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North Lincolnshire Council

AGENDA	
Meeting:	Schools Forum
Meeting Date:	Thursday 21 January 2021
Venue:	Virtual Meeting
Time:	2.00 - 4.00 pm

NO.	AGENDA ITEM	LEAD	PAPERS	COMMENTS
1.	Welcome and Introductions	Chair		
2.	Declarations of Disclosable Pecuniary Interests and Personal or Personal and Prejudicial Interests (if any)	Chair		
3.	Minutes from last meeting dated 1 October 2020	Chair	(Pages 1 - 6)	
4.	Dedicated Schools Grant 2021/22	Tracy Elliott/Rosie Maughan	(Pages 7 - 12)	
5.	Schools Funding Formula 2021-22	Tracy Elliott/Rosie Maughan	(Pages 13 - 20)	
6.	Early Years - Dedicated Schools Grant	Nicola Raines	(Pages 21 - 28)	
7.	DSG High Needs Funding	Julie Frost	(Pages 29 - 36)	
8.	Central Services for Schools	Jemima Flintoff	(Pages 37 - 42)	
9.	The Scheme for Financing Schools	Rosie Maughan	(Pages 43 - 94)	
10.	Any other business	Chair		
FOR INFORMATION				
11.	Date and time of future meetings	Chair		
	Proposed date of the next meeting(s) (all at 2pm)			
	<ul style="list-style-type: none"> • Tuesday 23 March 2021 • Thursday 10 June 2021 			

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NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

1 October 2020

PRESENT:

School Representatives

Mr B Lawrance, Mrs D West, Mr R Biglands, Mrs T Millard, Miss A Nuttall, Mrs R Stephenson.

Academies Representatives

Mr D Flowitt, Mr P Raspin, Mrs T Norriss, Miss Z Bidmead and Mr A West

Non Schools Representative

Mr P Thompson and Mr M Lochran

PVI Representatives

Mrs M Drury and Mrs C Williams

Executive Elected Members

Cllr J Reed

Local Authority Officers

Ms T Elliott (Strategic Lead – Servicedesk), (Head of Access and Inclusion), Ms R Maughan (Specialist – Commercial), Ms J Frost (Education Inclusion Lead Officer), Mrs J Flintoff (Head of Standards and Effectiveness), Ms N Raines (Early Years Sufficiency Manager) and Mrs A Dawson (Democratic Services – Secretary to the Forum)

The meeting was quorate.

The forum met via MS Teams.

905 **ELECTION OF CHAIR AND VICE-CHAIR – Resolved** – That Mr B Lawrance be and he is hereby elected Chair of the forum.

Resolved – That Miss Z Bidmead be and she is hereby elected Vice-Chairman of the forum.

Mr Lawrance thereupon took the chair.

906 **APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Ms L Wilson and Mrs M Potterton.

907 **WELCOME AND INTRODUCTIONS** – The Chair welcomed members.

SCHOOLS FORUM
1 October 2020

908 **DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST AND PERSONAL OF PERSONAL PREJUDICIAL INTEREST** - There were no declarations of disclosable pecuniary interests and personal or personal and prejudicial interests.

909 **MINUTES FROM LAST MEETING DATED 11 June 2020 - Resolved** - That the minutes of the meeting held on 11 June 2020, having been printed and circulated amongst the members, be taken as read and correctly recorded, and be signed by the Chair.

910 **MEMBERSHIP UPDATE** – The Secretary informed the meeting that Mrs Clare Williams would be continuing to represent the PVI Sector for another term of office. A representative was still required for the primary maintained sector, along with the secondary academy sector. Ms Lynsey Norris had stepped down from her role as Church of England Diocese representative and had been replaced by Mr Paul Thompson.

Resolved – (a) That the Secretary contacts the Chair of the Primary Consortium to seek a representative and (b) that Miss Z Bidmead chases progress on the Secondary Academy representative.

911 **THE SCHEME FOR FINANCING MAINTAINED SCHOOLS** - Ms T Elliott presented the report.

Councils were required to publish schemes for financing schools, setting out the relationship between them and the schools they maintained. Statutory guidance set out what councils must do to comply with the law.

Updates were occasionally provided by the Department for Education when changes were required to bring the scheme into line with regulations. These were known as directed revisions and did not require further consultation with schools.

Following consultation that closed in September 2019, the Secretary of State had issued directed revisions to the schemes of all councils in England. In addition to the directed revisions other changes to wording were also required. Before these changes were made all schools must be consulted.

The report set out the directed revisions that would be incorporated into the scheme, along with other proposed changes. Discussion ensued on these.

Resolved – That a revised Scheme of Finance be submitted to the Schools Forum in January 2021 following consultation with schools.

912 **EARLY YEARS – DEDICATED SCHOOLS GRANT** – Mrs N Raines presented the report.

The report updated members of the response to the Covid-19 outbreak in relation to the Early Years Funding of Dedicated Schools Grant (EYDSG) and outlined proposals for a Hardship Fund from the EYDSG Reserves.

On 17 March 2020 the Chancellor confirmed the government would continue to pay funding to councils for the funded early education entitlements for two, three and four-year-olds, providing reassurance for early years providers in light of the coronavirus outbreak.

SCHOOLS FORUM

1 October 2020

The final years funding allocation for the financial year 2020/21 was usually determined with the January 2021 census count in the summer of 2021. The Department for Education recognised that the number of children attending childcare may not have returned to normal levels by January 2021. As such the final funding allocation to councils for the 2020 autumn term would exceptionally be based on the January 2020 census count.

The report gave details of the revised allocation budgets for two, three and four year funding.

From 1 June 2020 childcare providers were able to re-open to all families; the largest majority opened. Members agreed prior to the re-opening to support the double funding of children to ensure the sufficiency of childcare places for priority groups. With the re-opening of providers, the double funding ceased.

All early year's providers had re-opened for the autumn term. Forecasts from the private and voluntary sector illustrated a lower take-up of places at the start of term, however anecdotal evidence suggested that numbers were increasing. Most schools had chosen to phase the re-opening of Reception and nursery, as such numbers were low in schools. The council had sought to reassure families that the sector was 'Covid secure' and continued to promote two, three and four year old funding to encourage the return to early years childcare.

The report also set out details of autumn term funding and proposals for the Hardship Fund.

Mrs N Williams wished to record thanks, on behalf of the private and voluntary sector, to the council for the support during this difficult time.

Resolved – (a) That the revised funding allocation of the Early Years Funding of the Dedicated Schools Grant (EYDSG) be noted; (b) that the proposal to release £450,000 from the EYDSG reserves to support the sustainability and sufficiency of the sector be approved, and (c) that the proposal for the Hardship Fund be supported.

913 SCHOOL FUNDING FORMULA 2021-2022 – Mrs R Maughan presented the report.

The report sought agreement for the local implementation of the school funding formula for the financial year 2021/22.

On 20 July 2020, the Department for Education (DfE) published the National Funding Formula (NFF) allocations at council level for schools, high needs and central services funding blocks for 2021/22.

In acknowledgment of the essential role councils were playing during the Covid-19 pandemic the DfE had made limited changes to the school funding arrangements for 2021/22.

The schools block element of the Dedicated Schools Grant was distributed to fund schools using the NFF. Local variation continued to be permitted for 2021/22 distribution to mainstream schools.

The report set out the key changes in 2021/22.

To continue the introduction of the NFF the DfE intended to consult, later this year, on forward plans to move to a 'hard' NFF in the future. This ensured resources were distributed based on the individual needs and characteristics of every school in the country.

SCHOOLS FORUM
1 October 2020

Mrs Millard queried whether special schools would receive the Teachers Pay Grant as they were not funded in the same way. Ms Elliott advised that this should be taken into consideration in the bandings. Mr Chaplin stated that he would be happy to look at the matter with colleagues in finance and feed back to Mrs Millard. He felt a discussion outside the meeting would be useful.

Mr Lawrance asked if information was available on allocations against actual costs. Ms Maughan advised that it could not be tracked back to actual costs, however she could investigate the per pupil element and feed back to him.

Resolved – (a) That the full implementation of the National Funding Formula be endorsed; (b) that the continued use of measuring pupils travel distances by road and footpath instead of ‘as the crow flies’ under the Sparsity factor criteria, be endorsed; (c) that the application of the Minimum Funding Guarantee at the maximum level which could be afforded including use of Dedicated Schools Grant earmarked reserves as appropriate, be endorsed, and (d) that final proposals for school funding be submitted to the meeting in January 2021, on receipt of the final funding allocations in December 2020.

914 **DE-DELEGATION OF BUDGETS** – Ms R Maughan and Ms T Elliott presented the report.

Schools Forum members for primary and secondary maintained schools must decide separately for each phase whether specific services should be provided centrally; the decision would apply to all maintained mainstream schools in that phase.

Members must decide on fixed contributions for these services so that funding could then be deducted through the formula before school budgets were issued. There may be different decisions for each phase.

The report set out services which could be de-delegated and those there were delegated in the council.

The de-delegation of resources provided an opportunity to further strengthen the relationship between the maintained schools sector and the council. Building on shared objectives for safeguarding the positive mental health and well-being and education outcomes of all children and young people in the area. De-delegation provided a mechanism for strengthening mutual accountability for outcomes, reaffirming standards of quality and continuing the discussion on the design and delivery of services.

Mr Biglands stated that there had been a wider discussion on the de-delegation of insurance with schools and business managers. He wondered if it was too late to buy out of the contract due to the possibility of sufficient savings. Ms Maughan advised that an e-mail had been sent to heads on the subject.

Resolved – (a) That the proposals for the maintained primary phase of de-delegations of school budgets as set out in appendix 1 to the report, be approved by members for primary maintained schools, and (b) that the proposals for the maintained secondary phase of de-delegations of school budgets, as set out in appendix 1 to the report, be approved by members for secondary maintained schools.

SCHOOLS FORUM
1 October 2020

- 915 **ANY OTHER BUSINESS** – Ms R Maughan updated members on the Covid-19 catch up grant for the academic year 2020/21, which would be £80.00 per pupil for primary and secondary schools and £240.00 per pupil for special schools. Information would be distributed to schools giving further details.
- 916 **DATE AND TIME OF FUTURE MEETINGS** – Meetings dates were still to be arranged for the forthcoming year.

Resolved – That future been dates be agreed with the Chair and the Secretary forwards these to members.

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NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

Dedicated Schools Grant 2021/22

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 On 17th December 2020 the EFA published the 2021-22 Dedicated Schools Grant (DSG) Allocations. These are based on October 2020 School Census data.
- 1.2 The allocation for North Lincolnshire is £152,810m after deductions for the direct funding of high needs places by the ESFA.
- 1.3 This report provides information on the planned use of the DSG for 2021/22.

2. BACKGROUND INFORMATION

- 2.1 The DSG allocations are presented in four blocks. Each block is determined by a separate national funding formula:

	2020/21 £m	2021/22 £m	Variance £m
Schools Block	112.670	121.080	+8.410
Central Services Schools Block (CSSB)	1.052	1.128	+0.076
Early Years Block (provisional)	9.573	9.434	-0.139
High Needs Block (provisional)	18.940	21.168	+2.228
Total DSG	142.236	152.810	+10.574

- 2.2 The **Schools Block** has been set at cash rate per pupil of £4,528.62 for primary schools and a cash rate per pupil of £5801.36 for secondary schools, plus block amounts of £1.663m for premises, £0.517m for growth and £5.172m protected schools block funding for pay and pensions grants.

- 2.3 Schools Block funding is ring fenced. However, Local Authorities have flexibility to transfer up to 0.5% of their schools block funding to another DSG block, with the approval of the schools forum.
- 2.4 The **CSSB Block** enables LA's to carry out its statutory functions for all schools and comprises two distinct elements: ongoing responsibilities and historic commitments.
- Ongoing Responsibilities – Funds LA's for their ongoing responsibilities they have a statutory duty to deliver for all pupils in maintained schools and academies. Funding for ongoing responsibilities has increased by 3.8% nationally compared to 2020/21 to keep up with inflation and pupil numbers. This element of the CSSB is calculated using a simple per-pupil formula.
 - Historic Commitments – From 2020/21 the DfE began to reduce the element of funding within the CSSB that LAs receive for historic commitments. For 2021/22 allocations have reduced by 20% on 2020/21 allocations. The DfE intend to provide further detail in due course on how they will continue to reduce this funding in future years.
- 2.7 The **Early Years Block**, introduced in 2017 sets hourly funding rates that each local authority is paid to deliver the universal and additional entitlements for 3 and 4-year-olds. There is a separate formula that sets the hourly funding rate for 2-year-olds.
- 2.8 The local authority must pass through the early years formula 95% of its 3 and 4-year-old funding. 5% can be retained for central services or for movement out of the early years block to another block. Schools forum approval is required for central early years block provision.
- 2.9 There is no regulatory requirement to pass through a set amount of the governments funding to providers for the delivery of the 2-year-old entitlements.
- 2.10 All early years allocations are provisional and will be updated in July 2021 based on the January 2021 census numbers and again in July 2022 based on 5/12ths of the January 2021 census numbers (to cover April 2021 to August 2021) and 7/12ths of the January 2022 census numbers (to cover the September 2021 to March 2022 period). Therefore final allocations will be based on 5/12ths of the January 2021 census numbers plus 7/12ths of the January 2022 census numbers.
- 2.11 The **High Needs Block** supports provision for pupils and students with special educational needs and disabilities, from age 0 to 25 and alternative provision for pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream schools.
- 2.12 National increases to high needs funding means that local authorities see a further increase in funding for 2021/22. Using 2020/21 allocations as a

baseline this equates to a minimum per head increase of 8% distributed through the high needs national formula.

- 2.11 Local authorities decide how much to set aside in their high needs budget for place and top-up funding given to institutions, central high needs services (which may be devolved to schools or other institutions and funded through a service level agreement) and other aspects of provision related to SEND and AP as permitted by the School and Early Years Finance (England) Regulations.
- 2.12 The 2021 to 2022 import/export adjustment data published in July 2020 has been used for the provisional 2021 to 2022 allocations data, and this will be updated in June 2021 with the January 2021 Census data and the February 2021 ILR data.
- 2.13 Under the School and Early Years Finance (England) Regulations local authorities must make their initial determination of their 2021-22 schools budget by 28th February 2021. The DSG has been set in accordance with the School Funding Arrangements 2021-22.

3. OPTIONS FOR CONSIDERATION

- 3.1 The following options are the responsibility of the schools forum:
 - Central spend on Early Years Provision
 - Spend on Admissions.
 - Spend for Servicing of the Schools Forum.
 - Contributions to responsibilities that local authorities hold for all schools (retained duties)
 - Contribution to combined budgets

4. ANALYSIS OF OPTIONS

- 4.1 Central spend on Early Years Provision. The maximum central spend allocation for early years is 5% of the universal plus extended hours 3- and 4-year-old allocation. The proposed central spend budget amounts to 4.35%.
- 4.2 It is proposed to increase budgets for ongoing responsibilities, including admissions, servicing of schools forum and retained duties in line with the national increase.
- 4.3 The contribution to combined budgets is discussed further in a separate report to the schools forum.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 The schools forum must be consulted on the school funding formula, arrangements for early year's provision, arrangements for pupils with special needs, arrangements for use of pupil referral units and the education of

children otherwise than at school. Further information on the school funding formula, early years and high needs funding proposals in separate reports to this meeting.

- 5.2 No approval is required for the high needs block provision or central copyright licences negotiated nationally by the Secretary of State.
- 5.3 It is the responsibility of the Local Authorities Chief Financial Officer to ensure that DSG grant monies are spent on the purpose for which they are intended.

6. **RECOMMENDATIONS**

- 8.1 That schools forum approve the centrally retained schools budget as detailed in appendix 1:
- Central spend on the early years block provision.
 - School Admissions
 - Servicing of Schools Forum
 - Contribution to the responsibilities that local authorities hold for all schools.

STRATEGIC LEAD FINANCE SERVICE DESK

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Author: Tracy Elliott
Date: 12th January 2021

Background Papers used in the preparation of this report –
Schools Revenue Funding 2021 to 2022 Operational Guide
The National Funding Formulae for Schools and High Needs 2021-2022

				DSG BLOCK	Total DSG Allocation
INDIVIDUAL SCHOOLS BUDGET (ISB)					
Mainstream Primary & Secondary Schools				SB	120,962,360
Special Schools Place Led Funding				HN	3,106,670
Pupil Referral Units Place Led Funding				HN	200,000
TOTAL ISB					124,269,030
HIGH NEEDS BUDGET					
	E689M	Top Up Funding for Maintained Schools	4,027,000		
	E689AC	Top Up Funding for Academies	839,000		
	E685	Top Up Funding for Independent Schools	4,759,000		
	E689C	Top Up Funding Colleges	341,000		
Top Up Funding				HN	9,966,000
	E590	Tuition and Medical Needs	197,000		
	E612	Alternative Provision	1,042,000		
Other AP provision				HN	1,239,000
	E120	Special Needs General	367,000		
	E122	Autism	383,000		
	E171A	Portage	166,000		
	E214	SEND Education Inclusion	173,000		
	E730	EISS	90,000		
	E762	SEN Careers & Progression	17,000		
	E741	Hearing Support Service	357,000		
	E742	Visually Impaired Service	401,000		
	E743	Physically Impaired Service	113,000		
	E804AA	Speech & Language Therapy	178,000		
	E621	Educational Wellbeing	338,000		
	E104	Education Inclusion Team	660,000		
	E534	KS2 Provision	450,000		
	E231	Early Learning Development Centre	14,000		
SEN support services				HN	3,707,000
TOTAL HIGH NEEDS BUDGET					14,912,000
EARLY YEARS BUDGET					
	E663	3 & 4 yr old funding		EY	7,628,340
		Pupil Premium		EY	145,250
		Disability Access		EY	36,900
	E834C	Child Ptosp: SEN & Inclusion	47,000		
	E663A	Sufficiency Team	88,000		
	E242	Best Start Early Years Support	131,000		
	CF545	Family Support	81,000		
Central expenditure on children under 5				EY	347,000
TWO YEAR OLD FUNDING	E669				1,442,960
TOTAL EARLY YEARS BUDGET					9,600,450
CENTRAL PROVISION WITHIN SCHOOLS BUDGET (CSSB)					
	E763	Learning Networks	100,000		
	E764	SIPs	112,000		
	E610	LSCB	21,600		
Historic Commitments (Contributions to combined budgets)				CB	233,600
School admissions	E675			CB	84,240
Servicing of schools forums	F1850			CB	17,680
National copyright licence charge	E798			CB	130,150
ESG Retained Duties					
Statutory & Regulatory Duties	N233		174,720		
Education Welfare			176,800		
Asset Management			85,280		
				CB	436,800
Growth Fund	E672			SB	200,000
Falling Rolls Fund				SB	100,000
SEN Transport	E648B				61,000
TOTAL CSSB					1,263,470
TOTAL SCHOOLS BUDGET					150,044,950
DSG FUNDING					
Schools Block					121,079,689
Central Block					1,127,964
High Needs Block (provisional)					21,168,491
Early Years Block (provisional)					9,433,941
Final DSG Allocation					152,810,085
Additional Information:					
Funding Block Analysis					
		Allocation	Budget		EMR changes
Schools Block		121,079,689	121,262,360		182,671
Central Block		1,127,964	963,470		-164,494
High Needs Block after recoupment		21,168,491	18,218,670		-2,949,821
2 year old Funding		1,282,971	1,442,960		159,989
Universal plus extended hours 3 % 4 year old funding		7,975,340	7,975,340		0
Early Years Pupil Premium		138,730	145,250		6,520
Early Years Disability Access Fund		36,900	36,900		0
Post 16 Grant		0	0		0
		152,810,085	150,044,950		-2,765,135
DEDELEGATED ITEMS (within ISB)					
Contingencies					0
Behaviour support services					191,421
Support to UPEG and bilingual learners					129,580
Free school meals eligibility					12,479
Insurance					0
Museum and Library services					0
Licences/subscriptions					0
Staff costs supply cover					34,998
School Improvement Services					0
					368,478
Education Functions for Mainstream Maintained Schools					97,843

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NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

SCHOOL FUNDING FORMULA 2021-22

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 Local Authorities are required to inform Education & Skills Funding Agency (ESFA) by 21st January 2021 of their school funding formula details following consultation with all schools.

2. BACKGROUND INFORMATION

- 2.1 On 17th December 2020 the ESFA published the 2021-22 Dedicated Schools Grant (DSG) Allocations, based on October 2020 School Census data. The allocation for North Lincolnshire is £152.810m (£142.236m in 2020/21) after deductions for direct funding of high needs places by ESFA.
- 2.2 The element of DSG available for the Individual Schools Budget (ISB), for all mainstream schools is £121.080m (£112.670m in 2020/21). The Operational guide sets out how individual school budget (ISB) shares can be calculated.
- 2.3 To continue the introduction of the National Funding Formula (NFF) the DfE intends to consult on forward plans to move to a 'hard' NFF in the future so that resources are distributed based on the individual needs and characteristics of every school in the country.
- 2.4 North Lincolnshire Council's local formula now reflects the NFF for all factors with the variation to use pupils travel distance to school measured by road or footpath rather than 'as the crow flies' when applying the criteria for sparsity. The DfE is continuing to work on a more suitable formula to allocate sparsity funding. The factor values are detailed in appendix 1.
- 2.5 This report sets out the final proposals for the North Lincolnshire schools funding formula.

3. OPTIONS FOR CONSIDERATION

- 3.1 On 1st October 2020 Schools Forum endorsed the application of MFG at the maximum level which could be afforded including use of DSG earmarked reserves as appropriate. Two MFG options have been modelled.
- 3.2 Option 1 – Allocation of the maximum permitted MFG of 2%
- 3.3 Option 2 – Allocation of the minimum MFG of 0.5%
- 3.4 The Schools Forum also needs to consider the contribution towards the costs of Educational Functions from maintained schools.

4. ANALYSIS OF OPTIONS

- 4.1 The total cost of the funding formula including a MFG of 2% is £121.262m. This would require a contribution for the DSG earmarked reserve of £183k. Sixteen schools would receive protection. See appendix 3 for further information.
- 4.2 The total cost of the funding formula including a MFG of 0.5% is £121.136M and would require a contribution from the earmarked reserve of £56k. Seven schools would receive protection. See appendix 4 for further information.
- 4.3 There is sufficient funding within the DSG Schools Block earmarked reserve to fund either option.
- 4.4 As in previous years, the local authority is proposing to set a single rate of £7.80 per pupil to contribute 50% towards the cost of providing statutory duties for Educational Functions that it carries out for maintained schools. This puts maintained schools on an equivalent arrangement to that of academies. Appendix 2 gives further details of the duties covered by this funding.
- 4.5 The amount retained to cover Education Functions will need to be agreed by the maintained members of the schools forum.

5 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 A Growth Fund of £200,000 and a Falling Rolls Fund of £100,000 continue to be available.

6 OUTCOMES OF CONSULTATION

- 6.1 All schools have been consulted on the funding formula. Ten responses were received.

- 6.2 Local authorities were directed to set a Minimum Funding Guarantee (MFG) be between +0.5% and +2.0%; the consultation therefore gave two options
- a) To allocate the maximum affordable MFG between the range +0.5% and +2.0%
 - b) To set the MFG at +2.0% and scale back gains if required
- 6.3 Nine respondents gave preference to option a); one respondent gave preference for option b).
- 6.4 Schools were also consulted on the allocation of any additional funding if available after application of the funding formula. There is no additional funding available this financial year.

7 RECOMMENDATIONS

- 7.1 Schools Forum endorse the distribution of the schools block funding to all schools using option 1.
- 7.2 Maintained schools representatives of the forum approve the contribution of £7.80 per pupil toward the costs of Education Functions that the LA provides on behalf of maintained schools.

Strategic Lead – Finance Service Desk

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Author: Rosie Maughan
Date: 12/01/21

Background Papers used in the preparation of this report –
Schools Revenue Funding 2021-22: Operational Guide
National Funding Formula for Schools and High Needs Policy Document 2021-22

Appendix 1

Funding Formula Factor Values				
Pupil-Led Factors	2020-21		2021-22	
	Primary	Secondary	Primary	Secondary
AWPU - Primary	£2,890		£3,123	
AWPU - Secondary KS3		£4,040		£4,404
AWPU - Secondary KS4		£4,590		£4,963
Deprivation				
FSM	£450	£450	£460	£460
FSM Ever 6	£560	£815	£575	£840
IDACI Band F	£210	£300	£215	£310
IDACI Band E	£250	£405	£260	£415
IDACI Band D	£375	£535	£410	£580
IDACI Band C	£405	£580	£445	£630
IDACI Band B	£435	£625	£475	£680
IDACI Band A	£600	£840	£620	£865
Looked After Children				
English as an Additional Language	£535	£1,440	£550	£1,485
Mobility - children starting school outside of normal entry dates	£875	£1,250	£900	£1,290
Prior Attainment	£1,065	£1,610	£1,095	£1,660
Other Factors				
Lump Sum	£114,400	£114,400	£117,800	£117,800
Sparsity	£26,000	£67,600	£45,000	£70,000
Minimum Per Pupil Funding Level (MPPL)	£3,750	£5,000	£4,180	£5,415

2020 - 2021 Education Functions

Ongoing functions and responsibilities the local authority holds for maintained schools	
General Duties grant ends 2017/18. Contribution proposed from DSG Maintained Schools	2020 - 2021 full year estimate (£):
Statutory and Regulatory duties:	
<p><i>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services</i></p> <p><i>Budgeting and accounting functions relating to maintained schools</i></p> <p><i>Functions relating to the financing of maintained schools</i></p> <p><i>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration</i></p> <p><i>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies</i></p> <p><i>Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1992 for maintained schools</i></p> <p><i>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting)</i></p> <p><i>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body</i></p> <p><i>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body</i></p> <p><i>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost</i></p> <p><i>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff; determination of conditions of service for non-teaching staff; appointment or dismissal of employee functions</i></p> <p><i>Consultation costs relating to staffing</i></p> <p><i>Compliance with duties under Health and Safety at Work Act</i></p> <p><i>Investigation and resolution of complaints relating to maintained schools</i></p> <p><i>Provision of information to or at the request of the Crown relating to schools</i></p> <p><i>School companies</i></p> <p><i>Functions under the Equality Act 2010</i></p> <p><i>Establish and maintaining computer systems, including data storage</i></p> <p><i>Appointment of governors and payment of governor expenses</i></p>	<p>25,000</p> <p>£25,000</p>

Education Welfare:	
<i>Inspection of attendance registers</i>	0
	£0

Asset management:	
<i>General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</i>	82,000
<ul style="list-style-type: none"> • <i>appropriate facilities for pupils and staff (including medical and accommodation)</i> • <i>the ability to sustain appropriate loads</i> • <i>reasonable weather resistance</i> • <i>safe escape routes</i> • <i>appropriate acoustic levels</i> • <i>lighting, heating and ventilation which meets the required standards</i> • <i>adequate water supplies and drainage</i> • <i>playing fields of the appropriate standards</i> 	
<i>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</i>	2,000
<i>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</i>	
	£84,000

Central support services:	
<i>Clothing grants</i>	18,000
<i>Provision of tuition in music, or on other music-related activities</i>	
<i>Visual, creative and performing arts)</i>	
<i>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics)</i>	14,000
	£32,000

Premature retirement and redundancy:	
<i>Dismissal or premature retirement when costs cannot be charged to maintained schools</i>	0
	£0

Monitoring national curriculum assessment:	
<i>Monitoring of National Curriculum assessments</i>	59,000
	£59,000

Local Authority Funding Reform Proforma									
LA Name:		North Lincolnshire							
LA Number:		E13							
Primary minimum per pupil funding level		Secondary (KS3 only) minimum per pupil funding level		Secondary (KS4 only) minimum per pupil funding level		Secondary minimum per pupil funding level		Disappication number where alternative MPPF values are used	
£4,180		£5,215.00		£5,715.00		£5,415.00			
Pupil Led Factors									
Reception uplift: No Pupil Units 0.00									
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)									
Description		Amount per pupil		Pupil Units		Sub Total		Total	
Primary (Years 1-6)		£3,123.00		13,466.00		£42,054,318		94.82%	
Key Stage 3 (Years 7-9)		£4,404.00		6,120.00		£26,952,480		22.32%	
Key Stage 4 (Years 10-11)		£4,963.00		3,866.00		£19,186,958		15.89%	
2) Deprivation									
Description		Primary amount per pupil		Secondary amount per pupil		Eligible proportion of primary NOR		Eligible proportion of secondary NOR	
FSM		£460.00		£460.00		5,168.00		2,216.00	
FSM6		£375.00		£840.00		3,427.85		2,990.66	
IDACI Band F		£215.00		£310.00		1,316.23		858.28	
IDACI Band E		£260.00		£415.00		1,029.40		722.29	
IDACI Band D		£410.00		£580.00		911.08		700.31	
IDACI Band C		£445.00		£630.00		1,371.24		1,101.39	
IDACI Band B		£475.00		£680.00		812.24		683.23	
IDACI Band A		£620.00		£865.00		372.03		264.10	
Total		£11,469,540		9.50%					
3) Looked After Children (LAC)									
LAC March 19		£0.00		166.60		£0		0.00%	
4) English as an Additional Language (EAL)									
EAL 3 Primary		£550.00		895.99		£492,763		0.56%	
EAL 3 Secondary		£1,485.00		120.00		£178,200		0.17%	
5) Mobility									
Pupils starting school outside of normal entry date		£900.00		£1,790.00		43.64		4.41	
Total		£44,961		0.04%					
6) Low prior attainment									
Description		Weighting		Amount per pupil (primary or secondary respectively)		Percentage of eligible pupils		Eligible proportion of primary and secondary NOR respectively	
Primary low prior attainment		1.00		£1,095.00		27.31%		3,677.39	
Secondary low prior attainment (year 2)		0.6453%				23.27%			
Secondary low prior attainment (year 3)		0.6453%				23.66%			
Secondary low prior attainment (year 4)		0.6359%		£1,660.00		23.29%		2,390.88	
Secondary low prior attainment (year 10)		0.5805%				24.06%			
Secondary low prior attainment (year 11)		0.4802%				25.56%			
Total		£7,995,597		6.62%					
Other Factors									
Factor		Lump Sum per Primary School (£)		Lump Sum per Secondary School (£)		Lump Sum per Middle School (£)		Lump Sum per All-through School (£)	
7) Lump Sum		£117,800.00		£117,800.00				£8,952,800	
8) Sparsity factor		£45,000.00		£70,000.00				£860,000	
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum or the NFF weighting for any of the phases.									
Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed, tapered or NFF sparsity primary lump sum?		Fixed		Fixed	
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed, tapered or NFF sparsity secondary lump sum?		Fixed		Fixed	
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed, tapered or NFF sparsity middle school lump sum?		Fixed		Fixed	
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed, tapered or NFF sparsity all-through lump sum?		Fixed		Fixed	
9) Fringe Payments									
10) Split Sites		£0		0.00%					
11) Rates									
12) PFI funding		£0		0.00%					
13) Exceptional circumstances (can only be used with prior agreement of ESFA)									
Circumstance		Total (£)		Proportion of total pre MFG funding (%)		National SEN (%)			
Additional lump sum for schools amalgamated during FY20-21		£0		0.00%		0.00%		0.00%	
Additional sparsity lump sum for small schools		£0		0.00%					
Exceptional Circumstance3		£0		0.00%					
Exceptional Circumstance4		£0		0.00%					
Exceptional Circumstance5		£0		0.00%					
Exceptional Circumstance6		£0		0.00%					
Exceptional Circumstance7		£0		0.00%					
Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)		£119,848,695		99.24%					
14) Additional funding to meet minimum per pupil funding level									
Total Funding for Schools Block Formula (including MFG Funding Total)		£912,580		0.76%					
Total Funding for Schools Block Formula (excluding MFG Funding Total)		£120,761,274		100.00%					
15) Minimum Funding Guarantee									
Where a value less than 0.5% or greater than 2% has been entered please provide the disappication reference number authorizing the value		0.50%		£74,519					
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)									
No									
Capping Factor (%)									
Scaling Factor (%)									
Total deduction if capping and scaling factors are applied									
Total (£)		£0		0.00%					
MFG Net Total Funding (MFG + deduction from capping and scaling)		£74,519		0.06%					
Total Funding for Schools Block Formula		£120,835,793		100.00%					
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)									
Additional funding from the high needs budget		£0.00							
Growth fund (if applicable)		£200,000.00							
Falling rolls fund (if applicable)		£100,000.00							
Other Adjustment to 20-21 Budget Shares									
Total Funding For Schools Block Formula (including growth and falling rolls funding)		£121,135,793							
% Distributed through Basic Entitlement		73.03%							
% Pupil Led Funding		89.74%							
Primary:Secondary Ratio		1: 1.28							

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NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

EARLY YEARS – DEDICATED SCHOOLS GRANT

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This report proposes the base rate and supplements of the Early Years Single Funding Formula (EYSFF) for the year 2021/22 for two, three and four-year olds early education funding from the early years block of the Dedicated Schools Grant (EYDSG). The paper is for consultation as the final decision lies with the council.

2. BACKGROUND INFORMATION

- 2.1 Early Years funding is participation based. The EYDSG for each financial year is revised based on three census counts. Funding allocations are currently provisional for 2021/22 - final allocations are based on 5/12th of January 2020 part time equivalent (pte) child numbers (to cover April 2021 to August 2021) and 7/12th of the January 2021 pte child numbers (to cover September 2021 to March 2022). Final funding allocations for 2020/21 are based on pte numbers of children recorded on the January 2022 census. The census in January 2021 is confirmed. Where attendance is below 85 per cent of the January 2020 census levels and where local authorities can provide evidence of increased attendance during the spring term a top up will be provided. The top up will only pay for those additional places since the census count and the total allocation for spring term will be limited to a cap equivalent to 85 per cent of the January 2020 census level.
- 2.2 Funding allocations have increased for the 2021/22 financial year with an additional eight pence and six pence per hour per child on the hourly rate for two-year olds (£5.36) and three and four-year olds (£4.44) respectively. Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF) remain at 53p per hour per child and £615 per annum respectively.

- 2.3 Two-year olds are eligible for a maximum of 15 hours funded early learning and care where their family circumstances mean that they are eligible for free school meals (FSM), where the family is in receipt of Universal Credit/Tax Credits with an income of approximately £16,000, or where the child is in or has left the care of a local authority; is in receipt of Disability Living Allowance or the child has an education, health and care plan. Approximately 550 children are eligible each term in North Lincolnshire.
- 2.4 All three and four-year olds are entitled to a maximum of 15 hours funded early education in the maintained, private or voluntary sector for 38 weeks of the year. Children with parents in employment may also be eligible for an additional 15 funded hours, if they are both employed. Approximately 44 per cent of funded children take-up the additional funded hours in North Lincolnshire. Provider payments are determined using the Early Years Single Funding formula (EYSFF), comprised of a base rate and a number of supplements. EYPP and DAF are ring fenced funding supplements for children that meet eligibility criteria.

3. FINANCIAL AND OTHER RESOURCE IMPLICATIONS

3.1 Funding allocations

The provisional funding allocations for the 2021/22 financial year based on the census count in January 2020 are as follows:

	Funding Allocation (£)	Part-time Equivalent Number of children
2-year old funding (£5.28 per hour per child)	1,282,971	419.93
Universal Hours 3 & 4-year old funding (£4.38 per hour per child)	5,831,799	2304.30
Extended Hours 3 & 4-year old funding (£4.38 per hour per child)	2,143,537	846.98
Early Years Pupil Premium (53p per hour per child)	138,731	-
Disability Access Funding (£615 per annum lump sum)	36,900	60
Total EYDSG	9,433,938	-

The council are required to pass-through a minimum of 95 per cent of EYDSG to providers of funded early education. The council retain £347,000 towards early years related support services, this is within the five per cent centrally retained allowance.

Members should consider the proposed funding formula for the 2021/22 financial year for two, three and four-year olds.

3.2 Sector consultation

Three potential funding options were modelled. These have been shared with the sector to determine their preference. The large majority responded, 78 per cent (121 responses). Full details of the scenarios are presented in section 3.4.

	1 st preference
Scenario 1 – existing formula (did not consult on this scenario)	n/a
Scenario 2 – increase to base rate	44%
Scenario 3 – increase to base rate and sufficiency lump sum	21%
Scenario 4 – increase to base rate and deprivation supplement	35%

Scenario two was preferred by the private and voluntary sector with the school preference being for scenario three.

Respondents felt a larger increase to the base rate for three and four-year olds allowed them more flexibility to respond to the needs of children in their provision. An increase to staff wages was a priority to enable them to retain staff in the sector and meet requirements of the national living wage.

3.3 Two-year old funding

The funding payable for two-year old early education provision is £5.36 per hour per child, with a funding allocation of £1,282,971. A higher rate of funding recognises the additional staffing costs of working at a 1:4 staff to child ratio and that the children are from economically disadvantaged backgrounds, which may mean that they require a higher level of support to reach their early learning goals. There is a 100 per cent pass-through for two-year old funding.

The numbers of eligible children are directly related to the local economic position and are subject to change, the introduction of Universal Credit has reduced the number of eligible families nationally. However, the uncertain economic climate and Covid-19 pandemic is increasing the number of eligible families.

Funding projections using pte numbers of children from the calendar year 2020 are illustrated below. It should be noted that the proposal is to pay an hourly rate of £5.32 per hour per child, the balance of funding will then be used to support an additional one pence increase to the three and four-year old base rate.

Projected numbers of two-year olds	Estimated budget required (£)
Summer 2021 (pte numbers – 481 children)	460,759
Autumn 2021 (pte number – 499 children)	556,969
Spring 2022 (pte numbers – 444 children)	425,237
Total Expenditure	1,442,964

3.4 Three and four-year old funding

The EYDSG provisional allocation for three and four-year olds after the centrally retained deduction is £5,578,062 for the universal funded hours and £2,050,274 for the extended 15 hours for three and four-year olds. The actual funding allocation for 2021/22 will be determined based on future census counts of children's participation.

The EYSFF must include a deprivation supplement, others supplements can be tailored to the local childcare market. Supplements must be no more than 10 per cent of the total value of planned funding to be passed through to providers.

The current EYSFF for three and four-year olds is as follows:

- Base rate – £4.13 per hour per child. Hourly rate payable for universal and extended hours to all three and four-year olds.
- EYPP – 53p per hour per child. For children whose families meet the FSM criteria and/or for a child in care or having left care under an adoption, child arrangements or special guardianship order. Payable for universal hours only.
- Deprivation Supplement – 5p per hour per child. Payable for universal hours only. The funding criteria will match that of EYPP.
- DAF - £615 per annum lump sum. For children with a disability in receipt of Disability Living Allowance, to support inclusion of children.
- Sufficiency Lump Sum - £7000/£3000. The council have a duty to ensure that there are sufficient childcare places to meet demand. For a provider to be eligible there must be no other 0-5-year old childcare provision within 1½ miles of the provider and they must not benefit from economies of scale.

To project funding and ensure affordability of any proposed funding formula scenarios have been modelled using pte numbers of children in the calendar year 2020. It should be noted the pte numbers of children in the projections are lower than those in the EYDSG funding allocation. As such with all scenarios there is a contingency of £257,962 that equates to the difference in the number of pte children (101 children). This ensures affordability of the formula and flexibility to fund an increasing number of children.

Members should consider the following scenarios:

- Scenario 1 – No change to formula
Base rate - £4.13
Deprivation – 5p per hour per child

Sufficiency lump sum - £3000 or £7000
 Total expenditure - £7,258,181 underspend of £112,194.

- Scenario 2 - Base rate increase
 Base rate to £4.20 per hour per child (7p increase)
 Total expenditure - £7,379,850 overspend £9475. To ensure affordability a reduced base rate of £5.32 would be payable for funded two-year olds.
- Scenario 3 – Base rate and sufficiency lump sum increase
 Base rate - £4.19 per hour per child (6p increase – in-line with increase to funding allocation)
 Sufficiency Lump sum - £3500 or £7000 (£500 increase for rural/isolated provision)
 Total expenditure - £7,367,469 underspend of £2906
- Scenario 4 – Base rate and deprivation supplement increase
 Base rate - £4.19 per hour per child (6p increase – in-line with increase to funding allocation)
 Deprivation – 7p per hour per child (2p increase – combined with EYPP to 60p per hour per child)
 Total expenditure - £7,367,950 underspend £2425

The sectors preferred scenario two has been modelled below for information:

Funding projections 2020/21 (based on the 2020 calendar year)

	Universal Hours			Extended Hours		(£)
	pte children	Funding (£)	Supplements (£)	pte children	Funding (£)	
Summer 2021	1,686	2,059,117	71,780	601	751,457	61,267
Autumn 2021	1,741	1,539,640	3,781	630	556,930	40,074
Spring 2022	1,677	1,743,446	4,143	616	649,557	43,912
Total		5,342,202	79,703		1,957,945	145,253

Estimated grant expenditure

	Universal (£)	Extended (£)	EYPP (£)
Total projected spend	5,421,905	1,957,945	145,253
DSG Funding Allocation	5,578,062	2,050,274	138,731
Contingency	156,157	92329	-6522
Total Early Years DSG Contingency		248,486	-6522

3.5 Population projections

Population projections are presented for members for three terms of the financial year 2021/22. The latest population projections demonstrate a slight increase in the number of eligible children, from 2020/21 for the universal funding. The projections are based on doctor registrations in each ward of North Lincolnshire; adjusted to reflect average take-up of funding. In relation to the extended hours, projections are based on the average take-up of extended hours in the last year.

Based on population projections the initial funding allocation would be sufficient to meet the cost of the EYSFF for the year 2021/22.

Population Projections

	Universal 15 Hours		Extended 15 Hours	
	Population	Funded Hours	Population	Funded Hours
Summer 2021	2,622	459,809	1,029	123,984
Autumn 2021	1,610	329,205	680	136,832
Spring 2022	2,129	293,226	829	143,011
Total – Pte Hours (estimated North Lincs)	1,899		708	
Dedicated Schools Grant – Pte Hours	2,304.3		846.98	

4. OTHER IMPLICATIONS

- 4.1 The take-up of funded early education places for the spring term at this time is unknown. The census count is on Thursday 21 January 2021, after which time we will be able to ascertain the take-up in comparison to January 2020. Due to the current lockdown, there is a risk of a reduced level of take-up and corresponding funding for 2021/22 financial year.
- 4.2 The statutory guidance states that all Ofsted registered childcare is eligible to deliver funded early education places, including schools, academies, private and voluntary day nurseries and pre-schools, as well as childminders and after school clubs. Each provider is subject to an agreement that includes diversity and equality.
- 4.3 The Disability Access Fund supports access for children with a disability at their chosen provider. An Early Years Inclusion Fund is also available for providers to apply for additional funds to support children with a lower level or emerging SEND as well as children in receipt of an Education, health and care plan (funded from High Needs Block of Dedicated Schools Grant). Of the centrally retained funding from the early years block £162,000 supports SEN and inclusion of children in the sector.
- 4.4 The funding is participation based, as such providers receive funding based on registered children's hours each term. Supplements recognise and tailor the funding to the differentiated cost of delivery where

applicable. Deprivation funding and the EYPP support providers to target cohorts of children to narrow the gap in educational achievement.

5. RECOMMENDATIONS

- 5.1 That members note the provisional funding allocation in relation to the Early Years Block of the DSG for 2021/22.
- 5.2 That members support the proposed rate of £5.32 per hour per child for all funded two-year olds.
- 5.3 That members support the proposed local supplements of the EYSFF – deprivation and a sufficiency lump sum.
- 5.3 That members support the preference of the childcare sector as identified via consultation and endorse scenario two. An increase to the base rate of 7p to £4.20 per hour per child.
- 5.4 That members support the proposal that EYPP (53p per hour per child) and DAF (£615 per annum lump sum) are paid at the nationally required rates.

EARLY YEARS SUFFICIENCY MANAGER

Church Square House
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Nicola Raines
Date: 11 January 2020

Background Papers used in the preparation of this report – None

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NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

DEDICATED SCHOOLS GRANT (DSG) HIGH NEEDS FUNDING 2020/2021

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This report provides an update on the DSG High Needs outturn figures for 2020/2021 looking ahead to developments in 2021-22.

2. BACKGROUND INFORMATION

- 2.1 In the context of our Place Partnership, through implementing our One Family Approach, we have articulated what successful outcomes will look like:

SAFE

Where children and families feel safe in their homes, schools and communities

WELL

where children and families enjoy good health and emotional wellbeing

PROSPEROUS

where children and young people have excellent education and improved skills

CONNECTED

where children and families live in flourishing communities

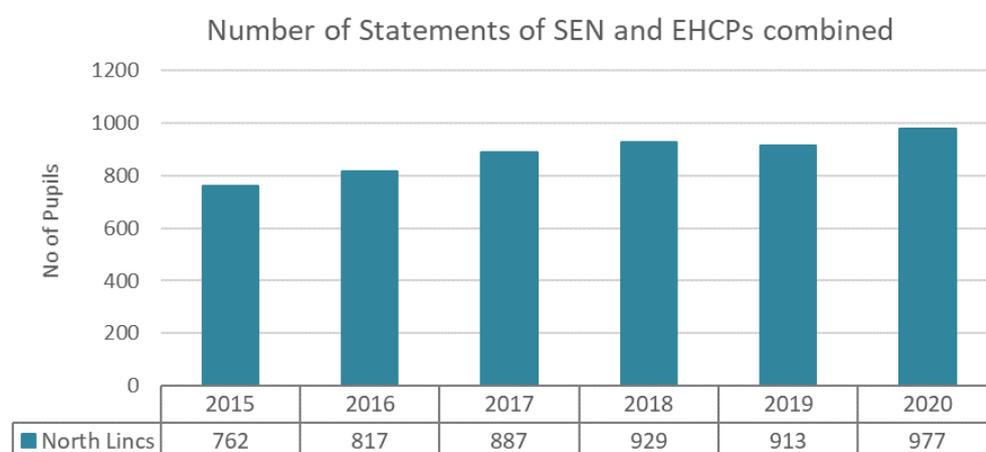
Key overarching priorities in the context of SEND:

- Transitions - preparing for adulthood
- Developing the workforce – integrated One Family Approach
- Building family and community resilience
- Continuing to enable voice and co-production
- Integrated Children's Trust Board (ICT) 'Shine a Light' focus upon SEN/D Support

- 2.2 SEND Data:

The 2020 SFR shows that as of January 2020, 13% of the pupil population in North Lincolnshire received special educational needs (SEN) support, with 3% having an education and health care (EHC) plan. Nationally 12% of pupils received SEN support, with 3% having an EHCP.

Requests for an EHC assessment of need has risen year on year, in line with national comparators. During the coronavirus pandemic there has been a significant increase in requests for an EHC assessment of need, which has also been reported nationally. The SEND 2 return is being submitted January 2021 and the statistical first release (SFR) will be available for analysis in May. At this time we have 1062 children and young people with an EHCP. 58 EHCPs were ceased in the previous 12 months and a further 69 EHC assessments are in progress.



The majority of our children and young people attend a mainstream school or college, additional element 3 funding supports the outcomes and provision identified within the EHCP.

Establishment type	Statement & EHCPs		
	2018	2019	2020
Total number EHCPs	929	913	977
Alternative provision/Pupil referral unit	0.0%	0.0%	0.0%
Eduated elsewhere	1.4%	1.8%	2.0%
Further education	18.1%	15.6%	16.1%
Mainstream school	41.0%	39.5%	40.5%
NEET		2.1%	1.8%
Non-maintained early years	0.0%	0.1%	0.0%
Other		0.0%	0.0%
Special school	39.5%	41.0%	39.5%

Exclusions

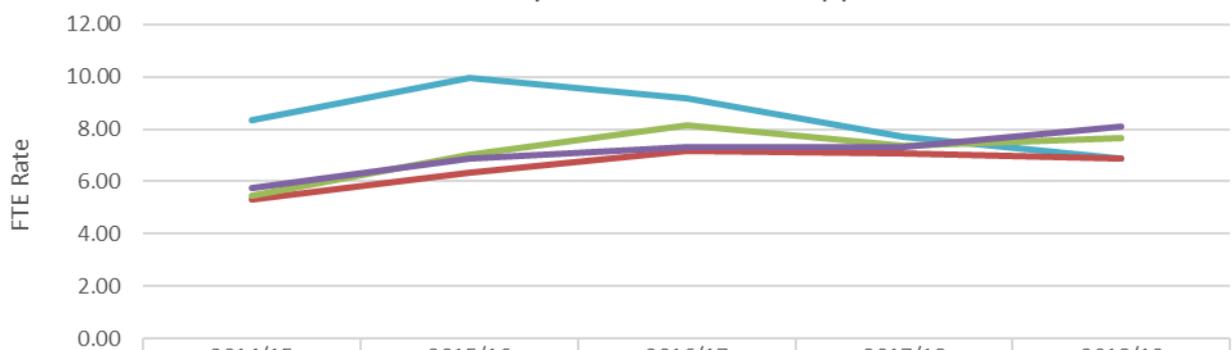
The rate of fixed term exclusions at secondary phase has significantly reduced during the Covid-19 period (autumn term 19/20 academic year this was 1118 FTEs and for 20/21 this is 493). This is a real opportunity to 're-imagine' inclusion into the future - taking into account the learning from the Covid-19 response. Throughout the autumn term, there continued to be minimal FTE at primary level. Through the weekly LSC report for exclusions, these continue to be discussed and challenged where necessary by the Primary Behaviour Team as and when they occur. These discussions include strategies, advice and guidance in order to prevent re-occurring exclusions. To date, there have been no exclusions notified to the LA during the current covid lockdown.

There has also been a significant reduction in permanent exclusion rates in North Lincolnshire during the Covid period (autumn term 19/20 academic year identified 15 permanent exclusions with 6 for the same period this autumn term 20/21).

Primary Fixed Term Exclusion (FTE) Rate – SEN/D Support:

- The Fixed Term Exclusion rate for children at SEN/D Support in North Lincolnshire primary schools during 2018/19 was 6.86%. This was 0.87 percentage points lower than the previous year.
- The outcome for North Lincolnshire was 0.04 percentage points below the England average and 0.81 percentage points below the Yorkshire & Humber average.
- In 2019, North Lincolnshire ranked 93rd out of 151 LAs, an improvement of 5 places from the previous year.

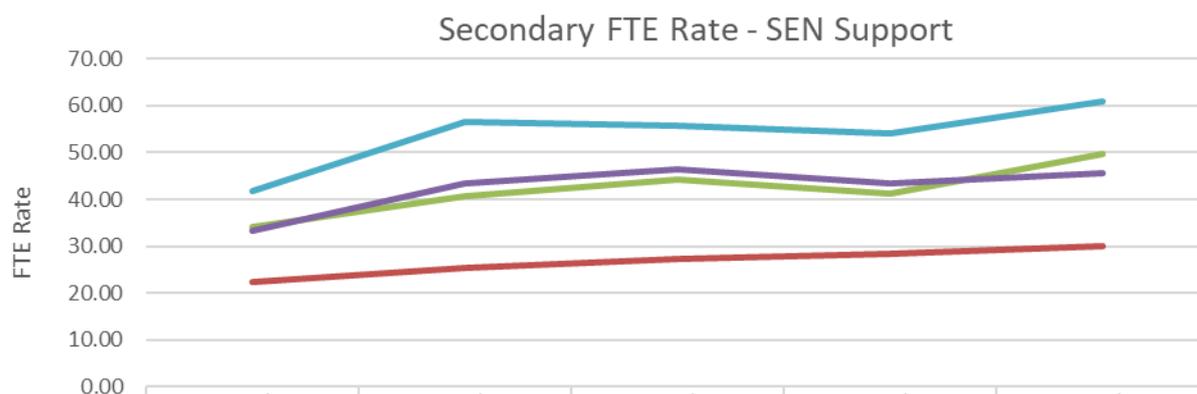
Primary FTE Rate - SEN Support



	2014/15	2015/16	2016/17	2017/18	2018/19
North Lincs	8.32	9.93	9.17	7.73	6.86
England	5.32	6.34	7.18	7.07	6.90
Yorks & Humber	5.45	7.02	8.17	7.38	7.67
Stats Neighbour	5.76	6.86	7.32	7.31	8.12

Secondary Fixed Term Exclusion Rate – SEN/D Support:

- The Fixed Term Exclusion rate for young people at SEN/D Support in North Lincolnshire secondary schools during 2018/19 was 60.99%. This was 6.84 percentage points higher than the previous year.
- The outcome for North Lincolnshire was 31.04 percentage points above the England average and 11.27 percentage points above the Yorkshire & Humber average.
- In 2019, North Lincolnshire ranked 143rd out of 151 LAs, a decline of 4 places from the previous year.



	2014/15	2015/16	2016/17	2017/18	2018/19
North Lincs	41.68	56.46	55.68	54.15	60.99
England	22.50	25.33	27.18	28.47	29.95
Yorks & Humber	34.21	40.77	44.26	41.24	49.72
Stats Neighbourhood	33.33	43.42	46.31	43.54	45.72

Following the recommendation of Schools Forum, positive initial meetings have taken place with Principals and Governors to consider solutions to the challenge of exclusions. Further meetings are planned for the spring term to continue these developments and relationships.

The Fair Access and Inclusion Panels (FAIP) continue to sit fortnightly for secondary and monthly for primary, where cases are presented for support. Protocols for both panels is currently being refreshed to include information on access to the new KS2 Coritani. Placements for EHCP and non EHCP pupils is available through the panel for this provision and through consultation via the SEND team directly to Coritani for those children who need a longer term placement and where Coritani will be named on the EHCP. Coritani KS2 opened its doors to pupils this month and an offer of support is in place for schools during Covid lockdown. An official opening will take place at a later date.

SEND Capital Grant

The SEND capital grant has now funded three on site provisions within our secondary schools. Baysgarth Headway is now in its second year, Frederick Gough is due to open this month and further work is in process to progress Winterton Academy site. All provisions will support children

to remain in mainstream, offer placements to locality schools and the LA and support those children in receipt of an EHCP for SEMH or those in the process of applying for one. In the longer term, these provisions will have an offer for year 6 transition where additional support may be required. Schools will be able to access these provisions through direct referral to the hosting schools.

It is anticipated that there will be a further SEND Capital Grant in 2021-22 and schools will be invited to make applications for funding.

Overall Financial Position and Projections (High Needs Block Funding) - including SEND and ALP.

Year	HNB Allocation (£)	HNB Allocation after deductions (£)	Value of any transfer from other blocks (£)	Final cash value of HNB (£)	Actual or Projected Spend (£)	Over (Under)-spend (£)	Year
(a)	(b)	(c)	(d)	(e) = (c) + (d)	(f)	(g) = (f) – (e)	(a)
2016-17	14,894,932	14,514,932	0	14,514,932	15,276,533	761,601	2016-17
2017-18	15,556,247	14,620,247	0	14,620,247	15,712,475	1,092,228	2017-18
2018-19	16,267,728	15,751,728	500,000	16,434,000	16,021,316	-412,684	2018-19
2019-20	16,767,653	16,363,659	0	16,363,659	16,683,659	-117,215	2019-20
2020-21	19,284,000	18,940,000	0	18,876,725	18,537,860	-338,865	2020-21
2021-22	21,476,000	21,168,000					2021-22

There has been an increase in funding for independent provision, as providers have requested fee uplifts due to increased costs and changes in teachers pensions. The majority of our children and young people attending independent provision do so within North Lincolnshire. We have negotiated contracts with these providers at reduced rates and so this has reduced some pressure on this budget. There has also been an increase in funding for academy schools which reflects the increase in EHCPs.

The current predicted spend may still change as new EHCPs are agreed or children and young people change provision after annual review or SEND Tribunal challenge.

Looking ahead there is an increase in DSG in 2021-22. This allocation takes account of increasing numbers of children and young people with EHCPs and also new SEND provision being developed in North Lincolnshire. The new post 16 Free School will open its doors in 2022 and there will be some additional costs in set up.

The increase in numbers will also have an impact on the costs of independent provision. Whilst the proportion of children and young people may not change significantly, the actual numbers will drive costs up. As the inclusion projects and new provision begin to show impact then more children and young people will benefit from remaining in mainstream provision and independent provision costs will reduce.

Other priority areas for 2021-22 include:

- SEN Support projects – which links to our Integrated Children’s Trust Shine a Light priority focus
- longer term inclusive projects to support children and young people with SEMH and ASD
- Increase in SEND element 3 banding in line with inflation.

The ESFA calculates the difference between the total number of North Lincolnshire children and young people (EHCP) educated out of area and the total number from other authorities who are educated in North Lincolnshire. This is the import/export adjustment and funding is then adjusted mid-year. Due to the merger with Doncaster College Group, these students are considered to be educated out of area and so element 1 and 2 (place funding) is recouped and allocated to Doncaster Metropolitan Authority. Therefore the initial HNB allocation for 201-22 is subject to change and funding must be kept in reserve in anticipation of a mid-year adjustment in DSG.

3. OPTIONS FOR CONSIDERATION

3.1 There are no specific options at this stage as this is primarily an information / update paper.

4. ANALYSIS OF OPTIONS

4.1 Efficient use of High Needs resources (ALP and SEND) now and into the future – supporting improved outcomes for our children and young people.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1 The recommendations and actions in recent years have enabled High Needs pressures to be kept to a minimum.

6. **OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)**

6.1 High Needs funding changes take into account child/young person level data (disability, FSM, attainment).

7. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

7.1 Not Applicable.

8. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

8.1 Ongoing consultation via the Education Inclusion Partnership, SEND Partnership and SEND Standards Board and specific Head teacher / Principal meetings and consultation.

9. **RECOMMENDATIONS**

9.1 Head teachers / Principals / LA to continue to work together to implement and embed area-wide solutions:

- a. specialist advice and support re behaviour for learning at secondary phase
- b. further develop local inclusion opportunities (SEND Capital Funding) so there will be opportunities for further competition exercise
- c. school level planning / target setting to reduce exclusion

The recommendations and actions in recent years have enabled High Needs pressures to be kept to a minimum.

DIRECTOR OF LEARNING, SKILLS AND CULTURE

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North Lincolnshire
Post Code
Author: Julie Frost
Date: 15th January 2021

Background Papers used in the preparation of this report N/A

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NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

CENTRAL SERVICES FOR SCHOOLS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To update the Forum on further reductions to the Historic Commitments element of the Dedicated Schools Grant and to consider the options with regard to the implications for its current use in supporting schools.

2. BACKGROUND INFORMATION

- 2.1 The DSG Historic Commitments funding currently funds two main strands of work:
- i. Peer Leader and School Improvement Partner programmes: school improvement focussed activities which are managed through the local authority.
 - ii. Learning networks: largely delegated to the professional associations, as well as funding some central workforce development such as the aspirant head programme, Safeguarding Pro, and innovation grants for schools or the Primary Engineering project.
- 2.2 In Autumn 2019 The DFE announced the intention to make a 20% year on year reduction to the Historic Commitments budget. The 2020/21 Historic Commitments element of the DSG should have been reduced by £73,000, however Schools' Forum agreed that £55,000 could be contributed from DSG earmarked reserves to support transition and enable consultation to happen as to how to secure reductions.
- 2.3 However, this means that for 2021/22 there will be a steeper reduction across the historic commitments top line, resulting in a total budget for Peer Leadership Programme, SIP School Improvement Support and the Learning Networks of £233,000. This reduction presents some challenging choices.

DSG - Central Services Schools Block (CSSB)	2019/20	2020/21	2021/22
		20% reduction offset from reserves	20% reduction
		292,000 + 55,000	
Historic commitments (contributions to combined budgets)	365,000	347,000	233,600

2.4 The subsidy from DSG earmarked reserves in 2020/21 ensured a range of activities funded through the Learning Networks continued in 2020/21 without reduction of funding, as did the SIPs and Peer Leader Programme, apart from the impact on all service delivery of COVID-19. Use of the budget currently is as follows:

DSG - Central Services Schools Block (CSSB)		2019/20	2020/21
			20% reduction
Historic commitments		365,000	292,000
Learning Networks	E763	180,000	125,000
Peer Leader Programme and SIPs	E764	140,000	140,000
LSCB	E610	27,000	27,000
Legal Services SLA	D921	18,000	0
		365,000	292,000
Learning Networks (contribution from DSG reserves)		0	55,000
Learning Network Budget		180,000	180,000

2.5 The current usage of the allocation of the Learning Networks monies is as follows:

Learning Network	2020/21	£
	Primary Consortium	85,000
	Secondary Headteachers and Principals	55,000
	Centrally organised support initiatives which included	30,000
	• Teach NorthLincs	12,000
	• Primary Engineering	16,000
• Leadership training	3,000	
Safeguarding Pro	8,500	

2.6 The current usage of the SIPs / Peer Leader budget is as follows:

SIPs / Peer Leadership Programme	2020/21	£
	Payments to schools to release Peer Leaders	55,700
	SIPs and other support for schools	82,000
	Leadership development	2,000

2.7 The implications for the financial year 2021/22 are that the Historic Commitments budget will decrease by £114,000.

2.8 It is suggested that there are a number of ways the reduction for the 2020/21 budget could be managed and each of these will have implications. The Schools Forum will need to consider how best to manage the necessary reduction in a way that minimises adverse impact on children

3. OPTIONS FOR CONSIDERATION

3.1 Option One: to reduce the allocations to both the learning networks and the Peer Leader/SIPs budget proportionately.

		2020/21	2021/22
Learning Networks	E763	125,000 (+55,000)	100,000
Peer Leaders / SIPs	E764	140,000	112,000
LSCB	E610	27,000	21,600

3.2 Option Two: to prioritise and invest in the Peer Leader Programme.

		2020/21	2021/22
Learning Networks	E763	125,000 (+55,000)	72,000
Peer Leaders / SIPs	E764	140,000	140,000
LSCB	E610	27,000	21,600

4. ANALYSIS OF OPTIONS

- 4.1 **Option One** could enable Secondary Heads and Principals to continue and the Primary Consortium to receive Learning Network allocations, perhaps £35k and £55k respectively, and perhaps allow a small residue for central education development initiatives to be funded for schools to access. Depending on these decisions, it could be agreed to continue either Teach North Lincs or Safeguarding Pro.
- 4.2 The use and impact of Learning Networks funding allocated to the Primary Consortium and Secondary Heads and Principals is monitored by each organisation and is used to support schools working together.
- 4.3 The Primary Consortium currently use the funding to release subject leaders to develop foundation subject expertise, having recently initiated a programme of structured, time limited investment into middle leadership, sharing good practice and building the skills of foundation leaders to support the demands of broader curriculum demands and scrutiny from Ofsted.
- 4.4 Secondary Heads and Principals use the funding to support professional partnership working by heads across the sector. This has been through a robust programme of Peer Reviews. Feedback from some secondary leaders is that the programme of Peer Reviews which Learning Network funding supported has slowed and this funding now often supports existing partnership working.
- 4.5 The Historic Commitments funding provides direct support to all schools through the Peer Leader and SIP Programmes, and that support is available to any school situated in North Lincolnshire regardless of designation. The effectiveness of the support is closely monitored by the Local Authority. The reduction suggested

in Option One would necessitate decisions about whether and to what extent those activities remain funded.

- 4.6 **Option Two** enables the support schools receive through the Peer Leadership and SIP programmes to continue in their current form for another year but would necessitate the Learning Networks allocation to be significantly reduced both to the professional associations and to the central elements.
- 4.7 The Peer Leader / SIP support directly impacts on school effectiveness and the extent to which all schools are known, sharing effective practice, and providing advice, challenge, and support for areas to improve.
- 4.8 Peer Leaders, who are current North Lincolnshire headteachers, are currently funded at a rate of £1,200 per year to be released from their schools in order to undertake the support activities with their partner schools.
- 4.9 The Peer Leader and SIP Programme are both school improvements focussed activities which are managed through the local authority and the impact of both these programmes on school outcomes is measurable through reporting and assurance mechanisms.
- 4.10 North Lincolnshire Council's education strategy is invested in further strengthening leadership. A key element to this is through developing system leadership. The Peer Leader Programme is now in its third year, with refinements based on the learning from the two previous years.
- 4.11 The shared ambition is that this sector-led, quality assured approach to school improvement becomes the universal offer for strong and effective schools. This would continue to be alongside a targeted, bespoke offer for schools which are vulnerable to decline, requiring improvement or where there are more complex factors affecting the school's performance.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 A saving of £114,000 needs to be secured to balance the budget on the Historic Commitments line from the Dedicated Schools Grant for 2021/22.

6. OTHER IMPLICATIONS

- 6.1 Ensuring that all children are able to access high quality education through excellent schools is pivotal to their future education and career pathways. It is essential that the use of DSG Historic Commitments funding has a positive impact on children's lives through ensuring positive educational experiences, opportunities, and outcomes. The balance of decision making must consider the importance of investing in effective schools, supporting improvement and must have least adverse impact on children who attend failing schools.

7. OUTCOMES OF CONSULTATION

- 7.1 Discussions have taken place throughout the year with the Education Chairs Group, which is made up of senior LA officers and the chairs of the primary and secondary professional associations and the chair of Schools Forum.

8. RECOMMENDATIONS

- 8.1 It is suggested that Schools Forum consider the issues and implications of both options.

HEAD OF STANDARDS AND EFFECTIVENESS

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Author: Jemima Flintoff

Date: 13 January 2021

Background Papers used in the preparation of this report – None

NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

THE SCHEME FOR FINANCING SCHOOLS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 Local authorities are required to publish schemes for financing schools, setting out the financial relationship between them and the schools they maintain. It is statutory guidance that sets out what local authorities must do to comply with the law (School & Early Years Finance Regulations 2020).
- 1.2 From time to time the local authority need to revise the Scheme and part of the process is consultation with schools and the School Forum.
- 1.3 This revision includes directed revisions by the Department for Education (DfE), other important changes and administrative changes proposed by the local authority.

2. BACKGROUND INFORMATION

- 2.1 The scheme for financing schools sets out the financial relationship between the local authority (LA) and the schools it maintains. The scheme contains requirements relating to the financial management and associated issues which are binding on both the LA and the Governing Bodies of schools.
- 2.2 All proposed revisions must be submitted to the schools forum for approval by members of the forum representing maintained schools.
- 2.3 The Secretary of State may by direction revise the whole or part of this scheme following consultation with local authorities and other interested parties.

3. OPTIONS FOR CONSIDERATION

- 3.1 There are two directed revisions to be incorporated into the North Lincolnshire scheme with immediate effect.

- 3.1.1 Budget Planning must cover three years – the purpose of requiring a three year budget plan includes giving the LA means to ensure schools are undertaking effective planning, allow effective evaluation of the Schools Financial Value Standard and allow the LA to conduct balance control.
- 3.1.2 Schools which have deficits over 5% of their budget must submit a recovery plan. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish.
- 3.2 From 1st April 2020 local authority maintained schools have been able to join the risk protection arrangement (RPA) instead of taking out insurance. It is proposed to make a change to the scheme to contain a provision which allows schools to join the RPA when any insurance contract of which they are part expires. In addition, the scheme will enable primary and/or secondary maintained schools to join the RPA collectively by agreeing through schools forum to de-delegate funding
- 3.3 The local authority is also proposing to make other changes to its scheme.
 - 3.3.1 Deficit Budget Procedures to include reference to LA intervention using a pre-warning notice prior to the use of statutory powers.
 - 3.3.2 Restrictions on Accounts – update to the list of bank and building society accounts that can be used for the purpose of receiving budget shares.
 - 3.3.3 Timing of completion of the SFVS – suggestion of summer or autumn term.
 - 3.3.4 Payment of budget share to bank account schools net of charges and grant income.
 - 3.3.5 Control of assets – inventories to include portable and attractive items e.g. electronic tablets.
 - 3.3.6 The LA will include in the annual statement information on when school income information will be available.
 - 3.3.7 General changes on the phrasing of guidance to update terminology now in general use e.g. value for money, effective school resource management and maximising pupil outcomes.

4. ANALYSIS OF OPTIONS

- 4.1 The North Lincolnshire Scheme already contains the requirement for schools to submit a three-year financial forecast between 1st May and 31st May each year and as such no change is required.
- 4.2 The NL scheme states schools with a revenue deficit in excess of 2% of their budget share at the end of any one year, or a revenue deficit in excess of 1% of their budget shares in two successive years, measured as at 31 March are required to submit an action plan along with their 3 year budget plan showing recovery within one year. We are not

proposing to make changes to the current requirements of the North Lincolnshire Scheme.

- 4.3 The DfE have indicated that the change to include the RPA may become a directed revision once they have had the opportunity to carry out a consultation with local authorities.
- 4.4 The option for the authority to use a pre-warning notice prior to the use of statutory powers was agreed at Schools Forum in November 2019.
- 4.5 The reference to specific banks and building societies has been removed and replaced with the requirement to use banks or building societies with a credit rating of A- or above, bringing this in line with the authority's Treasury Management Strategy.
- 4.6 The other administrative changes are made to update the scheme, suggest a more useful timing for the completion of the SFVS, provide schools with timely information on income and make best use of inventories.

5 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 There are no financial or other resource implications to this report.

6 OUTCOMES OF CONSULTATION

- 6.1 A consultation with schools has commenced with a closing date for responses of 19 January. Results will be reported at the meeting.
- 6.2 The consultation included a question on control of surplus balances as this has previously been an area of discussion at Schools Forum. The local authority has powers to redistribute excessive surplus balances for the benefit of all schools across North Lincolnshire. Schools were asked if they thought the authority should use these powers.

7 RECOMMENDATIONS

- 7.1 Schools Forum approve the changes to the scheme of Finance as described in the report.

STRATEGIC LEAD (FINANCE SERVICE DESK)

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Date: 13 January 2021

Background Papers used in the preparation of this report –
Statutory Guidance – Scheme for financing local authority maintained schools -
updated 5 August 2020

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SAFE WELL PROSPEROUS CONNECTED

Scheme for Financing Schools 2020

Version Control

Version	0.1 For Consultation January 2021
Issued	
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Authorised by	T Elliott – Strategic Lead Finance ServiceDesk

LIST OF CONTENTS

THE OUTLINE SCHEME

1. INTRODUCTION

- 1.1 The funding framework
- 1.2 The role of the scheme
 - 1.2.1 Application of the scheme to the Authority and maintained schools
- 1.3 Publication of the scheme
- 1.4 Revision of the scheme
- 1.5 Delegation of powers to the head teacher
- 1.6 Maintenance of schools

2. FINANCIAL CONTROLS

- 2.1.1 Application of financial controls to schools
- 2.1.2 Provision of financial information and reports
- 2.1.3 Payment of salaries; payment of bills
- 2.1.4 Control of assets
- 2.1.5 Accounting policies (including year-end procedures)
- 2.1.6 Writing off of debts
- 2.2 Basis of accounting
- 2.3 Submission of budget plans
 - 2.3.1 Submission of Financial Forecasts
- 2.4 Efficiency and Value for Money
- 2.5 Transfer
- 2.6 Audit: General
- 2.7 Separate external audits
- 2.8 Audit of voluntary and private funds
- 2.9 Register of business interests
- 2.10 Purchasing, tendering and contracting requirements
- 2.11 Application of contracts to schools
- 2.12 Central funds and earmarking

- 2.13 Spending for the purposes of the school
- 2.14 Capital spending from budget shares
- 2.15 Schools Financial Value Standard
- 2.16 Notice of concern

3. INSTALMENTS OF BUDGET SHARE; BANKING ARRANGEMENTS

- 3.1 Frequency of instalments
- 3.2 Proportion of budget share payable at each instalment
- 3.3 Interest clawback
 - 3.3.1 Interest on late budget share payments
- 3.4 Budget shares for closing schools
- 3.5 Bank and building society accounts
 - 3.5.1 Restrictions on accounts
- 3.6 Borrowing by schools
- 3.7 Other provisions

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

- 4.1 Right to carry forward surplus balances
- 4.2 Controls on surplus balances
- 4.3 Interest on surplus balances
- 4.4 Obligation to carry forward deficit balances
- 4.5 Planning for deficit balances
- 4.6 Charging of interest on deficit balances
- 4.7 Writing off deficits
- 4.8 Balances of closing and amalgamating schools
- 4.9 Licensed deficits
- 4.10 Loan schemes
 - 4.10.1 Credit Union Provisions

5. INCOME

- 5.1 Income from lettings
- 5.2 Income from fees and charges
- 5.3 Income from fund raising activities
- 5.4 Income from the sale of assets
- 5.5 Administrative procedures for the collection of income
- 5.6 Purposes for which income may be used

6. THE CHARGING OF SCHOOL BUDGET SHARES

- 6.1 General provision
- 6.1.2 Charging of salaries at actual cost
- 6.2 Circumstances in which charges may be made

7. TAXATION

- 7.1 Value Added Tax
- 7.2 CIS (Construction Industry Scheme)

8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

- 8.1 Provision of services from centrally retained budgets
- 8.2 Timescales for the provision of services bought back from the LA using delegated budgets
 - 8.2.1 Packaging
- 8.3 Service level agreements
- 8.4 Teachers Pensions

9. PFI CLAUSES

10. INSURANCE

- 10.1 Insurance cover

11. MISCELLANEOUS

- 11.1 Right of access to information
- 11.2 Liability of governors
- 11.3 Governors expenses
- 11.4 Responsibility for legal costs
- 11.5 Health and Safety
- 11.6 Right of attendance for Director of Governance & Partnerships
- 11.7 Special Educational Needs
- 11.8 Interest on late payments
- 11.7 Whistleblowing
- 11.8 Child protection
- 11.9 Redundancy/early retirement costs

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

13. COMMUNITY FACILITIES

- 13.1-13.3 Introduction
- 13.4-13.6 Consultation with the LA
- 13.7-13.8 Funding agreements
- 13.9-13.10 Other prohibitions, etc
- 13.11-13.12 Supply of financial information
- 13.13-13.14 Audit
- 13.15-13.17 Treatment of income
- 13.18-13.19 Health and safety
- 13.20-13.21 Insurance
- 13.22-13.24 Taxation
- 13.25-13.27 Banking

ANNEX A - List of schools maintained by North Lincolnshire Local Authority

ANNEX B – Redundancy/early retirement costs

ANNEX C – Whistle blowing policy

ANNEX D – Deficit Budget Procedures

THE OUTLINE SCHEME

References throughout this statutory guidance to:

“the Act” are to the School Standards and Framework Act 1998; “the Authority” means the local Authority; and

“the Regulations” are to the School and Early Years Finance (England) Regulations 2014 made under the Act.

The Regulations state that schemes must deal with the following matters:

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares.
2. Amounts which may be charged against schools’ budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the Authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the Authority for schools maintained by them.
6. The payment of interest by or to the Authority.
7. The times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.
8. The transfer between budget heads within the delegated budget.
9. Circumstances in which a local Authority may delegate to the governing body the power to spend any part of the Authority’s non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.
10. The use of delegated budgets and of sums made available to a governing body by the local Authority which do not form part of delegated budgets.
11. Borrowing by governing bodies.
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools’ budget shares having regard to section 50(7) of the 1998 Act.

14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the Authority for the purposes of section 519 of the 1996 Act.
15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.
21. The use of delegated budgets by governing bodies so as to satisfy the Authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
22. The provision of legal advice to a governing body.
23. Funding for child protection issues.

24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

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 as a minimum a local Authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an Authority's maintained schools except for capital and certain miscellaneous items. Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the Authority concerned, subject to any limits or conditions (including gaining the approval of their School Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained 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).

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 Authority.

Subject to provisions of 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.

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

Each Authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the Authority must publish a statement showing out-turn expenditure.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State.

A copy of each year's budget and outturn statement should be made easily accessible to all schools.

Regulations also require 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 role of the scheme is to set out 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, binding on both the Authority and on schools.

1.2.1 Application of the scheme to the Authority and maintained schools

The scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and pupil referral units (PRU's) in the area of the Authority, together with any maintained by the Authority but situated elsewhere; it does not cover those in the Authority's area which are maintained by another Authority. Nor does it apply to Academies.

A list of all maintained schools and PRU's to which the scheme applies as at 1st September 2020 showing their school status is shown at Annex A to this scheme.

1.3 Publication of the scheme

The Authority has a duty to publish the scheme and any amendments to it on a website that is accessible to the general public. The date on which the amendments take place must also be published.

1.4 Revision of the scheme

Any proposed revisions to the published scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by North Lincolnshire Council. The 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 that 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.

1.5 Delegation of powers to the head teacher

Each governing body must consider to what extent it wishes to delegate its financial powers to the head teacher. Its decision on this matter (and any revisions) must be recorded in the minutes of the governing body. Guidance on the level of delegation that a governing body may wish to consider is given in the booklet 'Managing School Finances' revised in January 2012 and published by the Governors Support & Development Service.

Each governing body must consider the responsibilities of the Head teacher and Governing Body in respect of the annual budget plan; the first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body.

1.6 Maintenance of schools

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

SECTION 2: FINANCIAL REQUIREMENTS; AUDIT

2.1.1 Application of financial controls to schools

Schools are required to abide in the management of their delegated budgets by the Authority's requirements on financial controls and monitoring, not only those in the scheme but also those requirements to be contained in more detailed publications referred to in the scheme but outside and compatible with it. Where requirements may differ for schools with their own bank accounts this will be made explicit in section 3

2.1.2 Provision of financial information and reports

Schools are required to provide the Authority with details of anticipated and actual expenditure and income, in a form and at times determined by the Authority and should so far as possible take account of the Consistent Financial Reporting framework and the

desirability of compatibility with that framework. This is to enable the Authority to carry out its statutory functions relating to financial monitoring.

Secondary schools will have a termly meeting with LA finance officers and primary schools two meetings per year or termly where the school is in financial difficulty.

The requirement to submit such details will not be more often than once every three months, except for those connected with tax or banking reconciliation - unless the Authority has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation. This restriction does not apply to schools that are part of an on-line financial accounting system operated by the Authority.

2.1.3 Payment of salaries; payment of bills

For schools without a separate bank account, the payment of all invoices will be through the Director of Governance & Partnerships¹. The systems to be operated in this case are described in the 'Finance Manual of Guidance' issued by the Director of Governance & Partnerships.

For schools that have their own bank account, separate arrangements apply for the payment of all invoices. These are set out in the relevant sections of the 'Bank Accounts for Schools Manual of Guidance' issued by the Director of Governance & Partnerships.

Unless schools have entered into an agreement with a third party for the payment of salaries, this will continue to be through the Director of Governance & Partnerships. Certain regulatory functions relating to payroll will continue to be discharged by the Director of Governance & Partnerships even where a third party performs this task.

2.1.4 Control of assets

Each school must maintain an inventory of its moveable non-capital assets above a value of £1,000 and must abide by the Authority's rules on authorisation procedures for disposal of assets. The requirements in respect of this are set out in the 'Finance Manual of Guidance' Section 12 as issued by the Director of Governance & Partnerships with specific guidance for locally managed schools at item 12.3. For items with a value of less than

£1,000 schools must keep a register but they are free to determine the form of that record. Schools should also register portable and attractive items, such as electronic tablets.

2.1.5 Accounting Policies (including year-end procedures)

Schools must abide by accounting procedures issued by the Authority for this.

2.1.6 Writing off of debts

A governing body is authorised to write off debts to a maximum of £1,500 per single debt. Above this level it will be required to seek the authorisation of the Director of Governance & Partnerships.

2.2 Basis of accounting

The Authority may specify that reports and accounts furnished by the school to the Authority be on either a cash or accruals basis, and schools must comply with this instruction.

¹ Director of Finance or Chief Finance Officer relates to the post designated as the statutory section 151 Officer i.e. the Director of Governance and Partnerships

However, the Authority will not require that any particular system be used on schools' internal systems, provided the school meets any costs of modification to provide output required by the LA.

2.3 Submission of budget plans

Each school maintained by the Authority is required to submit a budget plan to the Authority showing its planned income and expenditure for the current financial year and the assumptions underpinning the budget plan. The budget plan will be in the format to be determined by the Authority and must be approved by the governing body or a committee of the governing body and submitted no earlier than 1st May or later than 31st May. A revised plan, again in a format determined by the Authority must be submitted by 20th December each year.

For its part, the Authority will be required to supply schools with all school income and expenditure data which it holds and considers necessary for efficient planning by schools, and supply schools with an annual statement showing when this information will be available at times through the year.

In setting their budget plans schools are able to take full account of estimated deficits/surpluses at the previous 31 March. Schools should be aware that Plans which show a deficit in any of the three years will require approval of North Lincolnshire Council and that schools who are unable to set a balanced budget over three years may trigger a 'Notice of Concern'.

The form determined by the Authority for submission of budget plans will so far as possible take account of the Consistent Financial Reporting framework and the desirability of compatibility with that.

2.3.1 Submission of Financial Forecasts

The Authority requires schools to submit a three-year financial forecast. Schools will therefore be notified of forecast budget shares beyond the current year. The purpose of the 3 year plan includes giving the LA the means to ensure school are undertaking effective financial planning, effective evaluation of the SFVS and LA balance control.

2.4 School Resource Management

Schools must seek to achieve effective management of resources and value for money, to optimise the use of their resources to maximise pupil outcomes, taking into account the Authority's purchasing, tendering and contracting requirements.

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

There are significant variations in the effective management of resources 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 Transfer

Schools are permitted to transfer freely between budget headings in the expenditure of their budget shares.

2.6 Audit: General

Schools will operate within an audit regime determined by the Authority as regards internal audit, and the Authority's external audit regime as determined by the Local Audit and Accountability Act 2014, and requires them to co-operate with it. Schools must provide access to the schools' records for both internal and external auditors.

Internal audit arrangements may differentiate between schools that have their own bank account and non- bank account schools. Schools are required to cooperate with these audit arrangements and provide access to the school's records for both internal and external auditors.

2.7 Separate external audits

A school governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any Authority internal or external audit process. This is intended to allow schools to seek an additional source of assurance at their own expense should they feel this is necessary.

2.8 Audit of voluntary and private funds

Schools are required to provide the Authority with audit certificates, completed by a competent person, in respect of voluntary and private funds held by schools and of the accounts of any trading organisations controlled by the school, within six months of the relevant year end.

A school refusing to provide audit certificates to the LA as required by the scheme is in breach of the scheme and the Authority can take action on that basis. Any other requirement as to audit of such funds is a matter for those making the funds available, and any Charity Commission requirements.

2.9 Register of business interests

Each governing body is required to have a register which lists for each member of the governing body and the head teacher

Any business interests they or any member of their immediate family have;

Details of any other educational establishments that they govern;

Any relationships between school staff and members of the governing body;

The register must be kept up to date with notifications of changes and through an annual review of entries. It must be available for inspection at any reasonable time by governors, staff and parents, and the Authority and to publish the register on a publicly accessible website.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority's policies and procedures. However, such rules may not require schools to:

- a. Do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;

- b. Seek Local Authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- c. Select suppliers only from an approved list;
- d. Seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year.

Schools may seek advice on a range of compliant deals via the Buying Guide for Schools

2.11 Application of contracts to schools

Schools have a right to opt out of local Authority arranged contracts.

Additionally, although governing bodies are empowered under paragraph 3 of schedule 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 the funds in the budget share.

Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

2.12 Central funds and earmarking

The Authority may make sums available to schools from central funds, in the form of allocations that are additional to and separate from the schools' budget shares. Such allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used. Within these conditions, the Authority may permit a degree of transfer but this will not be to the extent of assimilating the allocations into the school's budget shares. Any earmarked funds not spent in year, or within a period over which schools are allowed to use the funding if different, must be returned to the Authority

The Authority is barred from making any deduction, in respect of interest costs to the Authority, from payments to schools of devolved specific or special grant.

2.13 Spending for the purposes of the school

Under s.50(3) of the Act, governing bodies are allowed to spend budget shares for the purposes of the school. This is subject to regulations made by the Secretary of State and any provisions of the scheme. As well as the various standard provisions LA's may wish to propose their own restrictions on this freedom, arising from local circumstances. The School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 allow schools to spend their budgets on pupils who are on the roll of other maintained schools or Academies. In addition s 50(3A) of the Act assume that amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purpose of the school.

2.14 Capital spending from budget shares

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

Any planned capital expenditure from schools budget shares must be notified to the Authority and if the expected capital expenditure from the budget share in one financial year exceeds the figure of £15,000 the governing body must notify the Authority and take into account any advice from Director of Governance & Partnerships as to the merits of the proposed expenditure. For any scheme that will take place on premises that are owned by the Authority, or the school has voluntary controlled status, then the governing body should seek the consent of the Authority to the proposed works, via the Council's 'buildings self-help scheme'. Such consent can be withheld only on health and safety grounds.

2.15 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 SFVS and complete the assessment form on an annual basis. It is for the school to determine at which time in the year they wish to complete the form. However the inclusion of data relating to financial years makes the Summer or Autumn Terms most appropriate.

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 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 assessment form to the local authority before 31 March each year.

2.16 Notice of concern

The Authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Director of Governance & Partnerships/Director of Learning, Schools and Culture, 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.

The school will become eligible for intervention if the Board of Governors is unable to comply or secure compliance with any of the requirements stated in the notice and when the LA has served a second notice on the Board of Governors informing of its intention to exercise its powers of intervention.

The school will remain eligible for intervention for as long as it is unable to demonstrate that it cannot comply with the requirements set out in the notice. In such circumstances the Council will give serious consideration to using any of the following powers:

- Applying to the Secretary of State for Education for the removal of the Board of Governors and its replacement with an Interim Executive Board
- Directing the school to enter into arrangements with a named school(s) to bring about improvements
- The appointment of additional governors
- The withdrawal of the delegated budget.

2.2 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 for new school staff and governors.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

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

3.1 Frequency of instalments

Instalments of a school budget share will normally be made available to governing bodies on a termly basis. Budget share instalments will be paid on a monthly basis provided a governing body makes a written request prior to the start of the relevant financial year. Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

3.2 Proportion of budget share payable at each instalment

The budget share made available to schools at each instalment will be calculated with reference to:

- (a) Whether the instalments are made on a monthly or termly basis,
- (b) Whether the school requests instalments of the full budget share or the payment is requested net of pay costs.
- (c) Patterns of expenditure in previous financial years.
- (d) Schools can opt to receive the budget share net of internal charges from the authority.

3.3 Interest clawback

The Authority will deduct from budget share instalments an amount equal to the estimated interest lost by the Authority in making available the budget share in advance. The basis of the calculation is as follows:

$A \times B \times C \times D$ where

- A is the delegated budget amount advanced to schools for the period.
- B is the interest rate for the period (based on the Bank of England base rate prevailing on the day before the advance was made, less 0.25 of 1 percent)
- C is the proportion of the year covered by the advance
- D is the estimated average daily cash balance held by the school, expressed as a proportion of the advance.

Interest will not be charged on advances to schools of devolved specific or special grants.

3.3.1 Interest on late budget share payments

The Authority will add interest to late payments of budget share instalments, where such late payment is the result of an Authority error. The interest rate to be used will be that used in the clawback calculations (see paragraph 3.3 item B).

3.4 Budget shares for closing schools

Special arrangements will apply to schools for which approval for discontinuation has been secured, irrespective of the basis previously used. The budget share will be made available until closure on a monthly basis net of estimated pay costs.

3.5 Bank and building society accounts

Schools can choose to have their own bank accounts, under the following main terms:

- (a) All schools maintained by the Authority are permitted to have external bank accounts into which their budget share instalments (as determined by other provisions) are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account unless they choose to have an account within an Authority contract which makes other provision.
- (b) New bank account arrangements can only be made with effect from the beginning of a financial year.

- (c) Schools without bank accounts cannot have one until any deficit balance is cleared.
- (d) Any school requesting a bank account at a later date shall not be able to have one until any deficit is cleared.
- (e) Schools wishing to operate a separate bank account are required to give written notice to the Authority no later 31st January in the preceding financial year.
- (f) Schools can choose to either have the full budget share paid into their bank account or opt to receive budget shares net of estimated pay costs. The net amount will be agreed with the schools, based on their budget plan.
- (g) If a school opens an external bank account the Authority must, if the school desires, transfer immediately to the account an amount agreed by both school and Authority as the estimated surplus balance held by the Authority in respect of the school's budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.

3.5.1 Restrictions on accounts

Schools may use banks and building societies for the purpose of receiving budget share payments providing they hold a credit rating of A- or higher. This is consistent with the Authority's Treasury Management Policy; further guidance can be obtained from the Treasury team email <Treasury@northlincs.gov.uk>

Schools are allowed to have accounts for budget share purposes which are in the name of the school rather than the Authority. However, if a school has such an account the account mandate should provide that the Authority is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the Authority.

3.6 Borrowing by schools

Governing bodies may borrow money (including the use of finance leases) only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives and schools are permitted to use any scheme that the Secretary of State has said is available to schools without specific approval. Currently only the Salix scheme has such approval.

Credit cards must not be used under any circumstances as these are regarded as borrowing.

Procurement cards may be used where available as these cards can be a useful means of facilitating electronic purchase.

Guidance in respect of school banking arrangements can be obtained from <mailto:advisoryservicefinance@northlincs.gov.uk>

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

4.1 The right to carry forward surplus balances

Schools 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.

For a school taking a separate bank account from 1st April, any balance to be transferred to that account would be treated as set out in Section 3.5 paragraph g of this document.

The amount of a surplus balance would be shown in the relevant out-turn statement published under s.251 (although there may be commitments against any figure shown in such a statement).

4.2 Controls on Surplus Balances

The Authority will review individual school balances at the end of each financial year. Where a school has built up significant excessive balances that are not committed consideration may be made as to whether re-distribution would benefit provision across North Lincolnshire.

4.3 Interest on surplus balances

The Authority will not pay to individual schools interest on any surplus balances.

4.4 Obligation to carry forward deficit balances

Schools are obliged to carry forward a deficit balance, by providing for deficits to be deducted from the following year's budget share (see also 4.9)

4.5 Planning for deficit budgets

Schools may not plan to have a deficit budget except in the circumstances set out in paragraph 4.9

4.6 Charging of interest on deficit balances

The Authority will not charge interest to individual schools on deficit balances.

4.7 Writing off deficits

The Authority cannot write off the deficit balance of any school.

The Authority may give assistance towards elimination of a deficit balance by allocating a cash sum from the Authority's schools budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by the Schools Forum).

4.8 Balances of closing and replacement 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.

4.9 Licensed deficits

The Authority may permit schools to plan for a deficit budget in one financial year. The approval of the Director of Governance & Partnerships must be received.

Such an arrangement is normally funded by the collective surplus of school balances held by the Authority on behalf of schools (although it is open to an Authority with no such surplus to make alternative arrangements if it can do so within the relevant local Authority finance legislation). The following conditions apply:

- a. The application for a licensed deficit budget must be made on a form approved by the Authority not later than 31st May for the current financial year and beyond.
- b. The application must have been approved at a meeting of the school full governing body.
- c. Licensed deficit budget applications will be considered only where there is a temporary projected fall in pupil numbers which will be recovered in future years, or there has been a staff restructuring which will produce greater savings in years two and three. In the case of pupil number fluctuations, information on future trends should be submitted with the application. Applications resulting from any other circumstance will be considered on a case by case basis by the Director of Governance & Partnerships.
- d. The maximum length over which schools may repay the deficit (i.e. reach at least a zero balance), must not exceed three years. In exceptional circumstances this may be agreed over a longer period.
- e. The maximum size of licensed deficits which will be considered for any school will be determined at the discretion of the Director of Governance & Partnerships.
- f. The maximum proportion of the collective balances held by the Authority, which will be used to back deficit arrangements, will not exceed 50%.
- g. the approval of the Director of Governance & Partnerships must be received in agreeing any arrangements for individual schools and the Director of Learning, Skills and Culture notified of any such approvals.

Further information on licensed deficits can be found in appendix D, Licensed Deficit Recovery Procedures

4.10 Loan schemes

The Authority may give consideration to an application by a school for a form of loan arrangement which does not operate by way of a licensed deficit but rather by way of actual payments to the school or expenditure by the Authority in respect of a particular school on condition that a corresponding sum is repaid from the schools budget share.

If such an arrangement is made the same parameters as appear in the scheme as listed at 4.9 above for licensed deficits will apply.

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

4.10.1 Credit Union Approach

Schools may wish to group together to utilise externally held balances for a credit union approach to loans. Such a scheme would require audit certification if the Authority does not act as the administrator.

SECTION 5: INCOME

5.1 Income from lettings

Schools are allowed to retain income from lettings of the school premises which would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use. Schools are allowed to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share. However, schools are required to have regard to directions issued by the Authority as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools, when considering all lettings.

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

5.2 Income from fees and charges

Schools are allowed to retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. However, schools should be required to have regard to any policy statements on charging produced by the Authority.

5.3 Income from fund-raising activities

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

5.4 Income from the sale of assets

Schools are allowed to retain the proceeds of sale of assets except in cases where a) the asset was purchased with non-delegated funds (in which case it should be for the Authority to decide whether the school should retain the proceeds), or

b) the asset concerned is land or buildings forming part of the school premises and is owned by the Authority.

5.5 Administrative procedures for the collection of income

Guidance on the procedures that schools should use when collecting income that accrues to the Authority (e.g. where a school has contracted with the council meals service), covering matters such as charging policies and VAT, is given in the 'Finance Manual of Guidance', issued by the Director of Governance & Partnerships .

5.6 Purposes for which income may be used

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

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

There are specific circumstances in which the Authority may make a charge on the budget share of a school without the consent of the governing body. The Authority must first consult a school as to the intention to make such a charge, and notify the school when this has been done. The circumstances in which such a charge can be made are set out in paragraph 6.2 below.

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

6.1.2 The Authority is required to charge salaries of school-based staff to school budget shares at actual cost.

6.2 Circumstances in which charges may be made

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

6.2.2 Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex B);

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 or the school has voluntary controlled status.

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

6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to 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 Contributions Agency, HM Revenue and Customs, Teachers Pensions, Environment Agency or regulatory authorities as a result of school negligence.

6.2.9 Correction of Authority errors in calculating charges to a budget share (eg 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 the Authority incurs because the governing body did not accept the advice of the Authority (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 and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs;

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 arrangements, for example where this has funded staff providing services across a cluster.

SECTION 7: TAXATION

7.1 VALUE ADDED TAX

The Authority is registered with HM Revenue and Customs and Excise for the purpose of Value Added Tax. Schools are able to utilise the Authority's ability to reclaim VAT on expenditure relating to non-business activity, and all monies so reclaimed will be available to schools.

In summary, the arrangements for schools to reclaim VAT on non-business activity are as follows:

(a) When using the system for paying invoices provided by the Director of Governance & Partnerships

, a school should complete the certification slip, as instructed in the 'Finance Manual of Guidance', so as to separately identify the net value of the invoice and the VAT. This will ensure that only the net cost of the purchase is shown on the schools accounting record. In this way the school benefits from the Authority's VAT registration.

(b) Where the invoice payment facility of the Director of Governance & Partnerships is not used (e.g. if there is a separate bank account) and the schools pay invoices directly to the creditor, records of payment must be kept in a format approved by the Director of

Governance & Partnerships . It may also be necessary to provide copy or original invoices to the Director of Governance & Partnerships. The VAT on non–business expenditure will then be claimed back from H.M. Customs and Excise and repaid to the school on a monthly basis. Details of procedures for schools with a separate bank account are given in the ‘Schools Bank Account Manual of Guidance’.

7.2 CIS (Construction Industry Scheme)

Schools are required to abide by procedures issued by the Authority in connection with CIS. These procedures are set out in section 4.14 of the ‘Finance Manual of Guidance’

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

8.1 Provision of services from centrally retained budgets

The Authority will determine the basis on which services from centrally retained funds (including existing PRC and redundancy payments approved by the Authority) will be provided to schools.

In determining this basis, the Authority will not discriminate in its provision of services on the basis of categories of schools except where this would be permitted under the Schools and Early Years Finance Regulations or the dedicated schools grant (DSG) conditions of grant.

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

The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the Authority will be limited to a maximum of three years from the date of the agreement, and periods not exceeding five years for any subsequent agreement relating to the same services. However, schemes may contain an extension to five and seven years respectively for contracts for supply of catering services.

When a service is provided for which expenditure is not retainable centrally by the Authority under the Regulations made under section 45A of the Act, it 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

Where the Authority offers to provide services on a buyback basis, in relation to services for which funding has been delegated, it is a requirement that any service offered by the Authority is done so in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

8.3 Service level agreements

Service level agreements need to be agreed between schools and the Authority by 1st March for the following financial year. Schools will have at least one calendar month to consider the terms of agreements.

8.3.1 Where the Authority provides services 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 time. The Authority is able to specify, for a particular SLA, a deadline by which the agreement is in place if the service is to be effective for the following year.

8.3.2 Where appropriate to the service, an SLA will offer provision on an ad hoc basis as well as extended agreement, lasting twelve months or longer

The price of an SLA must generate income that is no less than the cost of providing those services.

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

8.4 Teachers' Pensions

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

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

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

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

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its 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 and PRIVATE PUBLIC PARTNERSHIPS

Where all or part of a school's facilities have been provided under a Private Finance Initiative (PFI) agreement, the governing body will be required to act in accordance with the terms of that agreement. In order that a governing body can properly comply with this requirement, the terms of a PFI agreement will be agreed with the governing body before the contract is entered into.

The Authority has the power to charge to the school's budget share amounts agreed under a PFI/PPP agreement entered into by the governing body of a school.

This provision also relates to the contracts entered into as part of the Building Schools for the Future agreements, which governing bodies have entered in to.

SECTION 10: INSURANCE

10.1 Insurance cover

All schools have funds for premises and liability insurance included within their delegated budget. Where a school proposes to make their own arrangements for such services, the authority will require the school to demonstrate that cover relevant to the authority's insurable interests, under a policy arranged by the governing body, which must have this authority as joint names with the school, is at least as good as the relevant minimum cover determined by the authority, and is secured through an insurance company, of suitable repute and financial standing. The required cover will have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools.

The evidence required to demonstrate the parity of cover will be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.

This must be provided before the beginning of February prior to the commencement of each financial year in question. Where this is not provided, the authority will arrange for suitable cover and charge the delegated budget actual costs, including administration.

Details of relevant requirements are available on request from the Director of Governance & Partnerships.

Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA when any insurance contract of which they are part expires.

All primary and/or secondary maintained schools may join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.

(see also 6.2.6)

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

The Authority may require school governing bodies 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) on the school.

11.2 Liability of governors

In view of the fact that the governing body of a maintained school is a corporate body, and because of the terms of s.50(7) of the SSAF Act, 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 following provision will apply to governors' expenses.

- (a) The Authority may, if it wishes, delegate to the governing body of a school yet to receive a delegated budget, funds to meet governor's expenses.
- (b) Under section 50(5) of the Act, only allowances in respect of purposes specified in regulations under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. The payment of any other allowances is forbidden. The amount of the allowances will be set by the Authority
- (c) Schools are forbidden to pay 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

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

In seeking legal advice, the governing body's first point of contact may be the legal staff employed by the Authority, although it is open for any other source of legal advice to be approached directly. Where the Authority's legal staff feel that there is a potential conflict of interest between the school and the Authority, or where the school considers that it would be in its best interests to do so, independent legal advice should be obtained. This will always be in the case where the school governing body is considering legal action against the Authority. In such circumstances where the school is not acting in accordance with the advice of the Authority, the cost of external legal advice will be met from the schools

11.5 Health and Safety

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

11.6 Right of attendance for Director of Governance & Partnerships

Governing bodies are required to permit the Chief Finance Officer of the Authority (Director of Governance and Partnerships) or any officer of the Authority nominated by the Director of Governance & Partnerships, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities. Prior notice of such attendance will be given unless it is impracticable.

11.7 Special Educational Needs

Schools are required to use their best endeavours in spending their budget share to make suitable provision for pupils with special educational needs for whom funding has been delegated.

11.8 Interest on late payments

Schools are reminded that in accordance with the Late Payment of Commercial Debt (Interest) Act 1998, small businesses are able to claim interest on invoices that are paid late.

Schools need to have arrangements in place to ensure that invoices can be paid within the payment terms during the school holidays.

11.7 'Whistle blowing'

The Whistle blowers Charter is part of the Anti-Fraud, Theft and Corruption Strategy adopted by North Lincolnshire Council and is shown at Annex C. The policy set out the procedure to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school, and how such complaints will be dealt with.

11.8 Child Protection

Schools are reminded of the need to release staff to attend child protection case conferences and other related events. The cost of cover in such cases is included in schools' delegated funding.

11.9 Redundancy/early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided at Annex B.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Schools are responsible for carrying out and funding revenue repairs and maintenance to schools. Capital Expenditure should be met primarily from Devolved Formula Capital Funds in line with asset management priorities. The Authority will work in partnership with schools to deliver major capital projects. Expenditure is 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 and the Council's Capitalisation Policy. The Authority does operate a de minimis limit of £10,000 in its definition of capital expenditure. This limit may be waived for capital expenditure in schools subject to meeting the capital definition.

12.2 Responsibilities for voluntary aided governors have responsibility for repairs and maintenance to their school on the same basis as Community and Foundation schools. Eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by DFE to categorise such work, not the de minimis limit used by the Authority.

SECTION 13 COMMUNITY FACILITIES

Introduction

13.1 Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power.

13.2

However, under s.28(1), the main limitations and restrictions on the power will be those contained in the maintaining Authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. 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.

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

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.

13.3 With effect from April 2011, schools expenditure on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

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

Consultation with the LA – financial aspects

There is no longer a requirement for schools to consult the LA when establishing community facilities under Section 27 of the Education Act 2002. Nor do schools need to have regard to advice given to them by the authority.

However, as public bodies, schools are expected to act reasonably, and this includes consulting those affected by decisions that they make.

13.5 The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying

funding or supplying funding and taking part on the provision. A very wide range of bodies and organisations are potentially involved.

13.6 The Authority will require in relation to funding agreements with third parties (as opposed to funding agreements with the Authority itself) that any such proposed agreement should be submitted to the Authority for its comments and may impose a time requirement for doing so to give the Authority adequate notice. However, the Authority will not have a right of veto on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires Authority consent to the agreement for it to proceed, such a requirement and the method by which Authority consent is to be signified is a matter for that third party.

Other prohibitions, restrictions and limitations

13.7 The Authority may require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned shall make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the Authority.

13.8 Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The Authority may if it wishes propose other scheme provisions of that nature which they believe necessary. In considering whether to approve any such provisions for inclusion in the Authority's scheme, the Secretary of State will adopt as her principal criterion that restrictions should only be in existence if they are necessary to safeguard the financial position of the Authority or school, or to protect pupil welfare or education.

Supply of financial information

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

13.10 The Authority, on giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, to require such financial statements to be supplied every three months and, if the Authority sees fit, to require the submission of a recovery plan for the activity in question.

Audit

13.11 The school will be required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

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

Treatment of income and surpluses

13.13 Schools are allowed to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that is the Authority or some other person.

13.14 The school will be allowed to carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of each financial year, transfer all or part of it to the budget share balance.

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

Health and safety matters

13.16 Any health and safety provisions of the main scheme also extend to the community facilities power.

13.17 The governing body has responsibility for the costs of securing Disclosure Barring Service 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.

Insurance

13.18 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The scheme may require that the school seek the Authority's advice before finalising any insurance arrangement for community facilities.

13.19 The Authority has the power 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.

Taxation

13.20 Schools should seek the advice of the Authority and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities; including the use of the local Authority VAT reclaim facility.

13.21 Schools are reminded that if any member of staff employed by the school or Authority in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

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

Banking

13.23 The school is required to either maintain separate bank accounts for budget share and community facilities, or has one account but with adequate internal accounting controls to maintain separation of funds. Alternatively the scheme may provide, but cannot require, that the school utilises LA banking arrangements which would permit adequate separation of such funds from the school budget share and other Authority funds.

13.24 The banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters should mirror those in the main part of the scheme, except that a provision requiring that a mandate show the Authority as owner of the funds in the account should exempt the community facilities funds from that if they are in the same account as the budget share.

13.25 Schools 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 maintaining Authority.

ANNEX A

Schools and Pupil Referral Units maintained by the North Lincolnshire Council as at 1 September 2020 to which the scheme applies

Key:

CS = Council School

VA(CE) = Voluntary Aided (Church of England) School

VA(RC) = Voluntary Aided (Roman Catholic) School

VC = Voluntary Controlled

VC(CE) = Voluntary Controlled (Church of England) School

VC(CE/M) = Voluntary Controlled (Church of England and Methodist) School

F = Federated

Primary Schools

Alkborough CS

Althorpe and Keadby CS

Castledyke CS

Barton St Peter's CE VC(CE)

Belton All Saints CE VC(CE) F

Berkeley CS

Bowmandale CS

Brigg CS

Broughton CS

Burton Stather CS

Crosby CS

East Halton CS F

Eastoft CE VA(CE) F

Goxhill CS F

Gunness & Burringham CE VC(CE)

Haxey CE VC(CE) F

Holme Valley CS

John Harrison CE VC(CE)

Killingholme CS

Kirmington St Helena's VC(CE) F
 Kirton Lindsey CS
 Lincoln Gardens CS
 Luddington & Garthorpe CS F
 Messingham CS
 New Holland CE/Methodist VC(CE/M) F
 Oakfield CS
 Priory Lane Community Primary CS F
 Scunthorpe CE VC(CE)
 South Ferriby CS F
 St Barnabas CE VC(CE) F
 St Martin's CE VA(CE) F
 St Peter & St Pauls CE CS
 The Grange Primary CS
 West Butterwick VC(CE) F
 Westcliffe CS F
 Winterringham CS F
 Wootton CE VA(CE)
 Wrawby CE VC(CE)
 Wroot Travis VC(CE) F

Junior Schools

Bottesford CS
 Leys Farm CS
 Lincoln Gardens CS
 Winterton CS F

Infant Schools

Bottesford CS
 Bushfield Road CS
 Enderby Road CS

Frodingham CS

Winterton CE CS F

Secondary Schools

Baysgarth CS

Frederick Gough CS

Sir John Nelthorpe VC

Special Schools

St Hugh's CS

St Luke's CS

PRU's

The Darley Centre

ANNEX B**RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS**

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

Section 37 of the 2002 Education Act says:

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

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

(6) The fact that the Authority 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 was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget

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

Charge of premature retirement costs to local Authority non-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.

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

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, or set up 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 schools 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 7(B) is met.

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

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

Annex C

Reporting a Concern (Whistleblowing)

1.0 Introduction

1.1 North Lincolnshire Council is committed to running the organisation with accountability and transparency.

1.2 Employees are often the first to realise there is something wrong within the organisation, but may worry that by raising a concern they are being disloyal to their colleagues or the council, or that they might not be taken seriously. They may also fear harassment or victimisation if they speak out.

1.3 This policy aims to enable employees to raise concerns about malpractice or wrongdoing and to reassure them that it is safe and acceptable to do so. It encourages them to raise concerns at an early stage and supports them with the process.

1.4 We will not tolerate the harassment or victimisation of anyone raising a genuine concern, and disciplinary action may be taken if this arises.

2.0 Legal framework

2.1 If an employee brings information about a wrongdoing to their employer, or another relevant organisation, this is commonly referred to as 'blowing the whistle'.

2.2 The Public Disclosure Act 1998 gives protection to whistleblowers, to enable people to speak out if they believe there is malpractice within an organisation. Blowing the whistle is more formally known as 'making a disclosure in the public interest'.

2.3 The Act makes it unlawful to victimise, harass or treat someone unfairly because they have blown the whistle.

3.0 What to report

3.1 Disclosures which are protected under the Act are disclosures of information which are in the public interest: this usually means that they affect other people. A disclosure should be made in good faith, where you genuinely believe that one or more of the following is either happening, has happened, or is likely to happen in the future:

- A criminal offence e.g. fraud, abuse of clients, unlawful discrimination;
- Financial misconduct
- the breach of a legal obligation;
- a miscarriage of justice;
- a danger to the health and safety of any individual;
- risk or damage to the environment;
- an attempt to cover up any of the above.

3.2 Unless the concern you have is covered by another council policy, this policy may also be used to report something that:

- Makes you feel uncomfortable compared to the standards you believe the council subscribes to;
- is against the council's constitution;
- falls below established standards of practice;
- amounts to improper conduct.

3.3 If you have a concern relating to your own personal circumstances at work, you should refer to C.4 Dignity at Work or C.5 Grievance in the HR Manual as appropriate.

4.0 How to report a concern

Safeguarding concerns – children and young people

4.1 If you have a concern regarding the safety of child or young person, then you should make immediate contact with the child protection team on 01724 296500/296555 (available 24 hours).

Safeguarding concerns – adults at risk

4.2 If your concern relates to abuse or neglect of an adult, you should contact the Safeguarding Adults Team on 01724 297000 or by email at safeguardingadults@northlincs.gov.uk

All other concerns

4.4 You may raise a concern either verbally, or in writing. If you are making a written report, you may find it helpful to use the following format:

- The background and history of the issue (giving any relevant dates where possible);
- the reason why you are particularly concerned about the situation;
- any details that show there are reasonable grounds for your concern.

Stage one

4.4 You should initially raise the issue with your immediate manager. Your manager should be responsive to your concerns and take them seriously. They will encourage you to talk openly and will treat the issue in confidence, unless legally they must do otherwise (e.g. if a crime has been committed). Your manager will inform you if they are obliged to report the issue to a third party. Managers can seek support in dealing with concerns raised through the contacts outlined at paragraphs 4.5, 7.0 and 8.0.

Stage two

4.5 If you feel unable to approach your manager, or if you feel that your concern has not been dealt with satisfactorily, you may prefer to speak to one of the council's senior officers who specialise in dealing with whistleblowing cases. You can contact the Head of Legal and Democracy on 01724 296204 or the Head of Audit and Assurance on 01472 323799.

5.0 How the council will respond

5.1 Within ten working days of a concern being raised, the matter will be assessed and the person to whom you reported it will write to you:

- Acknowledging that the concern has been received;
- indicating how the council proposes to deal with the matter;
- telling you whether any initial enquiries have been made;
- giving an estimate of how long it will take to provide a final response and;
- supplying you with information on the support available to you.

Note: If you report a concern anonymously, while the council will still respond to this appropriately, direct feedback on the progress of the case cannot be given. See section 6.0 for more information.

5.2 If the concern you have raised falls under a different policy or procedure you will be informed at this stage.

5.3 The action to be taken will depend on the concerns raised, but may include an informal review or a more formal investigation.

5.4 As part of any investigation, you may be invited to attend a meeting to discuss your concern in more detail. If so, you may wish to be supported by a trade union representative or another council worker.

5.5 Wherever possible, you will be given feedback on the outcome of any investigation, but precise details on action taken may not be disclosed where there is a duty of confidentiality to another person. Any feedback will be within the provisions of the General Data Protection Regulation 2018.

5.6 If you are not satisfied with the council's response, you are entitled to take your concern to an appropriate external organisation. The details of some relevant contacts are given at section 8.0.

Untrue allegations

5.6 No action will be taken against you if you have raised a concern in good faith. However, allegations which are found to be malicious or vexatious may result in disciplinary action being taken.

6.0 Anonymity and confidentiality

6.1 The council would like you to put your name to any concerns you report. Your concerns will be treated confidentially when requested and every effort will be made to conduct any investigation so as not to disclose your identity, if you so wish. Being a witness is not always easy, but your participation will be valued and you will be fully supported throughout the process.

6.2 Anonymous concerns will be evaluated and will be investigated where possible, but they may be more difficult to substantiate where the council is limited in its ability to follow up on the reported information. A decision will be made on the most appropriate way to deal with anonymous concerns based on:

- The seriousness of the issues raised;
- the credibility of the concern;
- the likelihood of verifying the concerns through other sources.

7.0 Support

7.1 If you require advice or support during any stage of this process, you can contact your trade union representative. Contact details for each trade union are available on TOP Desk.

7.2 Support is also available through the council's Confidential Staff Welfare and Counselling Service.

7.3 Protect, the independent whistleblowing charity, offers free, confidential practical and legal advice. If you are unsure whether it is appropriate to use this policy or want advice at any stage, you can contact them by telephone on 020 7404 6609, or email whistle@protect-advice.org.uk.

8.0 External contacts

8.1 The council hopes this policy will give you the necessary confidence and assurance to raise any concerns internally. However we recognise that there may be certain circumstances in which you do not feel this is possible; we would rather you raise a concern with the appropriate regulatory body than not at all. Details of relevant external organisations can be found at: <https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2>.

8.2 Other external organisations which may be able to offer assistance with you raising a concern are as follows:

- Your local councillor. If you live within the North Lincolnshire Council boundary, your local councillor can be contacted;
- a professional association. If you are a member of a professional association you may ask them to raise a matter on your behalf;
- the police - suspicions of fraud or corruption may be reported directly to the police;
- the National Audit Office;
- the council's external auditors, Mazars (there is a dedicated whistleblowing hotline);
- a Citizens Advice Bureau.

Annex D

Deficit Budget Procedures

Introduction

This annex sets out what is expected of schools to meet the requirements of the Scheme for Financing Schools in respect of schools which are identified as having a potential revenue deficit during the course of the financial year or have a deficit revenue budget at the year-end. The requirements of the Scheme are set out in section 4 of the Scheme, the main points of which are:

- Schools are required to carry forward deficit balances
- Schools are not allowed to plan for a deficit budget
- In certain circumstances schools are required to submit a recovery plan

Scrutiny of School Budgets

LA finance staff aim to identify schools that are at risk of having a potential deficit and use various factors in determining such schools.

Upon receipt of the Schools Three Year Budget Plan, LA finance staff will carry out a range of checks on the schools planned income and expenditure which are designed to identify any obvious errors or omissions and to ensure the budget is reasonable and achievable. The checks result in:

- Acceptance of the budget or
- Clarification of queries and/or amendment of the budget

If a school is unable to substantiate or explain elements of its budget that have been queried then the LA has right to reject the school's budget plan if it feels it is unreasonable or unachievable.

All schools are expected to monitor their actual income and expenditure against budget. Through regular budget monitoring and control schools are expected to identify at an early stage any potential variance between actual and budgeted expenditure. However, for schools that are identified as having a potential deficit, the school's own budget monitoring is supplemented by monitoring by LA finance staff.

The reasons for this include:

- Authority for spending decisions has been delegated to the school's Governing Body but it is the LA, through the Director of Governance & Partnerships, where statutory responsibility lies for all the financial affairs of the Council (including maintained schools)
- A budget deficit could impact on the future educational standards of the school. Even if a school is deemed to be excellent through its results it cannot be given an outstanding judgement if it has a deficit budget.

Depending on the outcome of this budget scrutiny, LA finance staff may write to the school to raise concerns about the school's financial position, recommend action or to request

further information. Such a letter will be clear about the action and response required from the school.

If the requested response / action is not forthcoming then LA finance staff may inform the Director of Learning, Skills and Culture of concerns about leadership and governance.

It is important that action is taken to prevent a significant deficit, which will hinder the school's development, and the procedures are set out below.

Scheme Requirements – Schools which have a deficit at the year-end (short term)

Schools with a revenue deficit in excess of 2% of their budget share at the end of any one year, or a revenue deficit in excess of 1% of their budget shares in two successive years, measured as at 31 March are required to submit an action plan along with their 3 year budget plan showing recovery within one year. This will be reviewed by LA Finance Staff and agreed by the Strategic Lead (Finance).

The action plan must include details of

- savings, efficiency gains and/or increases in income with implementation dates
- a breakdown of income budgets with sources of income and timetable for the collection of income
- the school's management procedures for authorising expenditure and its financial monitoring and control system

Scheme Requirements – Licensed Deficits (long term)

Schools may not generally plan for a deficit budget. In exceptional circumstances, a deficit revenue budget may be permitted, which must have the written approval of the Director of Governance & Partnerships and the Director of Learning, Skills and Culture and conform to the following terms and conditions:

- the maximum period of deficit budgets to be 3 years; although in exceptional circumstances this may be extended to 5 years;
- the purpose of the agreed deficit must be to avert or reduce the need for redundancies or other budgetary saving in the short term that are not required to produce a balanced budget over a longer period;
- the maximum size of any agreed deficit will be 25% of a secondary or 20% of a primary or special school's budget in the year of application;
- a recovery plan being agreed with the Director of Governance & Partnerships and the Director of Learning, Skills and Culture, which must include details of:
 - savings, efficiency gains (taking into consideration any risks attached) and/or increases in income with implementation dates,
 - a breakdown of income budgets with sources of income and timetable for the collection of income,
 - the school's management procedures for authorising expenditure and its financial monitoring and control system
 - details of benchmarking information with comparisons and explanations to support the recovery plan

- Where a staffing restructure is to take place full details of the current staffing establishment and the proposed establishment must be included with detailed costings. Schools should work with the LA's HR Service to ensure that their proposed savings can be met and that reduction/reallocation procedures are followed.
- Any approved licensed deficit must balance within the defined period.
- Where the recovery of the deficit is likely to impact on teaching standards, the school should also liaise closely with the LA's Standards and Effectiveness Team
- The plan must include sufficient detail for LA officers to understand the proposals and be confident that they will be realised, supporting documents/statements will assist the explanation.

Examples might be:

- □ Details of staff turnover and/or age profile of existing staff.
- □ Additional income from increased pupil numbers, supported by trends data, housing development within catchment area, etc.

Where there are delays in producing a recovery plan, the Chair of Governors and Head Teacher will be required to meet with LA Finance to explain the reasons for the delay and for actions to be agreed.

Authorisation of Licensed Deficits

The Director of Learning, Skills and Culture must be satisfied that the school's staffing establishment is appropriate to the size and nature of the school and that the agreed deficit and recovery plan will enable the school to maintain standards;

The Director of Governance & Partnerships must be satisfied as to the soundness of the school's financial management and its ability to meet the reduction of deficit schedule.

The total amount of deficits outstanding must not exceed 50% of the total collective schools balances at the beginning of the financial year

The recovery plan will be scrutinised by LA Finance who will liaise with the school, and the school HR Business Partner and the Standards and Effectiveness Service as required to resolve any queries or concerns they may have.

Once the above scrutiny process has been completed, the recovery plan will be presented to the Director of Governance & Partnerships who will formally authorise the licensed deficit, subject to any further queries which might arise. This process should normally be complete within one month of receipt of the recovery plan –any delay will be notified to the school.

The school will be notified of the decision in writing which will include any terms and conditions attached to the authorisation which will include:

- 1) The maximum deficit allowed for each year covered by the authorisation;
- 2) The period covered by the authorisation;
- 3) The monitoring and reporting requirements; and

- 4) Measures which may be taken if the school fails to adhere to the agreed plan or the terms and conditions.

Monitoring and Reporting

The head teacher, members of the senior leadership team and school governors are all responsible for monitoring and reviewing the recovery plan. It is a requirement for schools to have monitoring of the recovery plan as a standing agenda item for the Finance Committee and to submit a copy of all finance committee minutes to the LA Finance Team. Schools are expected to honour any commitments regarding monitoring procedures given in their application for a Licensed Deficit.

All schools with a licensed deficit will be required to submit a quarterly monitoring report to LA Finance by the 20th of the following month during the period covered by the licensed deficit to demonstrate current and forecast expenditure. The forecast information should clearly state further actions agreed to mitigate non achievement of recovery plan financial milestones.

The monitoring reports will be scrutinised by the LA Finance team who will raise any concerns directly with the Chair of Governors or Headteacher in the first instance and meet with the school to resolve any issues.

Local Authority Intervention

As an interim step, and in order to prevent the necessity of using the local authority's statutory powers, a pre-warning notice can be issued to governors where the local authority has significant concerns about the financial viability or effective management of a school's budget.

Local Authority intervention will apply where:

- The school is persistently in breach of the Scheme for Financing Schools
- The school will not set a balanced budget
- The school will not engage in the licensed deficit process
- The deficit is worsening and no action is being taken by the school
- There is evidence of financial mismanagement by the school

Intervention will escalate through four levels. It is envisaged that deficit schools will engage with the LA well before the need for intervention as this process is the ultimate sanction for the protection of public monies and the overall resource for all schools.

The levels of intervention are:

1. Financial Review Meeting and first warning notice
2. Referral to Education Standards Board
3. Formal Notice of Concern – Warning Notice
4. Suspension of delegated financial powers

Further Advice

Further support and advice is available from:

Commercial Specialist Rosie Maughan <mailto:Rosie.Maughan@northlincs.gov.uk>

Strategic Lead (Finance) Tracy Elliott <mailto:Tracy.Elliott@northlincs.gov.uk>

DEFICIT BUDGET PROCEDURES FLOW CHART

