath Junior School                     | 337         | £9,678.90          |
| Yeading Junior School                        | 460         | £13,211.56         |
| Yeading Infant and Nursery School            | 345         | £9,908.67          |
| Highfield Primary School                     | 291         | £8,357.75          |
| Rabbsfarm Primary School                     | 585         | £16,801.65         |
| Warrender Primary School                     | 352         | £10,109.71         |
| Whitehall Infant School                      | 301         | £8,644.95          |
| Whiteheath Infant & Nursery School           | 240         | £6,892.99          |
| Frithwood Primary School                     | 391         | £11,229.82         |
| Ruislip Gardens Primary School               | 266         | £7,639.73          |
| Cherry Lane Primary School                   | 594         | £17,060.14         |
| Bishop Winnington-Ingram CofE Primary School | 195         | £5,600.55          |
| Holy Trinity CofE Primary School             | 190         | £5,456.95          |
| Dr Triplett's CofE Primary School            | 415         | £11,919.12         |
| St Swithun Wells Catholic Primary School     | 208         | £5,973.92          |
| Botwell House Catholic Primary School        | 625         | £17,950.49         |
| St Bernadette Catholic Primary School        | 407         | £11,689.36         |

|                                       |      |            |
|---------------------------------------|------|------------|
| St Catherine Catholic Primary School  | 201  | £5,772.88  |
| St Mary's Catholic Primary School     | 211  | £6,060.08  |
| Sacred Heart Catholic Primary School  | 627  | £18,007.93 |
| Oak Farm Primary School               | 550  | £15,796.43 |
| Grange Park Junior School             | 414  | £11,890.40 |
| Grange Park Infant and Nursery School | 263  | £7,553.56  |
| Hillside Infant School                | 172  | £4,939.97  |
| Hillside Junior School                | 224  | £6,433.45  |
| St Andrew's C of E Primary School     | 184  | £5,284.62  |
| Hayes Park School                     | 595  | £17,088.86 |
| Harlington School                     | 1019 | £29,266.47 |


|                         |        |             |
|-------------------------|--------|-------------|
| Total Number of Pupils: | 17409  | £500,000.00 |
| Cost per Pupil:         | £28.72 |             |

|                 |      |             |
|-----------------|------|-------------|
| Oak Wood School | 1095 | £484,961.96 |
|-----------------|------|-------------|

|                         |         |             |
|-------------------------|---------|-------------|
| Total Number of Pupils: | 1095    | £484,961.96 |
| Cost per Pupil:         | £442.89 |             |

### Recommendation

As set out in the 'London Borough of Hillingdon Scheme for Financing Schools' funding to support schools in financial difficulty can only come from a de-delegated contingency for mainstream schools. Therefore Schools Forum is asked to support the de-delegation as outlined in this paper Forum to raise a contingency fund in the financial year 2025-26 to the sum of £500k through de-delegation from mainstream maintained schools with the sole purpose of contributing to eradicating Oak Wood School's deficit in the financial year 2025-26. If agreed by Schools Forum, then the LA will formally propose the de-delegation at the next meeting on Thursday 5 December 2024.

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|  | <b>London Borough of Hillingdon<br/>Schools Forum<br/>16 October 2024</b> |
| <b>Title</b>  | <b>2024/25 DSG Budget Monitoring - Forecast (M5)</b>                      |
| <b>Agenda Item</b>  | <b>8(a)</b>   |
| <b>Report by</b>  | Danny Doherty   |
| <b>Appendices</b>   | N/A   |
| <b>Recommendation(s)</b>  | To note the details of the report.  |

**1. Purpose:**

1.1. The paper presents the Schools Budget Forecast for 2024/25 based on May (Month 5). It confirms the final Block Budgets and the current position in respect of the High Needs Safety Valve position.

**2. Schools Budget Summary**

2.1. The Schools Budget for 2024/25 is £385,613k of which £184,904k is allocated direct to the Academies leaving a balance of £200,709 to fund the authorities Maintained Schools.

2.2. The Dedicated Schools Grant (DSG) total Block for the Maintained Schools is forecasting a deficit of £16,109k based on Month 5 (August 2024). This is wholly driven by High Needs placement demand and cost pressures which continue to be significantly underfunded in the DSG settlement that the authority receives from the DfE. The table below sets out a summary of the Schools Budget and Forecast.

**Table 1: Schools Budget - DSG Income and Expenditure Summary**

| Dedicated Schools Grant (DSG) Blocks | Budget 2024/25 |                    |                |                |               |
|--------------------------------------|----------------|--------------------|----------------|----------------|---------------|
|                                      | DSG Settlement | Academy Recoupment | LBH Maintained | Forecast       | Variance      |
|                                      | £'000          | £'000              | £'000          | £'000          | £'000         |
| Schools Block                        | 277,846        | 173,260            | 104,586        | 104,586        | 0             |
| Early Years Block                    | 37,480         |                    | 37,480         | 37,480         | 0             |
| Central Schools Block                | 2,429          |                    | 2,429          | 2,429          | 0             |
| High Needs Block                     | 67,858         | 11,644             | 56,214         | 72,324         | 16,109        |
| <b>Total</b>                         | <b>385,613</b> | <b>184,904</b>     | <b>200,709</b> | <b>216,818</b> | <b>16,109</b> |

**Notes:**


- 1 The actual High Needs Block Budget, £56,214k includes an additional £316k compared to the original budget presented in March
  - 2 The Forecast position is before allowing for the SV Funding which is pending further discussions with DfE regarding the suspension. The funding includes DfE contribution, Capitalisation, School Block Transfer (£2,098k) and other Grant Funding (£615k)
- 2.3. Despite the pressures, the service through the Safety Valve programme is very successfully taking control of the market, managing unit costs down and beginning to see a significant reduction in the deficit as a consequence.
- 2.4. The Schools, Early Years and Central Blocks are forecast to budget.

**3. High Needs Forecast Deficit: £16,109k Reduced from £25,605k in 23/24 Outturn**

- 3.1. As highlighted above the service strategy to manage the High Needs Deficit Plan through a combination of mitigating costs and releasing savings is beginning to take real hold and show significant success.
- 3.2. While costs are being brought under control and demand for EHCPs and SEN packages slowed right down to less than 2%, it is the impact of the 67% increase in commitments prior to 2023/24 which explains the scale of the forecast deficit of £16,100k for this year, 2024/25.
- 3.3. In terms of the system and process issues contributing to delay in highlighting the true scale of the deficit in 2023/24, the service now has arrangements in place to ensure Data Quality is correct and robustly maintained through tracking and monitoring all cases via the Finance Tracker which ensures a continuous reconciliation between the Care Management (EHMS, ContrOCC) and the Finance Ledger (EPM) systems. The plan going forward is to integrate the Finance Trackers within the Controcc and Finance Ledger as a Power BI based Dashboard and incorporate this alongside the Performance and Activity Dashboard suite being developed within the Safety valve programme.

**4. Conclusion**

- 4.1. The issue of mounting DSG deficits remains a national issue, with projections for a £4bn deficit across the country forming a key strand to lobbying by sector bodies such as the LGA

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|  | <b>London Borough of Hillingdon<br/>Schools Forum<br/>16 October 2024</b> |
| <b>Title</b>  | <b>Schools Forum Annual Surveys</b>                                       |
| <b>Agenda Item</b>  | <b>8(d)</b>   |
| <b>Report by</b>  | Abi Preston   |
| <b>Appendices</b>   | N/A   |
| <b>Recommendation(s)</b>  | To note the details of the report.  |

### **Schools Forum Annual Surveys**

Following the task and finish group outcomes from 2023, it was agreed forum would undertake an annual survey with members and the community to understand what is working well and how we can further improve the effectiveness of Schools Forum.

The surveys are open now until **15 November 2024**. The outcomes will be shared with forum in December.

There are two surveys – one for the school community (headteachers and Chairs of Governors) and one for forum members to complete. Please click on the links below to complete the relevant survey:

**[Hillingdon Schools Forum Review 2024 - School Community](#)**

**[Hillingdon Schools Forum Review 2024 - Schools Forum Members](#)**