

Schools Forum
Wednesday, 11 July 2018 at 8.00 am
VENUE: Committee Room 1 - City Hall, Bradford

PLEASE NOTE

All meetings will be held in public; the agenda, decision list and minutes will be publicly available on the Council's website and Committee Secretariat, Room 112, City Hall, Bradford.

The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Forum Clerk Asad Shah - 01274 432280 who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions should be aware that they may be filmed or sound recorded

1. APOLOGIES FOR ABSENCE

The Interim City Solicitor will report the names of alternate Members who are attending the meeting in place of appointed Members.

2. DISCLOSURES OF INTEREST

To receive disclosures of interests from Members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it only becomes apparent to the member during the meeting.

3. MINUTES OF 23 MAY 2018 AND MATTERS ARISING Minutes

1 - 8

Recommended –

That the minutes of the meeting held on 23 May 2018 be signed as a correct record (previously circulated).

4. MATTERS RAISED BY SCHOOLS

Members will be asked to consider any issues raised by schools.

5. STANDING ITEM - DSG SCHOOLS BLOCK GROWTH FUND ALLOCATIONS (a)

There are no new Growth Fund allocations presented for the Forum's consideration.

(Andrew Redding – 01274 432678)

6. SEMH AND SEND REVIEWS AND STRATEGY (i)

9 - 16

A report setting out progress on the Authority's reviews, and the Authority's SEND and SEMH strategy, will be presented, **Document IV** (*Document to be circulated at a later date*).

Recommended –

The Schools Forum is asked to consider and to note the information provided.

(Lynn Donohue – 01274 439606)

7. SCHOOLS FORUM MEMBERSHIP - CHAIR AND VICE CHAIR (a)

Members will be asked to approve the proposed approach to the election of the Chair and Vice Chair of the Schools Forum for 2018.

(Andrew Redding – 01274 432678)

8. SCHOOLS FORUM MEMBERSHIP (i)

17 - 20

The Business Advisor (Schools) will present a report, **Document IW**, which provides an update on the Forum's membership composition. The Authority's calculation confirms that our Schools and Academy members composition should not be adjusted further at this time; the split of maintained and academies membership is in line with pupil numbers, where the calculation of pupil numbers incorporates a forecast of academy conversions to take place during 2018.

Recommended –

The Schools Forum is asked to consider and to note the information provided.



(Andrew Redding – 01274 432678)

9. UPDATE ON NATIONAL FUNDING FORMULA AND DEDICATED SCHOOLS GRANT 2019/20 (i) 21 - 22

The Business Advisor (Schools) will present a report, **Document IX**, which provides an update on matters relating to the future development of National Funding Formula and the 2019/20 Dedicated Schools Grant. This update is provided following attendance at a DfE policy briefing session held on 18 June and is written in advance of the publication of more detailed operational guidance on DSG management for the 2019/20 financial year, which is expected later in July.

Recommended –

The Schools Forum is asked to consider and to note the information provided. Forum Members are also invited to attend a ‘Formula Funding Working Group’ session, on Monday 1 October (8am) or Tuesday 2 October (8am) or Thursday 4 October (8am). As last year, these sessions will enable Forum Members to consider in more detail the impact of formula funding decisions and to explore and guide the proposals for 2019/20 that will be set out for consultation in October.

(Andrew Redding – 01274 432678)

10. AMENDMENTS TO THE SCHEME FOR FINANCING SCHOOLS AND LINKED DOCUMENTS (FINANCIAL REGULATIONS FOR MAINTAINED SCHOOLS AND SCHOOL CONTRACT STANDING ORDER) (a) 23 - 102

The Business Advisor (Schools) will present a report, **Document IY**, which asks the Forum to initially consider proposals for, and to agree for a consultation to take place with maintained schools on, the amendment of the Council’s Financial Regulations for Maintained Schools and School Contract Standing Orders, and subsequent amendments to the Scheme for Financing Schools. The outcomes of consultation will be presented to the Schools Forum on 19 September. The Forum is asked to note that, following the Forum’s discussion and decision on 19 September, the Financial Regulations for Maintained Schools and the School Contract Standing Orders will be presented to the Authority’s Governance & Audit Committee. The Authority intends to implement the agreed amendments as soon as possible following the completion of the consultation and decision making processes.

Recommended –



The Schools Forum is asked to initial consider the proposed amendments set out in Document IY and to agree for a consultation to take place with maintained schools on these amendments.

(Andrew Redding – 01274 432678)

11. SCHOOLS' FINANCIAL VALUE STANDARD (i)

103 -
104

The Business Advisor (Schools) will present a report, **Document IZ**, which provides the Forum with an update on the compliance of maintained schools with the Schools' Financial Value Standard (the SFVS) at 31 March 2018.

Recommended –

The Forum is asked to consider & to note the information provided.

(Michael Parkinson – 01274 433148)

12. FINANCIAL CLASSIFICATION OF MAINTAINED SCHOOLS 2018/19 (i)

105 -
106

The Business Advisor (Schools) will present a report, **Document JA**, which provides the Forum with a summary of the categorisation of maintained schools within the Local Authority's Financial Classification of Schools for the 2018/19 academic year.

Recommended –

The Forum is asked to consider & to note the information provided.

(Andrew Redding – 01274 432678)

13. SCHOOLS FORUM STANDING ITEMS (i)

Updates on the following Forum standing items will be provided verbally where these have not been covered within other agenda items:

- Schools Forum membership
- Update from the High Needs Block Steering Group
- Update from the Schools Financial Performance Group (SFPG)
- Update on School / Academy Budgets
- Update from the Early Years Working Group (EYWG)



- Update from the Formula Funding Working Group (FFWG)
- Update on Primary School Places
- Update on Academies & Free Schools

The Forum is asked to note the information provided.

(Andrew Redding – 01274 432678)

14. ANY OTHER BUSINESS / FUTURE AGENDA ITEMS (i)

Members will be asked for any additional items of business, for consideration at a future meeting.

15. DATE OF NEXT MEETING

Please see the published schedule of meetings – the next Forum meeting is scheduled for Wednesday 19 September 2018.

Please note that Schools Forum meetings for the 2018/19 academic year are scheduled as follows:

- Wednesday 19 September 2018, 8am
- Wednesday 17 October 2018, 8am
- Wednesday 5 December 2018, 8am
- Wednesday 9 January 2019, 8am
- *Wednesday 16 January 2019, 8am (provisional meeting)*
- Wednesday 13 March 2019, 8am
- Wednesday 22 May 2019, 8am
- Wednesday 10 July 2019, 8am



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MINUTES OF THE MEETING OF THE SCHOOLS FORUM HELD ON WEDNESDAY 23 MAY 2018 AT CITY HALL, BRADFORD

Commenced 0810
Concluded 1015

PRESENT

SCHOOL MEMBERS

Anthony Smith, Dianne Richardson, Dominic Wall, Emma Hamer, Ian Morrel, Mary Copeland, Ray Tate, Sally Stoker, Tehmina Hashmi

NOMINATED SUB SCHOOL MEMBER

Alison Kaye and Irene Docherty

NON SCHOOL MEMBERS

Donna Willoughby, Ian Murch and Vivienne Robinson

LOCAL AUTHORITY (LA) OFFICERS

Andrew Redding - Business Advisor (Schools)
Asad Shah - Committee Services Officer
Dawn Haigh - Principal Finance Officer (Schools)
Jenny Cryer - Assistant Director Performance, Commissioning and Partnerships
Raj Singh - Business Advisor

OBSERVERS

Lynn Murphy - Business Manager, Feversham College

APOLOGIES

Ashley Reid, Brent Fitzpatrick, Deborah Haworth, Gill Holland, Helen Williams, Kevin Holland, Sir Nick Weller, Nicky Kilvington, Nigel Cooper, Sue Haithwaite and Tahir Jamil

DIANNE RICHARDSON IN THE CHAIR

318. DISCLOSURES OF INTEREST

A declaration was received from Ian Morrel, Dominic Wall and Trevor Loft for agenda item 6 "SEMH and SEND Reviews - Progress Update", (minute 322).

ACTION: *City Solicitor*

319. MINUTES OF 16 MARCH 2016 & MATTERS ARISING

The Business Advisor (Schools) reported on progress made on "Action" items:



- **NJC Pay Award:** The Business Advisor reported that the NJC 2 year pay award offered in December 2017 has been accepted and is being actioned in Bradford Council in June. The Authority stills await further information on the recommended teacher's pay award from September and confirmation of any change in the employer's contribution to teacher pensions expected from April 2019.
- **Looked after Children:** The request for an annual report on LAC outcomes will be taken forward as part of the Forum's agenda planning. In response to the requests for further information on the report presented to the last meeting, the Business Advisor reported that:
 - Of the 29 associates stated in the report, 24 posts are currently filled. 10 of these are cross-phase; 8 are primary; 5 are secondary. These are headcount (not FTE). These associates are employed on flexible contracts and their hours expand and contract according to need.
 - Monies received from OLAs can be used to purchase support from Bradford's Virtual School if the School have the capacity to do so. Certainly, the VSH can advise on support options and can broker this. The financial framework is complicated and we would advise that schools wishing to explore further the options around the use of monies for OLA LAC discuss this directly with the VSH who will work this through.
- **SEND / SEMH reviews:** The High Needs Block 'Steering Group' has been established and met for the first time on Monday 21 May. An update will be provided within agenda item 6.
- **Scheme for Financing Schools / Financial Regulations:** The revision and consultation on these documents is still a work in progress. It is expected that a presentation will be made to the next Schools Forum meeting in July. The Business Advisor reported that the DfE has directed some revisions to authority Schemes, as indicated previously (on the purposes of loans), and these revisions have been incorporated into the current version of our Scheme, which can be accessed on Bradford Schools Online.
- **Warning about Budget Cost Pressures:** A number of actions have been taken since the last Forum meeting, as requested, to circulate key messages. The Vice Chair circulated an email to secondary phase principals and this was an agenda item at a recent CEOs meeting. Presentations have been made to BPIP and the business manager forums. Schools Funding Team is now engaging directly with quite a number of maintained schools individually on a priority-led basis about their 2018-2021 budget projections. School funding continues to be a national Political issue. However, there does not yet appear to be any suggestion that additional monies will be allocated into core formula funding in 2019/20 other than what has already been announced. The DfE continues to publish information aimed at supporting schools and academies to manage their budgets and achieve value for money, including access to national procurement deals e.g. supply. This information is available directly on the DfE's website but we signal it in BSO on our latest news and updates page. The DfE, as another example, has recently re-published its



Metric Scorecard, which gives primary and secondary schools and academies a value for money score of between 1 and 10, rating its spend vs. outcomes for children.

- **Schools Forum Membership:** the Chair reported that the maintained primary Headteacher vacancies have now been filled, with Bryan Harrison (headteacher of Miriam Lord Primary School) and Graham Swinbourne (Headteacher of Stanbury Primary School) taking these memberships.

Resolved –

- (1) That progress made on “Action Items” be noted.
- (2) That the minutes of the meeting held on 14 March 2018 be signed as a correct record with the agreed amendments to the meeting attendance.

ACTION: *City Solicitor*

320. **MATTERS RAISED BY SCHOOLS**

There were no matters raised by schools to report.

No resolution was passed on this item.

321. **STANDING ITEM – DSG SCHOOLS BLOCK GROWTH FUND ALLOCATIONS**

Members were asked to consider, in **Document IQ**, newly proposed allocations to schools and academies from the established DSG Schools Block Growth Fund in 2018/19. These allocations were agreed without comment or query.

Resolved –

That the 2 proposed Growth Fund allocations shown in Document IQ be agreed.

Action: *Business Advisor (Schools)*

322. **SEMH AND SEND REVIEWS – PROGRESS UPDATE**

The Chair introduced this agenda item by explaining that Document IR is not available and that an update is being provided verbally.

The Assistant Director, Performance, Commissioning and Partnership, reported on the developments that have taken place since the last Schools Forum meeting on the trading of SEND services, the development of a local agreement in the primary sector for the financing of alternative provision and the development of the secondary alternative provision continuum. She reported that the Authority meets with the Regional Schools Commissioner’s office on a fortnightly basis and that discussions on free schools and the sufficiency of SEND and AP places are continuing. She also confirmed the interim



leadership arrangements within the Authority. The SEND Planning and Project Manager provided an update on the agreement for the development of interim SEND places. She also reported that further clarification on the timeline and scope of wave 13 is still being sought (expected summer 2018).

Members added to this update. The Chair explained that the establishment of a local agreement in the primary sector, for the management and financing of children permanently excluded, was being discussed at the BPIP meeting this week. The Chair asked the Forum for a clear statement of their support for this. Members gave their endorsement. The Vice Chair reported that strategic development work to strengthen the BACS in the secondary sector is continuing with the vast majority of schools and academies committing to these arrangements.

In the discussion that followed the updates, Members expressed a number of concerns and from these made a number of requests:

- The latest announcement from the DfE states that there will be 30 new school schemes nationwide from wave 13. As such, it is probably not realistic for us to expect that we would achieve 3 schools (10% of this programme). Even if we do, it is likely that these schools will not be realised until 2022. Other local authorities have concluded / are beginning to conclude that they must look to their own capital resources to provide sufficient places. The Authority must seriously look now at “plan B” options to ensure the sufficiency of places in Bradford in the short and longer terms.
- It is important to have input into these discussions from the Assistant Director, Finance and Procurement.
- The Authority, with the Forum (HNB Steering Group), needs to begin to model different scenarios going forward and to assess the impact of different developments, and different timings of implementation, on the affordability position of the High Needs Block.
- Not all of the concerns expressed by Members in previous meetings (recorded in the minutes of the 14 March meeting) appear to be being addressed (updates have not been provided on all items), including home to school transport and the role of health services.
- The Forum has not been presented with a coherent written outcome (strategy) from the Authority’s SEND and SEMH reviews.

Resolved –

- (1) That the Schools Forum, with reference to the discussion on the development of a local agreement for alternative provision in the primary phase, continues to endorse the long-standing principle adopted by the Forum that “funding should follow the pupil”.**
- (2) That a written report be presented to the next Schools Forum meeting, which now sets out the Authority’s SEND and SEMH strategic plan i.e. the product of the recent reviews. That this report incorporates the Authority’s response to all the areas of development, concern and discussion that are listed in the minutes of the Forum meeting held 14 March 2018 as having been raised by Schools Forum members in recent meetings.**



Action: *Interim Strategic Lead, Access and Inclusion*

(3) That the Assistant Director, Finance and Procurement, the Strategic Director, Children's Services and the Interim Strategic Lead, Access and Inclusion, attend the next Schools Forum meeting to facilitate the presentation of this report and to support further discussion.

(4) That the High Needs Block Steering Group be asked to 'scenario model' the impact of different developments e.g. free school creation and the timing of these on the High Needs Block going forward for report back to the Schools Forum.

Action: *Business Advisor (Schools)*

323. UPDATE ON MATTERS CONCERNING THE 2018/19 DEDICATED SCHOOLS GRANT

The Business Advisor (Schools) presented a report, **Document IS**, which provided an update on a number of matters relating to the 2018/19 Dedicated Schools Grant, including progress on current reviews and 2019/20 arrangements. This report follows from the update presented in March.

The Business Advisor highlighted in particular the reconciliation of the balance of DSG reserves available at the end of the 2017/18 financial year. The Business Advisor reported that we have an additional £2.6m of reserve across the DSG Blocks, of which £1.3m is within the High Needs Block. This means that, everything else remaining the same (as the 2018/19 planned budget set out in January), the High Needs Block would not be cumulatively in deficit at the end of 2018/19. It was explained however, there are a lot of moving parts within the HNB during 2018/19 and the deployment of this reserve is a matter for the newly established HNB Steering Group to consider. The Business Advisor also highlighted the £0.7m surplus balance within de-delegated funds and explained that decisions about the use of this balance will need to be taken by the Forum in the round as part of the 2019/20 DSG allocation process. The Schools Forum will be presented with a detail 2018/19 spending forecast in the autumn term.

Forum Members did not ask any questions on the report. The Member representing maintained nursery schools raised the matter of the uncertainty on the future funding of nursery schools. The Business Advisor explained that the EFSA / DfE have been asked in recent regional meetings for a statement on the latest position, and to also confirm when the promised consultation will be published, but so far nothing further has been provided. As such, we all continue to be unclear about the position of the funding of nursery schools after 2019/20 and this is a growing concern.

Resolved –

That the information provided in Document IS be noted.

Lead: *Business Advisor (Schools)*



324. BRADFORD LEARNING NETWORK

The BLN Project Co-ordinator attended the meeting to present a report, **Document IT**, which asked the Schools Forum to endorse the collaborative approach to re-procuring the next iteration of the Bradford Learning Network (BLN) internet and learning provision.

The co-ordinator explained that 83% of Bradford maintained schools, and 92% of academies, use the current BLN framework. The Vice Chair asked for clarification on what 'endorsement' from the Schools Forum means. The Co-ordinator explained that this meant that the Authority, in its re-procuring of services and presentation to schools and academies, can state that the Schools Forum supports this collaborative and cost effective approach.

The Chair stated that she is encouraged by the large number of schools and academies that use BLN and, summarising the views of Forum Members, confirmed that the Forum is happy to endorse the procurement of BLN4.

Resolved – That the collaborative approach to the procurement of fast, filtered and safe internet provision for schools enabling equity of access for all students across the District regardless of location, type or size of school be endorsed.

Action: *BLN Project Co-ordinator*

325. SCHOOLS' OUTTURN (REVENUE BALANCES) 2017/18

The Business Advisor (Schools) presented a report, **Document IU**, which showed the position of revenue balances held by maintained schools at 31 March 2018 and an analysis of changes in the position against March 2017. The report also provided information on schools' reporting of surplus balances and a further update on the anticipated volume of conversions of maintained schools to academy status in Bradford and the likelihood of liabilities resulting from the conversion of schools holding deficit budgets.

The Business Advisor reported that the vast majority of maintained schools have so far taken positive action in the management of their budgets. However, he explained that the impact of this action on school standards and on outcomes for children will not immediately obvious when looking at balances and may take some time to be seen. The financial position of school going forward also looks increasingly challenging. These statements were supported by Members, including the Vice Chair, who reinforced that the cut in the value of formula funding in real terms that has taken place, and will continue, will have an impact, and by the Member representing the Teacher Trades Unions, who stated that Unions are meeting with schools weekly to discuss consultations on staffing restructures.

An Academies Member requested that the HNB Steering Group more closely considers the position of balances held in the PRU sector against outcomes. Members discussed the position of balances held by maintained nursery schools. The Business Advisor explained that nursery schools hold monies on behalf of others and for wider purposes (one is a



teaching school) and also that, given the current uncertainties on future funding, it may be prudent for these schools to hold a higher level of reserves.

Much of the discussion on balances centred on the position presented for Hanson School. Members expressed their concern, and asked for greater transparency from the Local Authority, in particular, on the action that is being taken to resolve the deficit. An Academies Member, understanding that the position of this school is complicated, expressed a view that there have been other schools in similar challenging circumstances that have managed their budgets.

The Chair summarised the discussion and the expressions of concern by requesting that written statements be provided by the Strategic Director, Children's Services to the next Schools Forum meeting on Hanson School and the position of the BSF and also that a confidential briefing takes place with the Chair and Vice Chair in advance of this meeting so that there is better understanding of issues that may not be appropriate to discuss in a public meeting.

Resolved –

- (1) That the information provided in Document IU be noted.**
- (2) That a statement is provided to the next Schools Forum meeting on the status of the resolution of the BSF contractual issue that is referred to in Document IU.**
- (3) That the High Needs Block Steering Group is asked to consider in more detail the position of (and factors behind the change in) surplus balances held in the maintained PRU sector for report back to the Schools Forum.**
- (4) That the Strategic Director, Children's Services, presents a statement to the next Schools Forum meeting, which sets out the Authority's plan for the resolution of the deficit position at Hanson School. That a briefing on this matter takes place with the Chair and Vice Chair of the Schools Forum in advance of the meeting.**

Lead: *Business Advisor (Schools)*

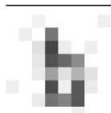
326. SCHOOLS FORUM STANDING ITEMS

Resolved –

The Forum is asked to note the information provided.

327. AOB / FUTURE AGENDA ITEMS

The Vice Chair asked for clarification on the financing of Bradford New College specifically with reference to the source of funding of the College's recent promotional event.



328. DATE OF NEXT MEETING

Resolved –

- (1) That the meeting of the next Schools Forum meeting is scheduled for Wednesday 11 July 2018.
- (2) That the meetings of the Schools Forum for 2018/2019 academic year be confirmed as follows:
 - Wednesday 19 September 2018, 8am
 - Wednesday 17 October 2018, 8am
 - Wednesday 5 December 2018, 8am
 - Wednesday 9 January 2019, 8am
 - *Wednesday 16 January 2019, 8am (provisional meeting)*
 - Wednesday 13 March 2019, 8am
 - Wednesday 22 May 2019, 8am
 - Wednesday 10 July 2019, 8am

Action: *City Solicitor*

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER
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SCHOOLS FORUM AGENDA ITEM

For Action

For Information

Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

To provide Members with an update on matters concerning the SEND Strategy for children and young people with SEND & Behaviour needs across the District. Including an update on the position of the below items:

- Specialist places across both maintained and academy Special Schools, DSP's and EYESP's
- Future SEND Sufficiency
- Capital constraints
- Re-designation of the two PRU's
- The LA Commissioned SEMH Free School
- High Needs Block Advisory Group
- Bradford's Behaviour Continuum (Alternative Provision, TRACKS, District PRU)

Date (s) of any Previous Discussion at the Forum

The Schools Forum has received SEND and Behaviour updates at previous meetings.

Background / Context

Specialist Places across SEND & Behaviour (400 commissioned places)

Since the introduction of the Children and Families Act in 2014, we have experienced a significant increase in the number of children and young people being assessed for Special Educational Needs and Disabilities who require specialist provision to ensure they can have their complex needs fully met and receive the specialist support that is necessary for them to thrive.

Since 2014 Bradford has experienced a significant increase in the total number of Statements/Education, Health and Care plans

| Local Authority | 2014 | 2015 | 2016 | 2017 | 2018 | Increase |
|-----------------|------|------|------|------|-------|----------|
| Bradford | 2145 | 2225 | 2334 | 2805 | 3299* | 1154 |

Source: DfE Statements of SEN and EHC plans: England 2018

*Bradford is currently funding 3530 Education, Health and Care Plans (an additional 231).

Following the SEND Strategic Review 2016-2020, the need for additional specialist places across the District for children and young people with SEND and Behaviour needs was identified. The School Forum agreed to commission an additional 360 SEND places and 40 additional places for Behaviour.

Since that review further detailed analysis and forecasting work has been carried out. The projections are currently showing a continued growth of demand and need for additional specialist provision.

LA Commissioned SEMH Free School

In October 2016 the Department for Education (DfE) provided an opportunity for Local Authorities to identify where a new special free school would benefit their area, inform their Regional Schools Commissioner (RSC), and seek proposals for the establishment of a new school. This opportunity was intended to identify and meet untapped demand for special free schools as a supplement to LA's existing resources.

Bradford Local Authority was amongst 230 expressions of interest to establish an LA Commissioned SEND Free School. Our bid was successful and Bradford was one of 19 projects that were accepted onto the Free School Programme to establish a 72 place, 10-19 years SEMH Free School with a 12 place residential element. Unfortunately Bradford was not successful in securing a sponsor during the first competition round.

Re-designation of PRU's

Due to the numbers of children and young people with EHCP's in Ellar Carr and Park Primary PRU's, it had previously been agreed to look at the re-designation of the 2 PRU's into special schools (this is in line with the LA's continuum of behaviour provision).

Capital Constraints

Basic Need funding is allocated based on the DfE's School Capacity Survey (SCAP) return. The SCAP return does not capture any information relating to children and young people with SEND and only identifies and allocates funding for mainstream expansions. Local Authorities are allowed to use this funding for any purpose, prioritising by immediate need.

In March 2017 the DfE announced a SEND Capital Allocation of £219,322 for Bradford for three years, 2018/19 to 2020/21. Local Authorities have recently received an additional allocation of SEND Capital funding (a share of the additional £50 million). Bradford received an additional allocation of £153,016 this was based on a pro-rata share of the allocation announced in March 2017. This allocation was formulated from data held by the Office for National Statistics, taken in 2016, rather than current data sets requested from Local Authorities

High Needs Block Advisory Group

Following the Schools Forum meeting in March, members requested it would be beneficial to form an advisory group looking at High Needs Block funding for SEND and Behaviour. This has now been established.

Bradford's Behaviour Continuum (Alternative Provision, TRACKS, District PRU)

Bradford currently commissions 236 Alternative Provision places funded by the High Needs Block. This comprises of 50 places at Bradford Central PRU, 26 at Tracks PRU and 160 places at District PRU, based at Anerley Street. District PRU and TRACKS both have Inadequate Ofsted judgements (Special Measures) Subsequent Ofsted monitoring visits have concluded that there have not been any significant improvements. The RSC office have not yet identified a sponsor hence the LA is working on a number of options with the management committees of both provisions to ensure both PRUs make progress and improve, provide high quality provision that meets needs, and are therefore more likely to attract a suitable sponsor. The LA also continues to work very closely and regularly with the RSC's office to identify a sponsor, this will have to go through the DfE's due process.

Details of the Item for Consideration

Specialist Places across SEND & Behaviour (400 commissioned places)

Approval of the full council executive was given on 3rd April 2018 to proceed with the establishment of the increased specialist places across the maintained special schools, primary, secondary and nursery school sector.

- 116 Additional maintained Special School places
- 54 Additional Designated Specialist Provision (DSP) places in maintained schools (ASD, LD and SEMH)
- 40 additional PRU places have been approved:
- 28 Additional 0.6 Early Years Enhanced Specialist Provision (EYESP) places

Increasing provision across the District, by creating an additional 28 x 0.6 EYESP places for children aged 2 – 5 years but with capacity for some children aged 5+ where appropriate with a range of special educational needs and disabilities.

In addition to the above maintained specialist places, a number of academies have consulted on increasing specialist places across the special, primary and secondary sector. All of the proposals have gained approval from the Head Teacher Board and Regional Schools Commissioner and we are working closely with these academies to increase provision as soon as possible, subject to building works and available capital funds.

- 74 additional places have been approved by the RSC across the Academy Special Schools
- 23 additional DSP places have been approved by the RSC across 2 Academy Primary Schools

In total, all of the above additional places, including academies will deliver 267 additional specialist places across special schools and both primary and secondary mainstream schools.

Including the specialist behaviour places (60) this will total 327 additional places out of the agreed 360 + 40 commissioned specialist places previously agreed by the School Forum.

This currently leaves a further 73 outstanding additional specialist places out of the agreed commissioned number + the 20 commissioned Behaviour places. A proposal for delivering these remaining places is being worked through with key partners.

Details of the Item for Consideration

A letter will be sent to Lord Agnew, Parliamentary Under Secretary of State for the School System, to request an urgent meeting to discuss the lack of capital funding for Bradford against a backdrop of increasing complex needs.

There is still uncertainty surrounding the awaited Special/AP Free School Programme announcement, anticipated on 16 July and guidance on the agreed process. We anticipate that Bradford LA will make the applications, with Expressions of Interest being made from providers.

Noting that there are only 30 schemes nationally, we need to be realistic and understand that it is highly unlikely we will be successful in securing the three schemes we were originally hoping for.

The Council will continue to consider all options available including what capital monies can be prioritised against other significant priorities at a time of financial challenge. LA Officers continue to lobby.

LA Commissioned SEMH Free School

Following an unsuccessful first sponsor round, the Local Authority has reviewed and updated the Free School specification, including the schedule of accommodation in collaboration with key partners.

There were four other LA's that were not successful finding sponsors.

The updated specification has been submitted to the DfE, and is awaiting RSC and Ministers sign off. We are anticipating that the new 4 month re-competition window will open in July '18 and that the successful sponsor will be identified by early December '18 and working with the LA from early January '19.

The timeframe for opening of the new free school is still expected to be September 2020.

Re-designation of PRUs

It is anticipated that the re-designation of Ellar Carr and Park Primary PRUs, which are currently operating as special schools, due to the cohort of children and young people placed there having EHCPs will re-designate to special schools, securing an additional £0.5m for the High Needs Block.

Work has begun to map out the required changes alongside the work of the Behaviour Continuum and legal advice and guidance is being sought.

Our plans have been shared with the DfE and we anticipate having some further guidance from them regarding the necessary processes in the very near future. The timeline is for re-designation by no later than October 2019.

Capital constraints

The lack of adequate SEND Capital funding is limiting our ability to meet our statutory duties for children and young people living with SEND.

The Government's recent Capital cash injection for SEND, does not introduce any new money into Local Authority budgets. This will not solve the long term challenges Local Authorities' and schools face in delivering effective high quality SEND provision for our most vulnerable children and young people.

The result has been far-reaching reductions to SEND provision, affecting Local Authorities nationally, with over 2000 children and young people across the country identified with complex needs and no available educational provision.

As a result of this Bradford has diverted £4 million from Basic Need Capital Allocation (intended for mainstream) to develop additional specialist provision. This means that the projects needed for mainstream place expansions, maybe reduced or delayed or even postponed.

We are also facing the uncertainty surrounding the delayed announcement of the SEND/AP Free Schools Programme. Nationally 30 new schools will be funded via this free school programme. Further funds may need to be identified if Bradford is not successful in the opening of 2 SEND Free Schools through this Programme due to our increasing complex SEND population.

High Needs Block Advisory Group

This group is now formally established and the group have met to agree Terms of Reference and membership which is composed of representatives from a range of stakeholders. A schedule of meetings has been agreed and the next meeting is scheduled for 9th July. This group will report back to the schools forum on actions and recommendations.

Details of the Item for Consideration

Bradford's Behaviour Continuum (Alternative Provision, TRACKS, District PRU)

Following the establishment of the SEMH wider working group, models were considered to ensure the needs of children and young people across the district could be met at a local level where appropriate. The group also reviewed existing provision, the educational offer and modelled potential options for future delivery. There was an urgency to re-model behaviour provision due to the inadequate performance and Ofsted judgements of some of the existing provisions.

District PRU:

A number of actions have taken place to improve provision including management committee (MC) changes at District PRU and leadership consultancy support. The MC has established a number of sub-committees which hold senior leaders to account. The LA has supported the provision through the work of school improvement officers, the Education Safeguarding team, and an Inclusion Officer. This work has led to positive changes to safeguarding practices. The LA has also established a scrutiny committee (LASC).

Following submissions of Expressions of Interest to the LA, preferred providers of AP were identified. This comprised of two new provisions but this is dependent on the outcomes of the new SEND/AP Free School Programme. There is also some flexibility built into the system to enable further proposals to be considered in the future.

Due to the uncertainty around SEND/AP Free School Programme there are 50 interim places secured with AP Independent schools ready for September 2018. Alongside this, it is intended the number of places commissioned at Anerley Street will reduce to 80 from September.

The maximum number of students who were placed in District PRU in 2017-18 was 125, and this figure has formed the basis of the number of places commissioned for 2018-19. This will be reviewed during the course of the year.

These actions have been discussed with DfE colleagues and financial implications relating to changes have been modelled to ascertain the impact of the reduction in the number of commissioned places at Anerley Street.

A placement panel for AP places has been established, bringing together managers from the five 5 AP independent schools, Anerley Street and an Inclusion Officer from the LA. The panel will identify a clear pathway for learners and all partners are committed to providing the best offer to meet the needs identified in the referral process. Schools are committed to providing the top up funding for places when referred, although concerns have been raised about the recurring annual cost.

Tracks:

The LA has also established a LASC (Local Authority Scrutiny Committee) at Tracks.

The LA has been working with Tracks PRU to establish staffing structures and the costs of the provisions that are currently being run by Tracks ie. Home Tuition under an SLA with the LA and the two Hospital schools to ensure that moving forward this PRU is economically viable. There continues to be concerns around the length of time this provision has been judged as inadequate and like District PRU is subject to a directive academy order (DAO). The RSC has not yet found a sponsor hence, the LA is continuing to work with the Executive Head, and the Head of School to ensure progress is made to the quality of provision. Much work has also been done to more clearly identify roles, responsibilities and budgets across the provisions, in order to ensure that Tracks is in a stronger position to attract a sponsor.

Central PRU; The LA has been working with Central PRU to commission 10 places for permanently excluded children and to resolve issues around TUPE rights from the existing provider. An SLA is to be finalised for this most vulnerable group. The top up funding for these places come from the HNB, but other commissioned places at provisions will result in a charge to referring schools/BACs.

The LA will continue to review how and where AP places are commissioned by listening to schools and ensure that provision is of a high standard and importantly meets the needs of vulnerable young people. Our strategy includes promoting partnership working between all providers to share good practice, enable joint training opportunities and share quality assurance activities.

Implications for the Dedicated Schools Grant (DSG) (if any)

The report sets out the implications for the DSG.

How does this item support the achievement of the District's Education Priorities

The draft SEND Strategy (which is to be consulted upon) details the principles which will be embedded in everything we do for children and young people with SEND and their families throughout the Bradford local area; and clearly identifies seven key priorities:

1. Engagement, collaboration and consultation
2. Embed the SEND Code of Practice
3. Development of provision and services
4. Quality and effectiveness of provision
5. Smooth and effective transitions
6. Leadership, governance and accountability
7. Joint commissioning

The principles we have established are inextricably linked to the priorities of the Bradford Children, Young People and Families Plan 2017 – 2020

- A great start and good schools for all our children
- Safe, clean and active communities
- Better skills, more good jobs and a growing economy
- Better health, better lives
- Decent homes that people can afford to live in

Recommendations

The Schools Forum is asked to consider and to note the information provided in this report.

List of Supporting Appendices / Papers (where applicable)

Behaviour Continuum – Appendix 1 to be tabled at the meeting.

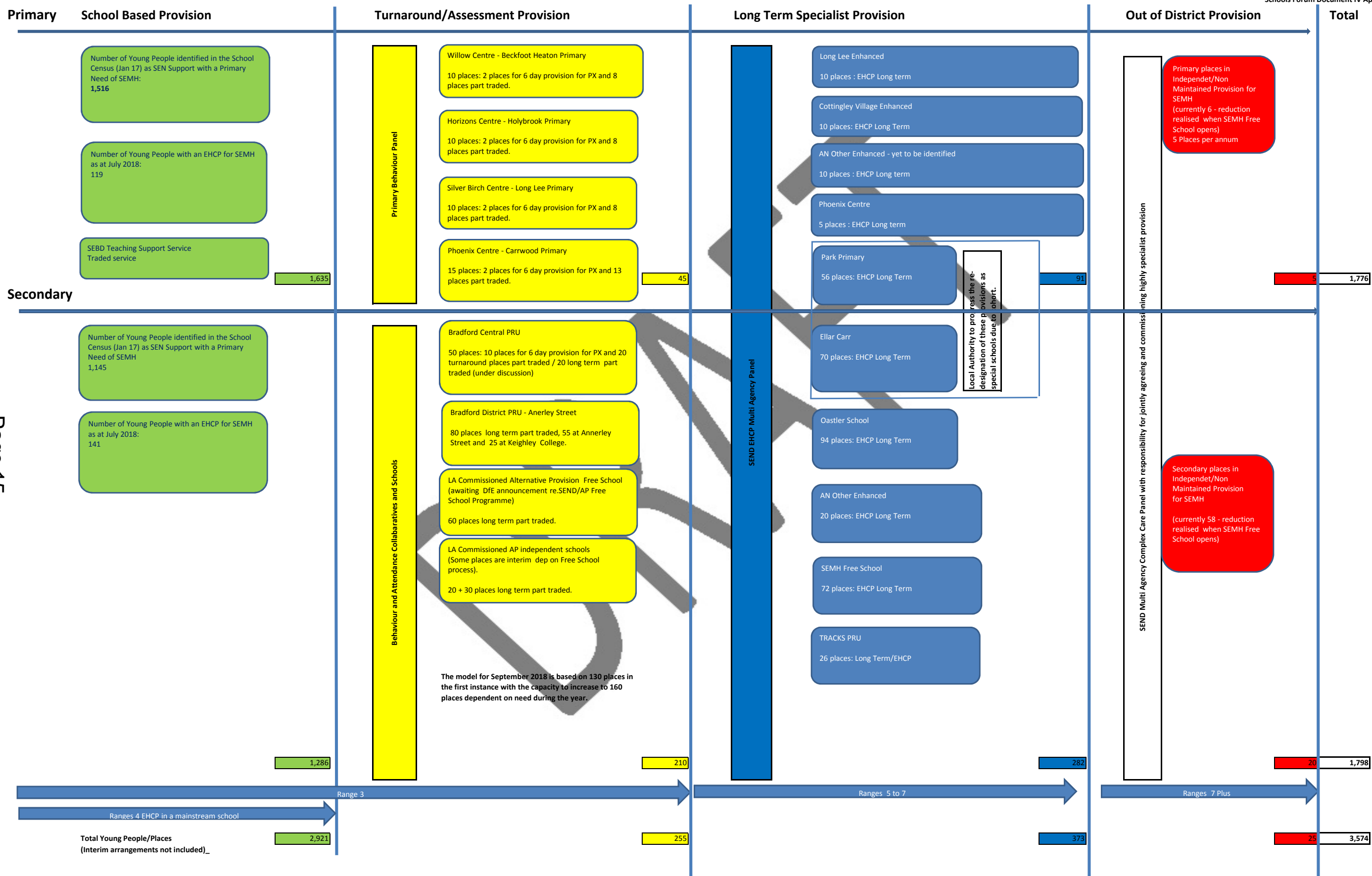
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Proposed and Interim Primary and Secondary SEMH Continuum of Provision in Bradford



Local Authority to process the re-designation of these provisions as special schools due to cohort.

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SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report provides an update on the Forum’s membership composition.

Date (s) of any Previous Discussion at the Forum

The Forum's Conduct of Meetings document and membership arrangements are subject to annual review. Members agreed arrangements for the 2017/ 2018 academic year at the meeting held on 5 July 2017.

Background / Context

Accompanying the changes in the national funding system, the Government revised the Schools Forum Regulations. These came into force on 1 October 2012. Although much of the detail on how Forums operate is still left for local decision, the revised Regulations required some significant changes, including publicly accessible meetings, for Forum papers to be published and for decisions to be taken on formula funding and on de-delegated DSG funds on a phase by phase basis. Non schools members are also not permitted to take part in decision making on formula funding.

Within good practice guidance, the DfE has stressed to authorities that it is essential that Forum membership arrangements keep pace with the changing landscape, in particular the conversion of maintained schools to academy status. The Authority must consider annually how best to provide for responsive arrangements, to ensure the Forum remains representative and to avoid any unintended bias towards any one phase, whilst continuing to ensure stability of membership and effective decision making.

A report was presented to the Schools Forum on 21 September 2016, which proposed an ‘interim solution’ for membership for the 2016/17 academic year during the period in which we saw a large number of schools converting to academy status in Bradford. The Schools Forum, in July 2017, then agreed the Authority’s proposal for the re-alignment of Forum membership between sectors. The membership composition of the Schools Forum has not been formally reviewed since.

There is still some fluidity in the numbers of maintained schools and academies in the District and continued progression in the conversion of maintained schools. We currently forecast that up to 20 schools may convert during 2018.

Details of the Item for Consideration

Appendix 1 summarises the current membership of the Schools Forum.

The Authority’s calculation confirms that our Schools’ and Academy members’ composition should not be adjusted further at this time; the split of maintained and academies membership is in line with pupil numbers, where the calculation of pupil numbers incorporates a forecast of academy conversions to take place during 2018.

Therefore, of the 27 Schools and Academy members, 14 should continue to be from maintained schools and 13 from academies. Please note that, of the 2 academy memberships that are currently vacant, 1 of these is specifically set aside, as agreed, to be taken by a representative of alternative provision academies. We anticipate that we will have an alternative provision academy established during 2018 and the Regulations require that specific membership is given to this sector.

Please note that the Authority does not propose at this stage to alter the composition of non-schools members. It is anticipated that review will take place as and when direction comes from the DfE on Schools Forum composition, which is expected in the light of national funding formula and the changing role of Schools Forums.

The DfE has not yet announced any directed changes in the operation / composition of Schools Forums for 2019/20.

How does this item support the achievement of the District's Education Priorities

The Schools Forum has a key part to play in the way that resources for education, through the DSG, are allocated. It is essential that the Forum is representative of all settings that will be affected its recommendations and decisions.

Implications for the Dedicated Schools Grant (DSG) (if any)

No direct implications

Recommendations

The Schools Forum is asked to consider and to note the information provided.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Schools Forum Membership June 2018

Contact Officer (name, telephone number and email address)

Andrew Redding, Business Advisor (Schools), School Funding Team
01274 432678
andrew.redding@bradford.gov.uk

Current Schools Forum Membership (35 Members)

Document IW Appendix 1

| | Member | Type | Substitute |
|--|-----------------------------|------------|--------------------------------|
| <u>SCHOOLS AND ACADEMIES MEMBERS (27)</u> | | | |
| MAINTAINED SCHOOLS (14) | | | |
| Nursery Headteachers (1) | Sally Stoker | Community | Anne-Marie Merifield |
| Nursery Governors (1) | Ray Tate | Community | |
| PRUs Representative (1) | Trevor Loft | Community | |
| Maintained Primary Headteachers (5) | Bryan Harrison | Community | |
| | Dianne Richardson (Chair) | Community | |
| | Graham Swinbourne | Community | |
| | Nicky Kilvington | Community | |
| | Nigel Cooper | Community | |
| Maintained Primary Governors (2) | Emma Ockerby | Foundation | |
| | Sami Harz | Community | |
| | Tahir Jamil | Community | |
| Maintained Secondary Heads (1) | Ian Morrel (Vice Chair) | Community | |
| Maintained Secondary Governors (1) | Vacant | | |
| Maintained Special Headteacher (1) | Sue Haithwaite | Community | Sally Joy Tricia Pearson |
| Maintained Special Governor (1) | Brent Fitzpatrick MBE | Community | |
| ACADEMIES (13) | | | |
| | Ashley Reed | Academy | Jane Tiller |
| | Deborah Howarth | Academy | |
| | Dominic Wall | Academy | |
| | Gill Holland | Academy | |
| | Helen Williams | Academy | Alison Kaye |
| | Kevin Holland | Academy | |
| | Mary Copeland | Academy | |
| | Maureen Cairns | Academy | |
| | Sir Nick Weller | Academy | |
| | Tehmina Hasmi | Academy | |
| | Wahid Zaman | Academy | |
| | Vacant | Academy | |
| | Vacant (held for AP member) | Academy | |
| <u>NON - SCHOOLS MEMBERS (8)</u> | | | |
| Roman Catholic Diocese | Vacant | | |
| Church of England Diocese | Vacant | | |
| Council for Mosques | Vacant | | |
| Officer for Vulnerable Pupils | Vacant | | |
| Trade Unions - Teaching | Ian Murch | | Irene Docherty |
| Trade Unions - Non-Teaching | Donna Willoughby | | Julie Horbury / Adele Robinson |
| Early Years PVI Providers | Vivienne Robinson | | |
| Post 16 (High Needs) Providers | Anthony Smith | | Nav Chohan |
| <u>OBSERVERS (1)</u> | | | |
| ESFA | To be named by the ESFA | | |

% Schools Members

77%

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2019/20 DSG & Future National Funding Formula Developments

This is a very simple briefing note (avoiding technical detail and complication), which has been written following our attendance at a DfE policy session held on 18 June. This briefing is written in advance of the more detail operational guidance and DSG allocation information for 2019/20 that is now expected to be published later in July 2018.

1) National Funding Formula (NFF) Medium Term Future Policy Development - Timing and Direction from April 2020

- a. There appears to be some confusion on what has been previously said / understood about the timing of the move to a 'hard' NFF within the Schools Block at April 2020. Local authorities have understood that hard NFF will come in at April 2020. However, the DfE is saying now that this has never been explicitly stated. Prior to firmer announcements expected later in July 2018, about timing and future development of NFF, it appears from the language being used informally by the DfE that a move to a hard NFF is unlikely to take place at April 2020. The Local Authority may continue to have Schools Block formula responsibility for longer than has been previously expected.
- b. There also appears still to be a great deal of uncertainty about the future direction of NFF and the speed of progress to the implementation of the 'end product' after April 2020. The DfE's representative (at the session attended on 18 June) stressed that policy direction and values of DSG funding cannot be set out until after the autumn 2019 spending review at the earliest (stressing that NFF policy direction will be influenced by the amount of money available to spend on education and this is uncertain).
- c. So it is unlikely that we will have firm answers quickly about key issues, such as when the increase in the Authority's High Needs Block will be fully realised and what the value of any minimum funding guarantee protection for primary and secondary school will continue to be. The DfE still indicates that the position of the 50% historic protection element of the High Needs Block (the bit that means £7.5m of our growth is not allocated) will not be reviewed for another 3 financial years. The DfE's representative could give no information about the future policy direction of early years funding or nursery schools (whether nursery schools will be protected after 2019/20). The 2019/20 operational guidance for early years will be published in November 2018.
- d. NFF Schools Block formula development work is currently taking place in some targeted areas with some changes anticipated to be implemented for the 2019/20 DSG round but some taking longer to progress. The DfE referred to the following areas:
 - i. Growth Funding for expanding schools (expected change in 2019/20)
 - ii. Education in Hospital funding (expected change in 2019/20 but subject to completion of a consultation in autumn 2018)
 - iii. Pupil Mobility (no change though in 2019/20, expected in 2020/21)
 - iv. BSF / PFI (no change though in 2019/20, uncertain when change may be implemented)
- e. The DfE's representative stated very clearly that the DfE has no intention to change current de-delegation arrangements at April 2020 (there had been a suggestion that de-delegation as a way of financing certain services for maintained schools would not be permitted after 2019/20).
- f. Work to better 'describe' SEND needs, responsibilities and costs is continuing and this work will influence future policy on high needs funding and 'notional SEND' replacement. There is no timescale currently for the release of further information about policy development in this area. There won't be any response to this work within the 2019/20 arrangements.

- g. The Schools Financial Value Standard for maintained schools is set to be revised for April 2019 (for reporting at March 2020). A voluntary standard is set to come in for academies in autumn 2018.

2) 2019/20 DSG Arrangements

- a. No major changes are expected from what has already been announced for 2019/20.
- b. More substantial of the 'minor' material changes that will affect Bradford (there are some other minor changes that would not affect Bradford) are:
 - i. Growth Funding in the Schools Block (at DSG not individual school level) allocated via a new 'lagged proxy' formula rather than using historic spend.
 - ii. Education in Hospital funding in the High Needs Block allocated via a new formula rather than a lump sum based on historic spend.
 - iii. The introduction of an optional 1% 17/18 NFF floor for primary and secondary schools, which will allow authorities if they wish to guarantee all schools and academies a 1% per pupil increase on the DfE's published 2017/18 NFF baselines.
 - iv. Continued 100% funding in the Central Schools Services Block of historic commitments (previously it was expected that historic commitments funding would start to reduce / cease in 2019/20).
 - v. A minor change to the NFF variable value for low attainment in the primary sector.
- c. Data used to calculate High Needs Block funding (proxy measures) will be updated where it can be. As we are on the gains cap in the High Needs Block this is unlikely to affect our allocation in 2019/20. However, it may update our view about the NFF 'end product' for our high needs funding.
- d. Authorities will be permitted again to transfer monies from the Schools Block to the High Needs Block in 2019/20. The expected parameters are as in 2018/19 (up to 0.5% needs Schools Forum approval following consultation with all schools; greater than 0.5% needs Schools Forum and Secretary of State approval).
- e. Provisional DSG allocations for 2019/20 will be published later in July 2018, which will enable our formula development / affordability work to begin with more certainty leading into our consultations and discussions in the autumn term.

Forum Members are invited to attend a 'Formula Funding Working Group' session, on Monday 1 October (8am) or Tuesday 2 October (8am) or Thursday 4 October (8am). As last year, these sessions will enable Forum Members to consider in more detail the impact of formula funding decisions and to explore and guide the proposals for 2019/20 that will be set out for consultation in October.

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

To ask the Schools Forum to initially consider proposals for, and to agree for a consultation to take place with maintained schools on, the amendment of the Council's Financial Regulations for Maintained Schools and School Contract Standing Orders, and subsequent amendments to the Scheme for Financing Schools.

Date (s) of any Previous Discussion at the Forum

The Forum has been informed verbally in the last 2 meetings about the Authority's anticipated consultation on amendments to the Scheme for Financing Schools as now set out. These amendments however, have not been formally considered previously.

Background / Context

Please see Appendix 1.

Details of the Item for Consideration

Please see Appendix 1.

The Schools Finance Regulations permit the Local Authority to amend the provisions within the Scheme, subject to the approval of the Schools Forum. Provision 1.4 within the current Scheme states that, "Any proposed revisions to the Scheme will be the subject of consultation with schools maintained by the Local Authority, before the proposed revisions are submitted to the Schools Forum for their approval." Where the Schools Forum does not approve the Local Authority's proposals for amendment, the Local Authority has the right of appeal to the Secretary of State, who will make a final judgement.

If it is agreed for consultation to go ahead, the outcomes of consultation will be presented to the Schools Forum on 19 September. The Forum is asked to note that, following the Forum's discussion and decision on 19 September, the Financial Regulations for Maintained Schools and the School Contract Standing Orders will be presented to the Authority's Governance & Audit Committee. The Authority intends to implement the agreed amendments as soon as possible following the completion of the consultation and decision making processes.

Implications for the Dedicated Schools Grant (DSG) (if any)

None

Recommendations

The Schools Forum is asked to initial consider the proposed amendments set out in Document IY and to agree for a consultation to take place with maintained schools on these amendments.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Consultation of SFFS, FRfMS and SCSOs July 2018

Contact Officer (name, telephone number and email address)

Andrew Redding, Business Advisor (Schools), School Funding Team
(01274) 432678
andrew.redding@bradford.gov.uk

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July 2018

Consultation on Amendment to the Authority's Scheme for Financing Schools and Revision / Re-Issue of the Authority's Financial Regulations for Maintained Schools and Schools Contract Standing Orders

1) Introduction

- 1.1 This consultation sets out the Authority's proposals to revise and re-issue the Authority's Financing Regulations for Maintained Schools (FRfMS) and Schools Contract Standing Orders (SCSOs). As a number of the matters set out in the FRfMS and SCSOs come under the Authority's Scheme for Financing Schools (the 'Scheme'), the Authority is required to consult with maintained schools on subsequent necessary amendments to the Scheme. The Authority has taken the opportunity also to propose some additional smaller changes to the Scheme.
- 1.2 The Schools Finance Regulations permit the Local Authority to amend the provisions within the Scheme, subject to the approval of the Schools Forum. Provision 1.4 within the current Scheme states that, "Any proposed revisions to the Scheme will be the subject of consultation with schools maintained by the Local Authority, before the proposed revisions are submitted to the Schools Forum for their approval." Where the Schools Forum does not approve the Local Authority's proposals for amendment, the Local Authority has the right of appeal to the Secretary of State, who will make a final judgement.
- 1.3 The Schools Forum approved consulting with maintained schools on the proposed changes to the Scheme at its meeting on 11 July 2018. The outcomes of this consultation will be presented to the Schools Forum on 19 September. The FRfMS and SCSOs will then be presented to the Authority's Governance and Audit Committee for final decision / approval. It is anticipated that the 3 revised documents, if approved without the requirement for further consultation, will come into effect on 1 October 2018. This implementation date will change should further consultation be required.
- 1.4 The Scheme, the FRfMS and the SCSOs are documents, which overlap. To briefly explain their individual purposes:
- 1.4.1 The Scheme for Financing Schools is the over-arching statutory document, which sets out the framework for the operation of the delegation by the Local Authority of financial responsibilities to the governing bodies of schools maintained by the Local Authority. All local authorities are required to have a Scheme. The document sets out at a relatively high level the roles and responsibilities of governing bodies and the Local Authority and the powers that the Local Authority has in the management of its schools' finances. The Department for Education (DfE) provides a template on which local authorities are required to base their Schemes. This template includes certain provisions that all local authorities must write into their Schemes. Additional guidance from the DfE explains to local authorities about the flexibility they have to amend or add provisions according to local circumstances and policies. The Scheme also signposts where schools can find additional guidance and the detail of the Authority's working protocols e.g. for the control of surplus balances and the management of deficit budgets.
- 1.4.2 The Financial Regulations for Maintained Schools is the Authority's document, which sets out in more detail than in the Scheme respective responsibilities and powers in the management / delegation of financial responsibilities to maintained schools in Bradford. This document sets out the 'musts'. It forms the basis of the Authority's Guide to Financial Procedures, which is a bigger document that provides further guidance and advice to maintained schools in their financial management. Once the amendment of the FRfMS has been approved the Guide will be updated and re-published.
- 1.4.3 Schools Contract Standing Orders is the document, which sets out in more detail the requirements placed on maintained schools by the Local Authority in their procurement of contracts, goods and services. Currently, the SCSOs are incorporated into the FRfMS. The Authority now proposes, in the interests of clarity and accessibility, to establish a separate SCSOs document.

1.5 Responses to this consultation should be submitted on the form provided. Please return all responses to Andrew Redding, either electronically to andrew.redding@bradford.gov.uk or by post to School Funding Team, Britannia House, Hall Ings, Bradford, BD1 1HX. Please contact Andrew Redding on 02174 432678 with any queries. The closing date for responses to this consultation is **Monday 17 September 2017**.

2) Summary of Proposed Amendments

2.1 The proposed amendments to the 3 documents are put forward with the aims of:

- 2.1.1 Ensuring that our provisions remain accurate and refer correctly to legislation and officer posts / committee structures within the Authority.
- 2.1.2 Incorporating recent changes in requirements, including changes in legislation, since the provisions were last updated.
- 2.1.3 Responding to feedback from the Authority's Internal Audit Team on areas of weakness found in school's financial accounting and also where our current provisions would benefit from greater clarity or amendment.
- 2.1.4 More clearly setting out for schools their responsibilities in the procurement of contracts, goods and services.
- 2.1.5 More clearly signposting for schools the Authority's working protocols and additional guidance.
- 2.1.6 Expressing more clearly (but not materially altering) existing requirements placed on schools in areas where the Authority holds concern about compliance, and
- 2.1.7 Establishing new or firmer provisions (and materially altering requirements placed on schools) in areas where the Authority holds concern about compliance.

2.2 There are 3 appendices attached to this consultation introduction, which are the proposed amended documents. A summary of the proposed changes in each is given below. Please note that proposed amendments to the Scheme are highlighted in yellow within appendix 3. Due to the number of technical amendments within the FRfMS, and the establishment of a new separate SCsOs document, it is not possible (and not user friendly) to highlight the changes within these 2 documents. Please refer to the summaries below. You are encouraged to read these 2 documents in their entirety as they are relatively short.

2.3 Financial Regulations for Maintained Schools – Appendix 1

- 2.3.1 The document has been amended throughout to update references to legislation and adjusted references to Authority policies and Authority director / officer job, team and committee titles. Regulations have been re-numbered and merged in places to incorporate additions and deletions. Reference to all out of date requirements, such the requirement for an annual Best Value Statement, have been removed. References to the 'Education Client' have also been removed as this is no longer relevant.
- 2.3.2 The following provisions have been added i.e. these are not present in the current document and they add to the requirements placed on schools in their financial management:
 - 2.3.2.1 Regulation 25 – Prevention of money laundering.
 - 2.3.2.2 Regulation 26 – Value Added Tax (VAT).
 - 2.3.2.3 Regulation 27 – School Companies.
 - 2.3.2.4 Regulation 28 – Partnerships and Joint Ventures.

2.3.2.5 Regulation 29 – Proposals to Transfer Services to an External Provider.

2.3.3 The following provisions are already contained within the current document in some form, but have either been materially amended i.e. they add to or alter the requirements placed on schools, or have been substantially re-written to improve clarity:

2.3.3.1 Regulation 1 – Application. Paragraph 1.4 (clarification that the Governing Body can delegate some but not all powers to the Headteacher). Paragraph 1.7 (added that exceptions to the FRfMS must be reported to the Governance and Audit Committee annually).

2.3.3.2 Regulation 2 – Financial Controls and Procedures. Paragraph 2.1 (added that school staff must comply with the Governing Body's accounting and financial systems).

2.3.3.3 Regulation 4 – Provision of Financial Information and Reports. Paragraph 4.4 (added that Governing Bodies must comply with the Schools Financial Value Standard). Paragraph 4.5 (added that Governing Bodies must comply with additional reporting requirements set by the DfE).

2.3.3.4 Regulation 5 – School Staff Remuneration. Paragraph 5.1 (added the requirement for all payments to workers to comply with IR35 regulations).

2.3.3.5 Regulation 6 – Cash, Banking and Investments. Paragraph 6.1 (amended simply to match the existing provisions of the Scheme for Financing Schools, which control school banking and investment arrangements). Paragraph 6.2 (added simply to reflect the requirement to report banking arrangements that are already set out in the Authority's annual financial year-end guidance).

2.3.3.6 Regulation 7 – Borrowing Arrangements. All paragraphs have been amended to provide more clarity on the definition of leases and hire purchase agreements. Paragraph 7.5 (added the requirement that schools obtain legal advice before entering into leases to ensure they do not enter inadvertently into finance leases).

2.3.3.7 Regulation 9 – Expenditure Requirements. Paragraph 9.4 (amended to clarify the Headteacher's responsibility to report concerns to the S151 Officer (which is the Council's Chief Financial Officer)).

2.3.3.8 Regulation 12 – Income Arrangements. Paragraphs have been updated to better cover the issues that the Governing Body must consider in the provision of external services and the requirements of such contracts to be in writing. Paragraph 12.5 (added a provision regarding credit notes). Paragraph 12.6 (amended the provision on the authorisation of debt write-off).

2.3.3.9 Regulations 13 - Review of Fees, Charges, Remissions and Use of Premises (amended to be clearer about the requirement for annual review).

2.3.3.10 Regulations 15 & 16 – Management of Assets. Paragraph 15.2 (added a reference to attractive and portable items). Paragraph 16.1 (added the requirement to arrange the safekeeping of private property).

2.3.3.11 Regulation 17 – Private Funds and Community Facilities (removed the requirement to have funds relating to community facilities held separately, reflecting the already adjusted DfE directed provisions of the Scheme for Financing Schools).

2.3.3.12 Regulation 18 – Information Management (added reference to the SIRO and the IAO).

2.3.3.13 Regulation 19 – Contracting Arrangements (Schools Contract Standing Orders has become a separate document so this provision now refers only to this document. The numerous individual provisions on SCSOs in the current FRfMS have been deleted).

2.3.3.14 Regulation 23 – Public Accountability Requirements. Paragraph 23.5 (amended to reflect current DfE requirements for the registration of interests and the publication of these). Paragraph 23.6 (added the requirement for the reporting of the suspicion of or known financial irregularity or loss to the Authority's Corporate Fraud Unit).

2.4 Schools Contract Standing Orders – Appendix 2

- 2.4.1 The Schools Contract Standing Orders were previously included within the Financial Regulations for Maintained Schools. The Authority proposes now to separate these into a separate document.
- 2.4.2 The proposed re-issued version of the SCSOs, at Appendix 2, includes a substantial amount of non-material technical change, in particular to update references to legislation and Authority committees but also to improve clarity. The proposed SCSOs have been written in a format that is more in line with the Standing Orders used by the Authority.
- 2.4.3 The most significant amendment that is proposed is to increase the threshold above which 4 written quotations are required to be sought; from £4,000 to £10,000 (paragraph 6). This is proposed with specific reference to feedback from Internal Audit around enforcement and compliance, recognising that the current £4,000 threshold has not been uplifted for some time. Under the proposals, schools would be required to seek 4 written quotations where goods and services have a value between £10,000 and £75,000. Schools must still be able to demonstrate best value for money on purchases below £10,000 and this may include still seeking written quotations.
- 2.4.4 The proposed re-draft of the SCSOs removes all references to selective tendering, or an expectation regarding the use of Council approved supplier lists, as this is no longer permitted.
- 2.4.5 The proposed re-draft also is written to encourage schools to use the Authority's existing contract templates (for specifying contract conditions; paragraph 17) and to emphasise the requirements placed on schools to comply with IR 35 Regulations where contracts include payments for professional services (paragraph 16).

2.5 Scheme for Financing Schools – Appendix 3

- 2.5.1 The Scheme was most recently re-issued at 1 April 2018 to incorporate revisions directed by the Department for Education. The Authority took the opportunity to amend the document at this time to ensure that references to legislation and Authority officer / director titles remain accurate.
- 2.5.2 Amendments that are now proposed to the 1 April 2018 Scheme are highlighted in yellow in Appendix 3. A yellow highlight in the list of contents at the beginning of the document signposts that the provision is proposed to be amended. Where the proposed amendment represents a material change the provision the title of the paragraph and the change itself are highlighted in yellow. Where the adjustment is only technical or only for the purposes of clarity only the change itself is highlighted in yellow. However, the changes are also set out below.
- 2.5.3 The following Scheme provisions are proposed to be materially amended i.e. they add to or amend the requirements placed on schools, or advice to schools, in their financial management:
- 2.5.3.1 Provision 2.1.6: The value limit of debt write off is clarified to be £500 and the provision set in the Financial Regulations for Maintained Schools for the authorisation of the write off of a value greater than £500, by the Council's Chief Financial Officer, has been transferred into the Scheme.
- 2.5.3.2 Provisions 2.11 and 8.3: The Authority proposes to clarify that the notice period that schools should give in ceasing contracts or SLAs with the Authority should be 3 months where the contract does not specify. The date of 31 March for the establishment of SLAs for the next financial year / 31 August for the next academic year has also been clarified within the Scheme.
- 2.5.3.3 Provision 2.12: The Authority proposes an amendment to directly replicate the DfE's template to state that balances remaining from central earmarked funds specifically allocated to the school by the Authority *will* be recovered from schools rather than *may* be recovered.
- 2.5.3.4 Provision 3.5.1: The requirement for schools to have between 3 and 5 bank signatories has been copied across from the Guide to Financial Procedures to the Scheme, for the purposes of clarity. The Authority proposes to be clearer in the Scheme that only employees either of the school or the

Authority can be bank signatories. Governors, for example, that are not employees of the school or the Authority cannot be bank signatories.

- 2.5.3.5 Provision 4.10: The reference specifically to capital loans for solar panels has been removed. Although loans from the Authority for solar panels are still permitted, the Authority would now expect schools to use the Salix route.
- 2.5.3.6 Provision 10.4: A paragraph has been added to clarify the restrictions on the advice that the Authority's Legal Team can provide to schools, where there would be a conflict of interest, and on issues related to exclusions, admissions and SEND. This provision is proposed to be added into the Scheme following growing numbers of requests from schools for advice that the Legal Team are not in a position to provide.
- 2.5.4 The following provisions are proposed to be amended. However, these do not materially alter the requirements placed on schools, or the advice to schools:
- 2.5.4.1 Provision 1.2: This provision now references the separate Schools Contract Standing Orders document (as do provisions 2.1.1, 2.1.3, 2.4 and 2.10). Provision 1.2 has been amended also to add clearer signposting of additional existing governing protocols and the Financial Regulations for Maintained Schools, providing hyperlinks to webpages on Bradford Schools Online.
- 2.5.4.2 Provision 2.10: The provision in the current Scheme sets out a number of bullet points on contracting and purchasing requirements that are lifted directly from the DfE's Scheme template. On review, and responding to the feedback that these bullet points cause confusion, it is proposed to remove them. This in itself does not materially alter the requirements on schools or advice to schools; the bullet points set out only what the DfE says the Scheme cannot do in terms of placing requirements on schools. As our SCSOs (appendix 2) comply already, it is not necessary to state these 'do not's' within our Scheme and it is expected that this will help clarify the procurement requirements placed on schools.
- 2.5.4.3 Provision 4.9: The Scheme now has clearer signposting of the Authority's existing governing protocol for the management of deficit budgets and clarification (written into this protocol already) that deficits can only be authorised by the Council's Chief Financial Officer or his / her representative.

Consultation on Amendment to the Authority's Scheme for Financing Schools and Revision / Re-Issue of the Authority's Financial Regulations for Maintained Schools and Schools Contract Standing Orders

The closing date for responses to this consultation is **Monday 17 September 2018**

School _____

Contact _____

1) Do you agree with the amendments proposed to the Financial Regulations for Maintained Schools?

Yes

No

If you do not agree with the amendments please specify below which of the amendments you do not agree with and why

Additional Comments

2) Do you agree with the amendments proposed to the Schools Contract Standing Orders?

Yes

No

If you do not agree with the amendments please specify below which of the amendments you do not agree with and why

Additional Comments

3) Do you agree with the amendments proposed to the Scheme for Financing Schools?

Yes

No

If you do not agree with the amendments please specify below which of the amendments you do not agree with and why

Additional Comments

Please return all responses to Andrew Redding, either electronically to andrew.redding@bradford.gov.uk or by post to School Funding Team, 1st Floor Britannia House, Hall Ings, Bradford, BD1 1HX. Please contact Andrew Redding on 02174 432678 with any queries.

SCHEME

FOR

FINANCING SCHOOLS

CONSULTATION DRAFT JULY 2018
(APPENDIX 3)

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SECTION 1

1.1 The Funding Framework

The funding framework is based on the legislative provisions in sections 45-51 of the School Standards and Framework (SSAF) Act 1998.

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

Local authorities must distribute the ISB amongst its 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 this Scheme made by the Authority in accordance with s.48 of the Act and regulations made under that section. All proposals to revise the Scheme must be approved by the Schools Forum, though the authority may apply to the Secretary of State for approval in the event of the Forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the Scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school* and for any additional purposes prescribed by the Secretary of State in regulations made under S.50 of the Act. (* Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

Funds devolved and delegated (whether under Section 50 or otherwise) to the School's Governing Body by the Local Authority remain the property of the Local Authority until spent by the Governing Body or the Headteacher; and when spent by the Governing Body or the Headteacher shall be taken to be spent by them as the Authority's agent.

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

The Secretary of State may direct a local authority to provide information about its planned and actual expenditure in connection with its education funds. The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State. Each year the Authority publishes 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. The Authority also publishes a statement showing out-turn expenditure at

both central level and for each school, and the balances held in respect of each school.

Regulations 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.

Section 48 (3) of the SSFA 1998 provides that where there is any inconsistency between the Scheme maintained by the Local Authority and any other rules or regulations made by the Authority, which relate to the funding or financial management of schools they maintain, the terms of the Scheme shall prevail.

1.2 The role of the Scheme

The Scheme provides for the delegation of financial and managerial responsibility to Governing Bodies of schools and describes the regulations and conditions to which Governing Bodies should adhere, in order to remain accountable to the public and the Authority.

The Scheme is based on the following principles:-

- (i) That responsibilities should be aligned with funding, so that both schools and the Local Authority are held to account for their performance in spending public money,
- (ii) That the optimum level of delegation of financial and managerial responsibilities to Governing Bodies should be achieved,
- (iii) That Governing Bodies should be allowed the maximum amount of freedom in determining the financial and managerial policies for their schools consistent within the framework of this Scheme, the Financial Regulations for Maintained Schools, the Guide to Financial Procedures in Schools, and Schools Contract Standing Orders,
- (iv) That the process for allocating resources to schools should be transparent and aim for an equitable distribution related to the needs of pupils,
- (v) That the Scheme should aim to enhance the teaching and learning process in each school, in order to meet the needs of the pupils.

The Scheme in places refers to separate documents, which set out in more detail certain aspects of financial responsibilities and good practice guidance.

The Financial Regulations for Maintained Schools, Schools Contract Standing Orders, and Guide to Financial Procedures can be access [here](#).

The Local Authority's Surplus Balances Protocol and Deficit Budget Protocol can be found [here](#).

1.2.1 Application of the Scheme to the Authority and maintained schools

The Scheme applies in respect of all community, nursery, voluntary, foundation (including trust), community or foundation special schools and pupil referral units (PRUs) maintained by the Authority. The schools covered by this Scheme are listed in Annex A.

1.3 Publication of the Scheme

A copy of the Scheme is available on our [public website](#)

1.4 Revision of the Scheme

Any proposed revisions to the Scheme will be the subject of consultation with schools, the Headteacher and the Governing Body of each school, maintained by the Local Authority, before the proposed revisions are submitted to the Schools Forum for their approval. All proposed revisions must be submitted to the Schools Forum for approval by members of Forum representing maintained schools.

Approved revisions will be notified to the Headteacher and Governing Body of each school.

1.5 Delegation of powers to the Headteacher

The Governing Body should consider the extent to which it wishes to delegate its financial powers to the Headteacher. Where such delegation is agreed, the decision (and any revisions) should be recorded in the minutes of the Governing Body.

The responsibilities of the Headteacher and Governing Body in respect of the annual budget plan are that 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 the Authority maintains schools is through the funding system put in place under sections 45 to 51 of the School Standards and Framework Act 1998.

SECTION 2: FINANCIAL REQUIREMENTS

2.1.1 Application of financial controls to schools

All 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 this Scheme but also those requirements which are contained in the Financial Regulations for Maintained Schools, the Guide to Financial Procedures in Schools **and Schools Contract Standing Orders**.

2.1.2 Provision of financial information and reports

Schools are required to provide to the Director of Children's Services or his/her nominee, quarterly monitoring reports and bank account reports, in formats determined by the Local Authority and in accordance with the following timetable:

Quarter One

- Budget monitor report with projected year end out-turn forecast
 - Bank account receipts and payments for the period April - June with bank account reconciliation as at 30 June
- by 31 July

Quarter Two

- Budget monitor report with projected year end out-turn forecast
 - Bank account receipts and payments for the period July - September with bank account reconciliation as at 30 September
- by 31 October

Quarter Three

- Budget monitor report with projected year end out-turn forecast
 - Bank account receipts and payments for the period October - December with bank account reconciliation as at 31 December
- by 31 January

Quarter Four

- Budget out-turn report with actual income and expenditure (ie including accruals)
 - Bank account income and expenditure for the period January - March with bank account reconciliation as at 31st March
- by 30 April *
- (* date set annually in the Authority's year end closure guidance)

VAT returns

Monthly

However, the above timetable can vary if the Authority notifies the schools in writing, that in its view the school's financial position requires more frequent submission e.g. the school is in its first year of operation or the school is due to close.

The restriction to a minimum 3 month interval does not apply to schools which are part of an on-line financial accounting system operated by the Local Authority.

2.1.3 Payment of salaries; payment of bills

The Governing Body is responsible for ensuring that secure and efficient systems are in place to administer the systems for payment of invoices and making payments to staff, in accordance with the requirements and guidance given in Financial Regulations for Maintained Schools, the Guide to Financial Procedures in Schools **and Schools Contract Standing Orders**. Payments to workers must comply with IR35 Regulations.

2.1.4 Control of assets

The governing body must ensure that an inventory of plant, equipment, computer hardware and furniture is kept in accordance with the requirements of Financial Regulations for Maintained Schools and the guidance included within the Guide to Financial Procedure in Schools. However, the Governing Body is free to determine their own arrangements for keeping an inventory for items below £1,000. A register must be kept in some form.

2.1.5 Accounting Policies (including year-end procedures)

The Chief Financial Officer is responsible for approving and controlling Council-wide accounting and financial systems. Schools must abide by the procedures issued by him/her as regards all accounting policies and procedures, including the in-year maintenance of accounts and the preparation of year-end accounts.

2.1.6 Writing off of debts

The Governing Body may write-off debts up to the value limit defined in the Financial Regulations for Maintained Schools and in accordance with the procedures set out in the Guide to Financial Procedures in Schools. The value limit is currently £500 and is subject to periodic review.

Debts over £500 may only be written off by the Council's Chief Financial Officer when evidence is provided that the school's debt recovery procedures have been followed and the debt is deemed to be irrecoverable by the Council's Chief Financial Officer.

2.2 Basis of accounting

All financial reports furnished by the Governing Body to the Local Authority must be on an accruals basis.

2.3 Submission of budget plans

Schools must submit to the Local Authority, an annual budget approved by the Governing Body by 15 May each year. The desirable format for the submission of the budget plan should, as far as possible, take account of the Consistent Financial Reporting framework. Schools must also submit draft "3 year" budgets detailing their provisional budget plan for the following 2 financial years, in a format prescribed by the Local Authority, by 30 June. Schools are required to take full account of estimated deficits and surpluses, at the previous 31 March, in this budget plan.

The Local Authority will provide to schools all the income and expenditure data it holds which is necessary to facilitate efficient planning by schools, and supply schools with an annual statement showing when this information will be available at times through the year.

2.3.1 Submission of Financial Forecasts

The Authority may require schools to submit a financial forecast covering each year of a multi-year period.

2.4 Efficiency and Value for Money

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements detailed in [Schools Contract Standing Orders](#).

It is for heads and governors to determine at school level how to secure better value for money.

2.5 Virement

Schools may vire freely between budget headings in the expenditure of their budget shares. Where a school has opted for its budget share to be paid into the school bank account net of staffing costs, then it must notify the Director of Children's Services of virements between staffing and non-staffing vote headings, to ensure that correct instalments are advanced into its bank account.

2.6 Audit: General

All funds delegated to schools by the Local Authority under this Scheme, and including any other Authority or associated funds generated by the school in support of the general provision of education, are subject to the internal audit arrangements of the Authority.

Similarly, the Authority's external auditors will also be responsible for certification of school accounts and financial arrangements as part of the Authority's annual statutory accounts audit. Additionally, the external auditor may from time to time be required to undertake other audit work involving access to schools.

Schools are required to co-operate with any reasonable and legitimate request for access to records or information made by the Authority's internal and external auditors.

2.7 Separate external audits

A Governing Body may spend funds from its budget share to obtain external audit certification of its school accounts.

Such an external audit will be additional to, and separate from, the requirements of the Local Authority's internal and external audit arrangements and will not be a substitute for these.

The Local Authority will be entitled to request from the Governing Body a copy of any separate external audit certificate and/or report issued.

2.8 Audit of voluntary and private funds

A Governing Body must provide audit certificates in respect of voluntary and private funds which it holds and of the accounts of any trading organisation controlled by the school, in accordance with the procedures detailed in the Guide to Financial Procedures for Schools.

2.9 Register of business interests

The Governing Body of each school must establish a register, which lists for each member of the Governing Body and the Headteacher:

- (i) Any business interests they or any members of their immediate family have;
- (ii) Details of any other educational establishments that they govern;
- (iii) Any relationships between school staff and members of the governing body

The Governing Body must:

- (i) Ensure that the register is kept up to date with notification of changes and through annual review of entries
- (ii) Make the register available for inspection by governors, staff and parents, and the authority

- (iii) Publish the register, for example, on a publicly accessible website.

2.10 Purchasing, tendering and contracting requirements

Governing Bodies must abide by the Schools Contract Standing Orders in all purchasing, tendering and contracting matters.

2.11 Application of contracts to schools

Governing Bodies have the right to opt out of contracts arranged by the Authority provided that notice is given in accordance with the contract terms and, where no notice period is set out, no less than 3 months notice should be given.

Although governing bodies are empowered under paragraph 3 of schedule 1 of the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the Local Authority 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 Local Authority may, under appropriate circumstances, make sums available to schools from central funds, in the form of allocations which are additional to, and separate from, the schools' budget shares. These allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used. Whilst schools may be allowed to vire such funds (except, of course, where the funding is supported by a specific grant which the Local Authority itself is not permitted to vire), virement will not be made to the point of assimilating these allocations into the schools budget share.

It is a requirement that such earmarked funding from centrally retained funds is spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not vired into the schools budget share. The Governing Body of each school will maintain an accounting mechanism in order to demonstrate that this requirement has been complied with.

Where a school does not fully spend earmarked funds in-year, or within the prescribed period, the Local Authority will ask for the unspent balance to be refunded.

The Local Authority will not make any deduction, in respect of interest costs to the Local Authority, from payments to schools of devolved specific or special grant.

2.13 Spending for the purposes of the school

By virtue of section 50(3A), which came into force on 1 April 2011, but subject to regulations made by the Secretary of State and any provisions of the Scheme, 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 purposes of the school.

2.14 Capital spending from budget shares

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

The Council's definition of capital expenditure is where the total expenditure for a single project or Scheme is at least £10,000. Anything below £10,000 is defined as revenue expenditure.

If the expected capital expenditure from the budget share in any one year will exceed £15,000, the Governing Body must notify the Local Authority and the Governing Body must take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure.

If the premises are owned by the Local Authority or the school has voluntary controlled status then the Governing Body should seek the consent of the Local Authority to the proposed works, but such consent can only be withheld on health and safety grounds.

2.15 Notice of Concern

The Local Authority may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Chief Financial Officer and the Director of Children's Services, the school has failed to comply with any provisions of the Scheme, or where actions need to be taken to safeguard the financial position of the Local Authority or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the Governing Body restrictions, limitation 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 restriction 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 the Local Authority's financial management systems; and
- imposing restrictions or limitation on the manner in which a school manages extended school activity funded from within its delegated budget share – for example, by requiring a school to submit income projections and / or financial monitoring reports on such activities.

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

Where the Governing Body has complied with the requirements of a notice of concern the notice will be withdrawn.

2.16 Schools Financial Value Standard

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

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

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

All maintained schools with a delegated budget must submit the form to the Local Authority annually before 31 March.

2.17 Fraud

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

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

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

3.1 Frequency of instalments

The Budget Share will be made available to schools on a monthly basis according to the following profile:

- an initial advance on 1 April
- 11 monthly instalments from April to February
- a final instalment in March from which the amount advanced on 1 April is deducted.

The date on which instalments are advanced each month will be the same for all schools and will include monthly reimbursements of net VAT expenditure incurred by schools. For the purposes of this section, Budget Share includes any place-led funding for special schools or pupil referral units. Top up payments for pupils with high needs are made on a monthly basis, unless alternative arrangements have been agreed with the provider.

3.2 Proportion of the budget share payable at each instalment

Schools will have the option of payment of budget share into their bank accounts:

- either net of staffing costs
- or the total budget share

In both cases, the amount paid each month will be 1/12 of the annual sum advanced (after allowing for the initial advance on 1 April as shown in section 3.1. above)

Where budget shares are advanced net of staffing costs, the schools' annual budget (see section 2.3) and any subsequent in-year revisions to the budget (see section 2.5) will be used to determine those amounts of budget shares held centrally for staffing, and those amounts payable into schools' bank accounts in equal monthly instalments.

A school wishing to change its option of payment of budget share may only do so from the beginning of a financial year and must notify the Local Authority in writing by 1 January.

Where a school wishes to receive its total budget share, but where the Authority is administering payroll for that school, then the LA will advise the school of the arrangements which need to be put in place and ask the school whether it needs to take up this option.

3.3 Interest clawback

The Chief Financial Officer will charge interest on those elements of advances of budget share which relate to pay costs in cases where these are advanced to schools earlier than the Local Authority's normal dates for paying employees. Interest will be calculated on a daily basis and charged at the Bank of England Base Rate plus 1%.

The same rate of interest will be charged to schools:-

- where schools ask for advances of budget share in advance of the standard timetable as outlined in section 3.2,
- where the Authority is administering payroll for the school and the school is late in making payment.

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 Local Authority error. Interest will be calculated on a daily basis and paid at the Bank of England Base Rate plus 1%.

3.4 Budget shares for closing schools

Where approval for the closure of a school has been secured, the Local Authority may determine that budget shares will only be made available net of estimated pay costs, even where a different basis was previously used.

3.5 Bank and building society accounts

Schools are allowed to have external bank accounts into which their budget share instalments are paid. All interest received by schools from balances held in these accounts will be retained by schools.

Where a school opens an external bank account the Local Authority will, if the school desires, transfer immediately to the account an amount agreed by both the school and Local Authority as the estimated surplus balance held by the Local 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 are permitted only to hold school budget funds with Barclays, HSBC, Lloyds TSB and RBS (Nat West). Schools that, at 1 October 2012, did not hold school budget funds with RBS (Nat West) are not permitted to hold school budget funds with this bank.

In investing school budgets funds e.g. in deposit accounts, the maximum permitted period of investment is 1 year.

Schools are permitted 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 must 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.

Schools must nominate at least 3 and at most 5 people to be authorised signatories, of which two will normally be the Headteacher and Deputy Headteacher. Authorised signatories must be employees either of the Local Authority or the school.

3.6 Borrowing by schools

This provision does not apply to loan Schemes run by the Authority (see section 4.9).

Governing Bodies may borrow money only with the written permission of the Secretary of State. Borrowing includes the use of finance leases, which are not allowable, with the exception of certain schemes approved by the Secretary of State (currently only Salix loans have such approval).

Schools can use both debit cards and credit cards provided the balance is cleared each month. Schools are encouraged to use procurement cards, as these cards can be a useful means of facilitating electronic purchase.

3.7 Other provisions

Detailed guidance about the administrative procedures for operating external bank accounts is included in the Guide to Financial Procedures in Schools.

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

4.1 Right to carry forward surplus balances

At the end of each financial year, where any school has a surplus balance, this will be carried forward and added to the budget share for the following financial year. A school's opening balance at 1 April will equal its closing balance at 31 March the previous year.

4.2 Control on surplus balances

Schools must comply with the requirements for the reporting of surplus balances, outlined in detail in the [Authority's School Surplus Balances Protocol](#). The carry forward of surplus revenue balances into the next financial year is restricted by the provisions outlined in this Protocol. The Local Authority will consult with the Schools Forum and schools on proposed changes to the Protocol before these are implemented. The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority.

4.3 Interest on surplus balances

The Authority will not give interest on surplus carry forward balances, as the procedure for operating external bank accounts, as outlined in the Guide to Financial Procedures for Schools, allows each school to hold its surplus balance in its own bank account.

4.4 Obligation to carry forward deficit balances

At the end of each financial year, where any school has a deficit balance, this will be carried forward and deducted from the budget share for the following year. A school's opening balance at 1 April will equal its closing balance at 31 March the previous year.

4.5 Planning for deficit budgets

Schools wishing to apply for a deficit budget, or to increase an existing deficit, must apply to the Local Authority for approval who may allow them in approved circumstances (see section 4.9).

4.6 Charging of interest on deficit balances

Interest may be charged on deficits, whether approved or unplanned, on the basis of the Bank of England Base Rate plus 1%.

4.7 Writing off deficits

The Authority cannot write off the deficit balance of any school. Subject to the approval of the Schools Forum, additional funding to support schools in financial difficulty may come from a de-delegated contingency fund from the Dedicated Schools Grant for mainstream schools or from a central budget within the Dedicated Schools Grant for special schools and PRUs.

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

Schools wishing to apply for a deficit must apply to the Local Authority. Approval will only be given where:

- (i) the normal period for repayment is 3 years or less, however in exceptional circumstances the Authority will have the discretion to extend this period to 5 years
- (ii) the deficit is 5% of school budget share for that year or the deficit is for exceptional non-recurrent expenditure, transitional arrangements, or other exceptional circumstances
- (iii) the deficit can be financed from the collective surplus balances held by schools. The maximum proportion of schools' collective balances which will be used to finance these arrangements will be 25%.

Detailed guidance on the operational procedures of licensed deficits is included in the Guide to Financial Procedures in Schools and the [Authority's Deficit Budget Protocol](#). Licensed deficits must be approved by the Council's Chief Finance Officer or his / her representative.

4.10 Capital Loans Scheme

The Local Authority will operate a capital loans system for schools covered by the Scheme. Such loans will operate as actual payments to the school on condition that a corresponding amount, plus interest as outlined below, is repaid to the Local Authority from the school's budget share over an agreed period of time. The period of time is as listed at 4.9 (i) above.

The purposes for which applications for loans can be requested, the conditions and the application process, are outlined in the Authority's School Capital Loans Protocol. All loans are subject to the acceptance of the school's governing body of the terms and conditions of the Loan Agreement. All loans are subject to the approval of both the Schools Financial Performance Group, on behalf of the Schools Forum, and the Council's Chief Financial Officer or representative.

Under normal circumstances, a maximum of 50% of the overall cost of the works may be provided by a loan. Loans for a greater proportion of the cost may be approved in exceptional circumstances.

The maximum loan available to any one school is the lower of £100,000 or 5% of the school's delegated budget for the year (excluding surplus revenue carry forward), unless the Local Authority gives specific written agreement otherwise. Schools with an annual budget share of £650,000 or less will be exempt from this limit in recognition that a 5% limit places a restriction on the benefits to be gained from the scheme by very small schools.

The total value of loans current at any time will not exceed £1,000,000. This maximum will be reviewed on an annual basis.

The capital loans scheme is open to all schools, including those with their own bank accounts. However, for schools that operate their own bank accounts, interest will be charged on the loan. Interest will be calculated on an annuity basis using the Council's banking provider's rate. The actual rate of interest will initially be calculated at the Council's banking provider's rate at the time the loan is taken and will then be reviewed on a financial year basis, with the rate of interest for the next financial year being set at the Council's banking provider's rate in the March immediately preceding the start of the financial year. Interest will be charged from the date the advance is made. The interest and principal will be repaid in equal instalments each month.

Any change in the legal status of the school such that it ceases to be a maintained school shall not affect the validity of the Loan Agreement. In such circumstances, the Loan Agreement shall bind and inure to the benefit of any successor body to the school, which can be:

- a. any other school; or
- b. any other body established by legislation or statute in order substantially to perform any of the functions that had previously been performed by the school; or
- c. any private sector body, which substantially performs the functions of the school

Where a maintained school converts to academy status, the value of the loan outstanding at the point of conversion will be deducted from the value of balance to be transferred to the academy. The value of any outstanding amount, after this deduction, will be recovered from the academy.

Where a school that does not have a successor body closes with an outstanding loan amount and where the school's surplus balance is not sufficient to cover this, the remaining outstanding amount will be charged to the Schools Budget.

Schools are not be permitted to borrow other than through the Authority's scheme, except with the written permission of the Secretary of State, or where borrowing is undertaken by trustees or foundations and the debt is not serviced directly from a school's delegated budget.

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

SECTION 5: INCOME

5.1 Income from lettings

Schools may retain income from lettings of the school premises, subject to alternative provisions arising from any joint use or Private Finance Initiatives (PFI) agreements. Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. However, schools must have regard to directions issued by the Local Authority as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

All income from lettings of school premises which would otherwise accrue to the Local Authority must be paid into the school's local bank account.

5.2 Income from fees and charges

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

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

All such income must be paid into the school's local bank account.

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 may retain the proceeds of sale of assets except where:-

- (i) the asset was purchased with non-delegated funds (where it will be for the Local Authority to decide whether the school can retain the proceeds),
- (ii) the asset concerned is land or buildings forming part of the school premises and is owned by the Local Authority.

5.5 Administrative procedures for the collection of income

Schools should comply with the recommended administrative and financial procedures contained in the Guide to Financial Procedures in Schools.

5.6 Purposes for which income may be used

School income from the 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

The budget share of a school can be charged by the Local Authority, without the consent of the Governing Body, only in the circumstances expressly stated in paragraph 6.2 below. The Local Authority must consult the school as to the intention to so charge, and notify the school when it has been done.

Where the charge relates to school-based staff, then the salaries charged to the schools budget share will be at actual cost.

(It should be noted that the Local Authority cannot act unreasonably in the exercise of this power, or it may be the subject of a direction under s.496 of the Education Act 1996).

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

6.1.1 Charging of salaries at actual cost

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 Local Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Local Authority);
- 6.2.2 Other expenditure incurred to secure resignations where the school has not followed Local Authority advice;
- 6.2.3 Awards by courts and employment tribunals against the Local Authority, or out of court settlements arising from action or inaction by the Governing Body contrary to the Local Authority's advice;
- 6.2.4 Expenditure by the Local Authority in carrying out health and safety work or capital expenditure for which the Local 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 Local Authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Local Authority or the school has voluntary controlled status;
- 6.2.6 Expenditure incurred by the Local 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 Local 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 Local Authority;
- 6.2.8 Recovery of penalties imposed on the Local Authority by the Board of HM Revenue and

Customs, the Contributions Agency or HM Customs and Excise, Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence.

- 6.2.9 Correction of Local Authority errors in calculating charges to a budget share (eg pension deductions);
- 6.2.10 Additional transport costs incurred by the Local Authority arising from decisions by the Governing Body on the length of the school day, and failure to notify the Local Authority of non-pupil days resulting in unnecessary transport costs;
- 6.2.11 Legal costs which are incurred by the Local Authority because the Governing Body did not take or accept the advice of the Local Authority (see also section 10.4);
- 6.2.12 Costs of necessary health and safety training for staff employed by the Local Authority, where funding for training has been delegated but the necessary training not carried out;
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect;
- 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non-Local 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 Local 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 Local 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 Local Authority as a result of the governing body being in breach of the terms of a contract;
- 6.2.19 Costs incurred by the Local Authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

SECTION 7: TAXATION

7.1 Value Added Tax (VAT)

Schools are required to follow the procedures detailed in the Guide to Financial Procedures for Schools to enable the Authority to reclaim from Customs and Excise VAT on expenditure relating to non-business activity, and pay over VAT on income generated. All such net VAT reclaimed by the Authority on behalf of a school will be passed back to the school.

7.2 Construction Industry Scheme (CIS)

Schools are required to follow the procedures detailed in the "Guide to Financial Procedures in Schools" in connection with the Construction Industry Scheme (CIS).

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

8.1 Provision of services from centrally retained budgets

The Local Authority will determine the basis on which services from centrally retained funds will be provided to schools. (Such services include existing premature retirement costs and redundancy payments).

The Local Authority will not be allowed to discriminate in its provision of services on the basis of categories of schools except where such discrimination is justified by differences in statutory duties.

8.2 Provision of services bought back from the Local 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 Local Authority will be limited to a maximum of three years from the inception of the Scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services.

When a service is provided for which expenditure is not retainable centrally by the Local 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

Any service which the Local Authority is providing on a buyback basis must be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

This provision will not prevent the Local Authority offering packages of services which offer a discount for schools taking up a wider range of services.

8.3 Service level agreements

Service level agreements must be in place, by 31 March to be effective for the following financial year and by the 31 August to be effective for the following academic year, and schools must have at least a month to consider the terms of agreements.

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

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

Centrally arranged premises and liability insurance are specifically excluded from the requirements listed in sections 8.2 to 8.3 as the limitations envisaged may be impracticable for insurance purposes.

Governing Bodies have the right to opt out of service level arrangements arranged by the Authority provided that notice is given in accordance with the contract terms and, where no notice

period is set out, no less than 3 months notice should be given.

8.4 Teachers' Pensions

In order to ensure that the performance of the duty on the Authority to supply Teachers' Pensions with information under the Teachers' Pensions Regulations 2010 (as amended), 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: INSURANCE

9.1 Insurance cover

If funds for insurance are delegated to any school, the Local Authority will require the school to demonstrate that cover relevant to the Local Authority's insurable interests, under a policy arranged by the Governing Body, is at least as good as the cover arranged by the Local Authority if the Local Authority makes such arrangements (either paid for from central funds or from contributions from schools' delegated budgets).

The Authority must 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.

(see also 6.2.6)

SECTION 10: MISCELLANEOUS

10.1 Right of access to information

As well as specific requirements listed above, the Authority may require a Governing Body 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 (eg earmarked funds) on the school.

10.2 Liability of governors

As the governing body 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.

10.3 Governors' expenses

The LA may delegate to the Governing Body of a school yet to receive a delegated budget, funds to meet governors' expenses

Under the Education Act 2002, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. There must be no payment of any other allowances. Schools must not make payment of expenses which duplicate those paid by the Secretary of State to additional governors appointed by him/her to schools under special measures.

10.4 Responsibility for legal costs

Legal costs incurred by the Governing Body, although the responsibility of the Local 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.

(see section 6.2.11)

The procedures which schools should follow in obtaining legal advice where there is a conflict of interest between the Local Authority and the Governing Body are outlined in the Guide to Financial Procedures in Schools.

Legal advice cannot be provided by the Local Authority to a school where this would lead to a conflict of interest with the Local Authority, for example, re-tendering of Local Authority services or TUPE matters. Advice on exclusions, admissions and special educational needs issues cannot be provided directly to schools unless this is in liaison with work carried out with Children's Services or directly at the request of the Local Authority.

10.5 Health and Safety

In expending the school's budget share, the Governing Body must have regard to duties placed on the LA in relation to health and safety, and the Authority's policy on health and safety matters.

10.6 Right of attendance for Chief Financial Officer

The Chief Financial Officer of the authority, or his/her duly nominated representative, shall have the right to attend any meeting of a school Governing Body to give advice on any matters affecting the school's financial position or arrangements. The Authority will give prior notice of such attendance unless it is impracticable to do so.

10.7 Special Educational Needs

Schools should use their best endeavours to secure the most effective provision possible for pupils with SEN, in spending their delegated budget share. This is a statutory requirement. The provision is included within this Scheme to allow the Local Authority to suspend delegation where a situation is serious to warrant it. The same is required in spending devolved SEN funding.

10.8 Interest on late payments

Schools covered by the Scheme must act in accordance with the statutory requirements of the Late Payment of Commercial Debts (Interest) Act 1998 (as amended).

10.9 'Whistleblowing'

The Authority has in place a Whistleblowing Code. This provides for individuals to raise concerns in a confidential way that avoids any public disclosure and for workers to do so without fear of victimisation, subsequent discrimination or disadvantage when "blowing the whistle". The Code also sets out clearly the process to be followed, including the safeguards, how to raise a concern, how the Authority will respond and how the matter can be taken further.

The Council's Whistleblowing Code can be found on the Council's Internet site under the section on the Council's constitution, and summarised guidance is included in the Guide to Financial Procedures in Schools.

The reporting of financial irregularities to the Council's Chief Financial Officer under Financial Regulations for Maintained Schools remains a responsibility of all members of school staff, Governors and Governing Bodies. If an individual prefers to do so, the reporting of financial irregularities may be raised under the Confidential Reporting Code in a confidential way that avoids public disclosure of their identity.

The Governing Body must record information about these responsibilities and procedures in appropriate information provided to all staff and Governors

10.10 Child Protection

The School should release staff to attend child protection case conferences and other related events such as court proceedings. The Governing body is responsible for the costs of this.

10.11 The charging of redundancy and early retirement costs of school staff - framework

The Local Authority's framework follows the requirements and provisions of the 2002 Education Act (s.37) that,

a. costs incurred by the Local 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 agrees with the governing body in writing (whether before or after the retirement occurs) that the costs shall not be so met (see 10.11.2),

b. costs incurred by the Local 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 has good reason for deducting those costs, or any part of those costs from that share (see 10.11.3). The reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c.18).

10.11.1 Redundancy / Early Retirement Costs

Costs incurred by the Local Authority under 10.11 may only be charged to the central schools services block of the schools budget, as a historic commitment, where the expenditure is to be incurred as a result of decisions made before 1 April 2013. Costs charged may not exceed the amount budgeted in the previous financial year.

The local authority is permitted to 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.

Costs not charged to the relevant school's delegated budget share, the central schools services block or to a fund established by a deduction from maintained school budgets (excluding nursery schools) shall be charged to the Local Authority's non-schools budget.

10.11.2 Circumstances under which consideration may be given for the costs (wholly or partly) of premature retirement of school staff not to be charged to the school's budget share

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

In such cases, the Schools Forum may firstly consider supporting the financial position of maintained schools, to be able to meet these costs, via an established 'schools in financial difficulty' de-delegated contingency.

10.11.3 Circumstances under which consideration may be given for the costs (wholly or partly) of dismissal or resignation of school staff to be charged to a school's delegated budget share

The Local Authority may propose to the Schools Forum that the costs (wholly or partly) of dismissal or resignation of school staff are charged to the relevant school's budget share where the school,

- a. Is making staffing reductions which the Local Authority does not believe are necessary to either set a balanced budget or to meet the conditions of a licensed deficit;
- b. Is making staffing reductions arising from a deficit caused by factors within the control of the school;
- c. Has excess surplus balances and no agreed plan to use these;
- d. Has acted outside the Local Authority's policy;
- e. Has refused to engage with the Local Authority's redeployment policy;
- f. Has decided to offer more generous terms than the Local Authority's policy, where the excess may be charged to the school.

10.12 The charging of redundancy and early retirement costs for staff employed by schools for community purposes

Where the Local Authority incurs 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 purposes of securing the resignation, of any member of the staff of a maintained school who is employed for community purposes,

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

Any amount payable by the governing body of a maintained school 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 below is met.

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 the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.

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.

SECTION 11: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

- 11.1 Annex B shows the categories of work which Governing Bodies must expect to finance from their delegated budget.
- 11.2 The Local Authority will delegate all funding for repairs and maintenance to schools. Only capital expenditure will be retained by the Authority. Expenditure will be treated as capital only where it fits the definition of capital used by the Authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting.
- 11.3 In determining what is classified as capital expenditure, the Authority will use the DfE's interpretation of the CIPFA Code of Practice as detailed in Annex B. For Voluntary Aided schools, the liability of the Authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by the DfE to categorise such work, not the de minimis limit used by the Authority.

SECTION 12: COMMUNITY FACILITIES

12.1-2 Introduction

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

Under s.28 (1), the main limitations and restrictions on the power will be

- a. those contained in schools' own instruments of government, if any; and
- b. those in the maintaining Local Authority's Scheme for financing schools made under s.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.

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

12.3 Consultation with the Local Authority – Financial Aspects

Governing bodies must consult the Local Authority, and have regard to advice given to them by their LA, before exercising this power. The Authority will make no charge for this advice

12.4-5 Funding Agreements – Authority Powers

12.4 The provision of community facilities in 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. The funding agreement should contain the provisions required by 12.11 below.

12.5 Any proposed agreement should be submitted to the Local Authority for its comments. However, the Local Authority will not impose a right of veto on such agreements, either directly or through requiring a right to countersign the agreement.

If an agreement has been or is to be concluded against the wishes of the Local Authority, or has been concluded without informing the Local Authority, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, this may constitute grounds for suspension of the right to a delegated budget.

12.6-7 Other Prohibitions, restrictions and limitations

12.6 The Local Authority may, in a particular case, require the governing body to make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the Local

Authority. However, this requirement will only be imposed where the Authority believes that the proposed project carries significant financial risks.

12.7 The exercise of the community facilities power is subject to restrictions and limitations as contained in this Scheme and the Financial Regulations for Maintained Schools.

12.8-9 Supply of financial information

12.8 Those schools which exercise the community facilities power will provide to the Authority an annual summary statement, in a form determined by the Authority, showing the income and expenditure for the school arising from the facilities in question.

12.9 Where 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, will require such financial statements to be supplied every three months and, if necessary may require the submission of a recovery plan for the activity in question.

12.10-11 Audit

12.10 The school is 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.

12.11 Any funding agreements made with third parties should allow 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.

12.12-14 Treatment of income and surpluses

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

12.13 Schools will be able to carry over retained net income 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.

12.14 Where 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.

12.15-16 Health and Safety

12.15 Health and safety provisions contained within this Scheme also extend to the provision of community facilities.

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

12.17-18 Insurance

12.17 The governing body is responsible for ensuring adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power. Such insurance should not be funded from the school budget share. The school must seek the Authority's advice before finalising any insurance arrangement for community facilities.

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

12.19-21 Taxation

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

12.20 If any member of staff employed by the school or Local Authority in connection with community facilities at the school is paid from funds held in a school's own bank account, the school is likely to be held liable for payment of income tax and National Insurance, in line with HM revenue and Customs rules.

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

12.22-24 Banking

12.22 Governing bodies must ensure that income and expenditure relating to community-focused school activities can be separately identified. It is not a requirement for schools to maintain separate bank accounts for budget share and community-focused school activities. However, in making a decision on banking arrangements, the governing body of a school must have regard to the advice given by the Local Authority within the Guide to Financial Procedures.

12.23 Where a school operates separate bank accounts for community-focused school activities, these accounts must be operated in accordance with the procedures detailed in this Scheme, Financial Regulations for Maintained schools and the Guide to Financial Procedures.

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

**ANNEX A: LIST OF BRADFORD LOCAL AUTHORITY MAINTAINED SCHOOLS AT 1 APRIL
2018**

PRIMARY SCHOOLS

Addingham Primary School
All Saints' CE Primary School (Bradford)
All Saints' CE Primary School (Ilkley)
Ashlands Primary School
Baildon CE Primary School
Bankfoot Primary School
Ben Rhydding Primary School
Blakehill Primary School
Bowling Park Primary School
Brackenhill Primary School
Burley & Woodhead CE Primary School
Burley Oaks Primary School
Carrwood Primary School
Cavendish Primary School
Clayton Village Primary School
Cottingley Village Primary School
Crossflatts Primary School
Crossley Hall Primary School
Cullingworth Village Primary School
Eastburn Junior and Infant School
Eastwood Primary School
Eldwick Primary School
Fagley Primary School
Farfield Primary
Fearnville Primary School
Foxhill Primary School
Frizinghall Primary School
Girlington Primary School
Glenaire Primary School
Greengates Primary School
Grove House Primary School
Heaton St Barnabas' CE Primary School
Hill Top CE Primary School
Holycroft Primary School
Home Farm Primary School
Hoyle Court Primary School
Idle CE Primary School
Ingrow Primary School
Keelham Primary School
Keighley St Andrew's CE Primary School
Killinghall Primary School

Knowleswood Primary School
Ley Top Primary School
Lidget Green Primary School
Lister Primary School
Long Lee Primary School
Low Ash Primary School
Low Moor CE Primary School
Lower Fields Primary School
Marshfield Primary School
Menston Primary School
Miriam Lord Community Primary School
Myrtle Park Primary School
Nessfield Primary School
Newby Primary School
Newhall Park Primary School
Oldfield Primary School
Our Lady & St Brendan's Catholic Primary School
Parkland Primary School
Peel Park Primary School
Poplars Farm Primary School
Princeville Primary School and Children's Centre
Riddlesden St Mary's CE Primary
Russell Hall Primary School
Saltaire Primary School
Sandal Primary School and Nursery
Sandy Lane Primary School
ShIPLEY CE Primary School
Silsden Primary School
St Anthony's Catholic Primary School (Clayton)
St Anthony's Catholic Primary School (ShIPLEY)
St Clare's Catholic Primary School
St Columba's Catholic Primary School
St Cuthbert & the First Martyrs' Catholic Primary
St Francis' Catholic Primary School
St Joseph's Catholic Primary School (Bingley)
St Joseph's Catholic Primary School (Bradford)
St Luke's CE Primary School
St Mary's and St Peter's Catholic Primary School
St Matthew's Catholic Primary School
St Matthew's CE Primary School
St Paul's CE Primary School
St Stephen's CE Primary School
St William's Catholic Primary School
Stanbury Village School

Steeton Primary School
Stocks Lane Primary School
Swain House Primary School
Thackley Primary School
Thorpe Primary School
Trinity All Saints CE Primary School
Wellington Primary School
Wibsey Primary School
Woodlands CE Primary School
Worthinghead Primary School
Wycliffe CE Primary School

SECONDARY SCHOOLS

Bingley Grammar School
Carlton Bolling College
Hanson School
Parkside School
St Bede's and St Josephs's Catholic College
The Holy Family Catholic School
Titus Salt School

NURSERY SCHOOLS

Abbey Green Nursery School & Children's Centre
Canterbury Nursery School & Children's Centre
Hirst Wood Nursery School
Lilycroft Nursery School
Midland Road Nursery School & Children's Centre
St Edmund's Nursery School & Children's Centre
Strong Close Nursery School & Children's Centre

SPECIAL SCHOOLS

Beechcliffe Special School
Chellow Heights Special School
Delius Special School
Oastler School

PUPIL REFERRAL UNITS

Bradford Central PRU
Bradford District PRU
Primary PRU
Ellar Carr PRU
Tracks PRU
Education in Hospital – BRI
Education in Hospital – Airedale

ANNEX B: CAPITAL / REVENUE SPLIT AND ITEMS WHICH ARE THE SEPARATE RESPONSIBILITY OF GOVERNORS IN VA SCHOOLS

ILLUSTRATIVE EXAMPLES IN LINE WITH DfE's INTERPRETATION OF THE CIPFA CODE OF PRACTICE

NB ACTUAL INTERPRETATION OF CIPFA CODE OF PRACTICE FOR THESE PURPOSES WILL BE FOR EACH LOCAL AUTHORITY

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

| | | |
|----------------|---|--|
| <u>Pitched</u> | Structure. New (not replacement) structure | Repair/replacement of small parts of an existing structure |
| | Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure | Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses |
| | Insulation in a new building/extension | Repair/replacement/ increasing thickness of insulation in an existing roof |
| | Insulation. Replacement /repair of substantially all. Improve insulation to current standards | |
| | Roof finish in a new building/extension, replacement of all/substantially all on existing roof | Replace missing/ damaged small parts |
| | Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof | Repairs/ replacement/ Repainting |
| | Drainage in a new building/extension | Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters |
| | Drainage. Replacement of all/substantially all on existing roof | |
| <u>Other</u> | Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof | Repair/ Replacement /cleaning |
| | Provide new covered link etc. between existing buildings | Minor repairs, maintenance to existing covered link |
| | Rebuild or substantially repair structure of existing covered link Add porch etc. to existing building | Minor repairs, maintenance to existing structure |
| | Rebuild or substantially repair structure of existing porch | |

Floors

| | | |
|---------------------|--|--|
| <u>Ground Floor</u> | Structure and dpc in new building | Repair/replacement of small parts of an existing structure |
| | Structure and dpc - Replacement of all | |

| | | |
|--------------------------|---|--|
| | or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure | |
| | Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room | Replacement and repair of screed and finishes/ Replacement of mats/ matwells. Maintenance e.g. revarnishing wooden floors. |
| <u>Upper Floor</u> | Structure - as ground floor | As ground floor |
| | Screed and Finish - as ground floor | Repairs of finishes/ Replacement - as ground floor |
| Ceilings | | |
| <u>Top/ only storey</u> | Suspension | Repair/ replacement incl. From water damage, & necessary decoration |
| | Membrane | |
| | Fixed | Repair/ replacement inc. from water damage |
| | Access panels | Repair/ replacement |
| <u>Lower storeys</u> | Suspension | Repair/ replacement |
| | Membrane | |
| | Fixed | Repair/ replacement |
| <u>All</u> | Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency | Inspection/ air testing Applying sealant coats to asbestos surfaces for protection |
| External walls | | |
| <u>Masonry/ cladding</u> | Structure Underpinning/ propping for new build | Repairs Preventive measures e.g. tree removal |
| | External Finish on new build | Repair/replacement of small parts of an existing structure. e.g. repointing/ recladding a proportion of a wall where failure has occurred. |
| | External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building /replacement build | |

| | | |
|----------------------------|--|---|
| <u>Windows and Doors</u> | Framing - new build | Repair/ replacement of individual frames. Repainting frames |
| | Framing - structural replacement programme | Repair/ replacement of individual windows. Repainting frames |
| | Glazing - new build | Replacing broken glass |
| | Glazing Upgrading existing glazing | |
| | Ironmongery Improved security | Repair/ replacement, upgrading locks etc. |
| | Jointing including mastic joints | |
| | Internal and external decorations to new build | Internal and external decoration to include cleaning down and preparation. |
| <u>Masonry chimneys</u> | Structure | |
| | Jointing including expansion and mortar joints/ pointing/ DPC | Repair/ re-pointing |
| Internal walls | | |
| <u>Solid</u> | Complete including various internal finishes, linings and decorations | Repairs and redecoration to internal plaster/ linings tiles, pin boards etc. |
| | Refurbishment and alterations | Minor alterations |
| <u>Partitions</u> | Complete structure including linings, framing, glazing, decoration etc. | Repairs and redecoration. |
| | Refurbishment and alterations | Minor alterations |
| <u>Doors & Screens</u> | Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations | Internal maintenance and redecoration. Repair/ replacement of defective doors and screens |
| <u>All</u> | Glazing to meet statutory Health & Safety requirements | Replacement of broken glass |
| Sanitary Services | | |
| <u>Lavatories</u> | In new buildings provision of all toilet fittings, waste plumbing and internal drainage. | Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc. |
| | Large scale toilet refurbishment | Small areas of refurbishment |
| | Provision of disabled facilities, and | Repair/ replacement of damaged |

specialist facilities related to pupils with statements

fittings, waste plumbing etc.

Kitchens

Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.

Maintain kitchen to requirements of LA

Cleaning out drainage systems

General refurbishment

Redecoration
Repairs

Large and costly items of equipment

Repairs/ replacement parts

Mechanical services

Heating/ hot water

Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.

General maintenance of all boiler house plant including replacement of defective parts.
Regular cleaning.
Energy saving projects

Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.

Monitoring systems

Health & safety issues

Planned replacement of old boiler/ controls systems past the end of their useful life

Replacement of defective parts

Emergency replacement of boiler plant/ systems

Cold water

Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects

Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.

Gas

Distribution on new and major refurbishment's, terminal units

Repairs, maintenance and gas safety

Ventilation

Mechanical ventilation/ air conditioning to major projects

All servicing
Provision of local ventilation.
Repair/ replacement of defective systems and units

Other

Swimming pool plant and its complete installation, including heat recovery systems

Repair/ replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework.
Simple heat recovery systems.
Solar heating plant and equipment.

Electrical services

| | | |
|------------------------------|---|---|
| <u>General</u> | Main switchgear and distribution in major projects. | Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings. |
| | Replacement of obsolete and dangerous wiring systems, including distribution boards | All testing, earthing and bonding to meet Health & Safety. All servicing. |
| <u>Power</u> | Control gear, distribution, fixed equipment, protection etc. | All testing, repair and replacement of small items of equipment |
| <u>Lighting</u> | Provision of luminaires and emergency | Replacement of luminaires, all testing, adjustments and improvements to emergency |
| <u>Other</u> | Lightning protection in new build | Repair/ replacement |
| | Alarm systems, CCTV, lifts/ hoists etc., | Repair and maintenance |
| | New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build. | Repair/ replacement/ maintenance, including all door access systems |
| External Works | | |
| <u>Pavings</u> | Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access | Maintenance and repair Car park and playground markings. |
| <u>Miscellaneous</u> | Provision of walls, fencing, gates and ancillary buildings as part of major project | Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates. |
| <u>Drainage</u> | Drains, soakaways, inspection chambers and sewage plant as part of new projects | Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary. |
| <u>Open air pools</u> | Structure, Hygiene/ safety in new build | Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems. |
| <u>Services distribution</u> | Heating mains gas mains water mains electricity mains, renewal of any above. | Annual servicing |

Notes

This illustrative list is the DfE's interpretation of the CIPFA Code of Practice and the Authority refers to this Code when defining capital and revenue.

Where the authority use de minimis limits for defining capital and revenue in their financial accounts, the same de minimis limits is used in defining what is delegated. The application of a de minimis limit may change the examples given in the first two columns of the illustrative list.

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Appendix 2: Schools Contract Standing Orders 2018/19 (Consultation)

Definitions

- 'Aggregation' is the combining together of the total contract value from separate contracts where they meet a single requirement for works, goods or services or where a series of contracts within a twelve month period are for the same type of goods or services.
- 'Authorised Officer' is any officer (an employee of the School or the Council) permitted by the Headteacher, within powers delegated by the Governing Body, to authorise orders and contracts in accordance with clause 2.6.
- 'Best Value for Money' is the optimum combination of whole life costs, quality and benefits, including economic, environmental and social value to meet the customer's requirements.
- 'Bradford District' is the geographical area administered by the Council.
- 'Call Off' is a separate purchase from an existing framework agreement that creates a binding contract. The framework agreement sets out: terms and conditions, standards and prices, although further competition may be permitted.
- 'Construction Industry Scheme: Under the Construction Industry Scheme (CIS), contractors deduct money from a subcontractor's payments and pass it to HM Revenue and Customs (HMRC).
- 'Contract' means a formal agreement between the School and any Contractor made by issue of a letter of acceptance or official order for:
 - the supply of works, goods or services including consultants.
 - a call-off from a framework agreement.
 - an arrangement where no payment is made but there is financial value to the Contractor e.g. a catering concession.

It does not include employment and property contracts or grant agreements.

- 'Contract Value' is the total monetary value over its full duration including any extension options (not the annual value).
- 'Contractor' an individual or organisation that contracts with the School to provide works, goods or services.
- 'Council' means the City of Bradford Metropolitan District Council.
- 'DPS or Dynamic Purchasing System' is an electronic process for commonly used purchases that are generally available and is open throughout the contract period to any new supplier that meets the selection criteria.
- 'Electronic Auction' is a process whereby suppliers who have submitted admissible tenders can revise their original prices or values during the period of the auction.

- 'EU Procurement Rules' are the Regulations implemented by the UK to set out the law on public procurement.
- 'EU Thresholds' means the financial threshold at which the EU Procurement rules are applicable.
 - As of 1st January 2018 these are: Works (maintenance and construction) £4,551,413, Services and Supplies £181,302, and
 - Health, social and some other specific services have a threshold of £615,278, referred to as the 'light touch regime' as listed in Schedule 3 of the Public Contracts Regulations.
- 'Exception to Competition Log' is the record held by the Governing Body of all contracts awarded without competition because the contract meets one or more of the requirements listed in CSO 9.1.
- 'Framework Agreement' is an agreement, which sets out the terms and conditions under which the School can make specific purchases ("call-off") from a Contractor(s) to provide services, goods or works at agreed standards and prices. If the School calls off services, goods or works from the Contractor then a binding contract comes into place.
- 'Local Supplier' is any supplier that provides works, goods or services from a location within the Bradford District or where a substantial number of any employees working directly on the contract are resident in the Bradford District.
- 'Officer' means an employee of the School.
- 'OJEU' is the Official Journal of the European Union, which is the publication in which all tenders from the public sector above relevant financial thresholds must be published.
- 'Quotation' is a formal written offer to execute works, purchase supplies, or provide services at a stated price of a value less than £75,000.
- 'School' is a school maintained by the Council that is covered by the Scheme for Financing Schools.
- 'SIRO' Senior Information Risk Owner is the person with overall accountability and responsibility for information governance.
- 'Tender' is a written offer to supply or purchase goods, execute works or provide services at a stated price of a value more than £10,000.
- 'TUPE' means the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 'Whole Life-Cycle Costs' is an estimate of the total costs of works, goods or services over their life. It is a combination of the purchase price, implementation and operating

costs, procurement and contract management costs, disposal costs less any residual value.

1 Introduction

- 1.1 The purpose of Contract Standing Orders is to set clear rules by which the School spends money on works, goods and services. The rules apply to any contract that results in payment being made by the School.
- 1.2 Public procurement must be undertaken in accordance with the principles enshrined in EU and national legislation. The School must always act to promote competition and to ensure that each procurement is conducted as an open, transparent and fair competition. The School must avoid practices, which may restrict or distort competition.
- 1.3 All amounts quoted in these Standing Orders are exclusive of recoverable VAT.
- 1.4 Any dispute or difference as to the interpretation of these Standing Orders shall be resolved by the Council's City Solicitor.

2 Compliance

- 2.1 Failure to comply with these Contract Standing Orders may result in disciplinary action being taken against the officers concerned. Failure to comply may also constitute grounds for the Council's use of its formal powers of intervention as set out in the Scheme for Financing Schools.
- 2.2 Every contract made by or on behalf of the School for works, goods and services, and all School employees engaged to act in any capacity to manage or supervise a contract, must comply with:
 - EU Procurement Directives.
 - All relevant statutory provisions including the Public Contracts Regulations 2015, competition law and Public Services Acts (e.g. Social Value, Care Act 2014).
 - The Council's Financial Regulations for Maintained Schools.
 - The Scheme for Financing Schools, and
 - These Standing Orders.
- 2.3 All School employees and organisations engaged on the School's behalf shall ensure that all procurement activity is undertaken with regard to high standards of probity and in a manner, which avoids any conflicts of interest. Any conflicts of interest that do arise shall be dealt with in accordance with the School's Code of Conduct for its employees.
- 2.4 In applying these Standing Orders, all school employees shall have regard to the duty of Best Value under the Local Government Act 1999.
- 2.5 The Governing Body must specify limits within which it authorises the Headteacher to authorise orders, invoices and contracts in their own names on behalf of the

School. All orders, invoices or contracts shall remain the responsibility of the Governing Body.

- 2.6 Within the limits of financial powers delegated by the Governing Body, the Headteacher may permit other officers (employees of the Council or the School) to authorise orders, invoices and contracts in their own names on behalf of the School. Orders, invoices or contracts made under these circumstances remain the responsibility of the Headteacher and, through the Headteacher, the Governing Body (see 2.5). The Headteacher must maintain an up to date record of authorised officers.
- 2.7 All orders for works, goods or services must be placed using the School's approved systems (e.g. official order form / formal written contract / approved E-procurement process) in advance of the invoice being received and must be coded to the appropriate account codes on the school's financial system.
- 2.8 The Headteacher is responsible for ensuring compliance by their staff and shall report all breaches of these Standing Orders to the School's Governing Body.

3 Social, Economic, Environmental and Ethical Considerations

- 3.1 In formulating proposals for a services contract, the Authorised Officer must consider the Public Services (Social Value) Act implications and whether and to what extent any ethical, social or environmental aspects of procurement should be taken into account.
- 3.2 Where appropriate, and always subject to EU law and Public Contract Regulations, the Authorised Officer should ensure tenders or quotes are framed in such a way to encourage bids from local suppliers, small and medium sized companies (SME's) and third sector organisations such as social enterprises. This may include dividing the contract into lots.

4 Pre-Contract Requirements for all Contracts

- 4.1 Existing Arrangements should be considered and used where it can be evidenced that these provide best value for money:
 - Contracts, framework agreements or DPS established by central purchasing bodies (Crown Commercial Services, YPO etc.) or other public body.
 - Collaborative or shared service arrangements with another public body.
- 4.2 Before inviting tenders or quotations, the Authorised Officer must:
 - 4.2.1 be satisfied that a written and clear specification has been prepared, which will form the basis of the contract.
 - 4.2.2 consider at the outset any equality and diversity implications that may require an equality impact assessment to be undertaken.
 - 4.2.3 consider at the outset any TUPE implications.

- 4.2.4 consider at the outset any data protection, information security or data processing implications that may require additional schedules or terms and conditions and need the School's SIRO and Data Protection Officer to be notified.
 - 4.2.5 prepare and document an estimate of the whole life-cycle costs including where appropriate any on-going costs and/or disposal costs and ensure that the cost is within the approved current and future budget provision for both capital and revenue expenditure.
 - 4.2.6 ensure that all evaluation criteria including sub-criteria have been determined in advance, put in order of relative importance or weighting and published in the tender documentation. Selection criteria must be relative and proportionate following statutory guidance issued by the Secretary of State.
 - 4.2.7 ensure that electronic versions of all the appropriate and approved forms of procurement documentation is available through an internet portal immediately on publication of any advert.
- 4.3 Before entering into any contract, the Authorised Officer must:
- 4.3.1 be sure that they have the necessary authority to enter into the contract, that these Standing Orders and the Financial Regulations for Maintained Schools have been complied with, and that the proposed contract represents best value for money,
 - 4.3.2 be satisfied about the technical capability of such proposed contractor, and
 - 4.3.3 where there is a significant supply risk, and for all contracts that exceed £75,000, undertake a suitable check of the financial and resource capacity of the contractor to perform the contract.
- 4.4 Authorised Officers are responsible for arrangements to ensure proper control and use of the School's ordering and contracting systems and procedures.

5 Contracts under £10,000

- 5.1 The Authorised Officer must be able to demonstrate best value for money, which may include inviting written quotes. The Authorised Officer must invite local suppliers where a local supply base is available. All quotations should be in writing.
- 5.2 Officers shall retain a written record of actions taken and the reasons.

6 Contracts between £10,000 and £75,000

- 6.1 The Authorised Officer must seek at least 4 written quotations or tenders and invite local suppliers where a local supply base is available.

- 6.2 If 4 quotations or tenders cannot be obtained, owing to insufficient suitable suppliers prepared to quote or provide tenders, then the Authorised Officer must keep a record of this.

7 Contracts over £75,000

- 7.1 Where the contract value is likely to exceed the EU threshold, taking account of the rules of aggregation, it must be tendered in accordance with the relevant EU procurement rules, unless this rule is met through an existing framework or DPS agreement that has been established via a compliant EU procurement process.
- 7.2 For contract values of £75,000 or more, contractors must be appointed by one of the procedures under Contract Standing Order 8.

8 Procurement Procedures

- 8.1 The **open procedure** under which all those interested may respond to the advertisement by submitting a tender. This is often the most expedient system and enables all the suppliers in the market that wish to engage in the process to submit a tender. There is no pre-qualification questionnaire (PQQ) or short-listing stage prior to invitation to tender (ITT). Under the open procedure, an advertisement, saying what the contract is for and inviting applications for tender documents to be completed, must appear in a local newspaper. The advertisement must also appear in an appropriate trade journal where, in the opinion of the Governing Body, this is likely to be to the School's advantage. The advertisement must give a closing date and time for the return of completed tender documents at least 2 weeks away. Specific EU procurement rules must be followed where the open procedure is used to procure works, goods or services above the EU Threshold.
- 8.2 The **restricted procedure** under which a selection is made of those who respond to the advertisement and only they are invited to submit a tender. This procedure can only be used for tenders above the EU threshold for goods and services and EU procurement rules must be followed in these circumstances.
- 8.3 More complex procedures (such as negotiated tendering), generally applying to more strategic contracts, are available, but appropriate expert advice should be sought as the Public Contracts Regulations only permit such procedures in limited and specific circumstances.

9 Exceptions to Requirements of Competition

- 9.1 Subject to the statutory requirements for procurement processes above EU thresholds, and where it can be demonstrated that departure from a competitive process is justifiable and provides overall value for money, a competitive procurement process is not required where one or more of the following exceptions apply:

- 9.1.1 the purchase of proprietary or patented goods or materials or services, which, in the opinion of the Authorised Officer, are obtainable only from one supplier, and where no reasonably satisfactory alternative is available.
- 9.1.2 the execution of works or the supply of goods or services that are controlled by a statutory body.
- 9.1.3 the execution of works or supply of goods or services that are of a specialised nature, which, in the opinion of the Authorised Officer, in consultation with the Headteacher, are carried out by only one supplier and no reasonably satisfactory alternative is available.
- 9.1.4 the execution of works or supply of goods or services for which the Authorised Officer can demonstrate that no genuine competition can be obtained.
- 9.1.5 the purchase of a named product required to be compatible with an existing installation.
- 9.1.6 procurements made through or on behalf of any consortium, local authority, statutory or similar body, provided that tenders or quotations are invited and contracts placed in accordance with national or EU legislation.
- 9.1.7 special education, health or social care contracts, if in the opinion of the Authorised Officer it is considered in the School's interests and to meet its obligations under relevant legislation.
- 9.1.8 the execution of works or the supply of goods and services that are required so urgently as not to permit compliance with the requirements of competition.
- 9.2 The Authorised Officer must retain written reasons justifying the decision to use Standing Order 9.1 and must be able to demonstrate that best value for money has been obtained.
- 9.3 The Headteacher must maintain an 'exception to competition log' of all contracts awarded without competition under clause 9.1. The exception to competition log should be reported to the Governing Body on at least a quarterly basis.

10 Submitting and Opening Tenders and Quotations

- 10.1 Every invitation to tender or request for a quotation must state that a tender or quotation will only be considered if it is received by the specified closing date and time.
- 10.2 All tenders or quotations for each contract must be opened in the presence of 2 officers appointed by the Authorised Officer at a prescribed time.
- 10.3 The Authorised Officer must keep a record of all tenders and quotations.

- 10.4 The Authorised Officer shall disqualify a tender or quotation, which fails to comply with the requirements of these Standing Orders and must return the tender or quotation to the tenderer or quotation provider stating the reason for the disqualification.

11 Errors in Tenders and Quotations

- 11.1 Prior to acceptance of any tender or quotation received, any arithmetic error or other minor discrepancy made in good faith can be corrected by the Authorised Officer in one of the following two ways:

11.1.1 The tenderer shall be given details of the error(s) found during the examination of the tender and shall also be given the opportunity of confirming without amendment or withdrawing the tender; or

11.1.2 Amending the tender to correct genuine arithmetic error(s) provided that in this case, apart from these genuine arithmetic errors, no other adjustment, revision or qualification is permitted.

- 11.2 A written record must be kept of all such amendments.

12 Post Tender and Quotation Negotiations

12.1 In the interests of ensuring an open, fair and transparent process, negotiation following receipt of tenders is only permissible in limited circumstances.

12.2 The Authorised Officer may, where it is intended to obtain better value for money, authorise negotiations with one or more tenderers or quotation providers where they consider that none of the tenders or quotations are acceptable and it is in the School's interests to do so. Clear written records must be kept of the reasons for negotiation and what negotiation has taken place with which providers.

12.3 No negotiation is permitted following receipt of final tenders where the tender was subject to EU procurement rules.

13 Accepting Tenders and Quotations

13.1 Prior to accepting a tender or quotation the Authorised Officer must evaluate all tenders and quotations received in accordance with the evaluation criteria issued with the tender documentation.

13.2 The Authorised Officer can only accept the most economically advantageous tender or quotation and must record the reasons for acceptance.

13.3 The Authorised Officer must investigate any tender considered to be abnormally low.

13.4 All suppliers who submit a tender or quotation should be notified in writing of their success or failure in a timely manner and offered feedback.

- 13.5 For all tenders covered by the EU procurement rules, the minimum statutory standstill period is required between notification of the award decision and final contract award.
- 13.6 All contracts above the EU threshold must also be published in OJEU.

14 Contract Extensions, Variations or Novation

- 14.1 The Authorised Officer can extend a contract by any value subject to the extension being permitted within the scope and terms of the original procurement and contract and before the expiry date.
- 14.2 An options appraisal must be undertaken to determine if it represents best value for money to extend the contract and any approval required must be sought in a timely manner.
- 14.3 The Authorised Officer must make every effort to negotiate improved terms with regard to the cost and quality of the goods or services.
- 14.4 No extension shall be made until funding has been secured in accordance with the Financial Regulations for Maintained Schools (paragraph 9) or any other similar requirement.
- 14.5 All contract variations must be carried out within the scope of the original contract and must not materially affect or change the contract.
- 14.6 A new procurement will be required if the proposed variation has a material change where one or more of the following are met:
- 14.6.1 the variation introduces new conditions, which had they been part of the original procurement procedure would have allowed other candidates to be selected to bid or the contract to be awarded to another tenderer.
 - 14.6.2 the variation changes the economic balance in favour of the contractor.
 - 14.6.3 the variation extends the scope of the contract considerably.
- 14.7 In the event that a Supplier ceases to provide the work, goods or services whether as a result of insolvency, company restructuring, company purchase, termination of the contract or any other reason then the Authorised Officer must be consulted before novating or assigning the contract to a new Supplier. The new Supplier must meet the requirements of the original tender.

15 Written Contracts

- 15.1 The Authorised Officer must ensure every contract is in writing.
- 15.2 Every contract shall be signed by two Authorised Officers, other than when the basis of the contract is only an order recorded on an official order form when one signature will suffice.

16 Professional Services, Consultants and Intermediary Employment

16.1 In line with HMRC IR35 and CIS (Construction Industry Scheme), rules the Authorised Officer must identify the employment status of workers providing works or services in instances including the following:

- Consultancy work.
- Self employed contractors.
- The engagement of a worker through a limited company or other body.
- The use of a Personal Services Company.
- The engagement of a CIS registered contractor.

17 Contract Conditions

17.1 Schools are encouraged to use the Council's standard terms and conditions templates for contracts. In doing so, Schools must always amend these templates so that contracts are in the School's name.

17.2 The above shall not apply to:

- UK government standard documentation or government sponsored schemes, and amendments may be made for best value for money or project specific reasons.
- Construction and/or engineering contracts where bespoke conditions based on accepted industry practice are used e.g. JCT, NEC3 or ICE.

17.3 Every contract the School enters into must state:

- The works, goods, services, materials, matters or things to be carried out or supplied.
- The price to be paid and / or the amounts and frequency or the method of calculation of contract payments with a statement of discounts or other deductions.
- The time (s) within which the contract is to be performed.

18 Payment for Work on Account

18.1 Payment for goods, works and services should not be made in advance of delivery other than in low contract value and low risk situations.

19 Contracts Where School Governors or Staff Have an Interest

19.1 A School Governor or member of School staff must not subordinate their duty to the Local Authority and School to their private interests or put themselves in a position where their duty and private interest conflict.

- 19.2 School Governors and School employees must declare any and all relevant private interests that may potentially conflict with the interests of the School before procurement commences.
- 19.3 Suitable measures must be taken by the Governing Body to ensure the probity of the School's procurement activity. This includes the exclusion of any School Governor or School employee from the procurement of goods, works and services where there is a conflict with their private interests or those of their family and / or friends.
- 19.4 The Headteacher must keep a record of the notification of interests and the exclusion of interested parties from procurement.

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Appendix 1: Consultation Draft - Financial Regulations for Maintained Schools

1. Application

- 1.1 These Financial Regulations are made in accordance with:
 - 1.1.1 the provisions of S.151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015 to provide for the proper administration of the Council's financial affairs.
 - 1.1.2 the Bradford Local Authority Scheme for Financing Schools (the Scheme).
 - 1.1.3 the School Standards and Framework Act 1998.
- 1.2 These regulations are designed to provide a balance between giving schools the freedom necessary to exercise their delegated authority whilst maintaining accountability for the management and control of public funds.
- 1.3 Funds devolved and delegated to the School's Governing Body by the Council remain the property of the Council and, subject to limited exceptions, are spent by the Governing Body or the Headteacher as agent for the Council.
- 1.4 These regulations state the principles of financial control and administration to be followed by the Governing Body who are legally responsible for their application and compliance. The Governing Body may delegate some but not all powers to the Headteacher in accordance with the Scheme. The Governing Body or Headteacher acting under their delegated powers may authorise other school staff to act in the name of the school within these Financial Regulations and those staff must follow these Regulations. Failure to comply with these Financial Regulations may result in disciplinary action against the school staff concerned. Failure to comply with these Financial Regulations may also lead to a Notice of Concern and suspension of the school's delegated budget.
- 1.5 Where indicated, these regulations also place specific responsibilities on the Strategic Director Children's Services.
- 1.6 Subject to Regulation 1.8. the Governance and Audit Committee may alter these Financial Regulations on the recommendations of the Council's Chief Financial Officer (S151 Officer) and Strategic Director Children's Services only after appropriate consultation with schools.
- 1.7 The Council's Chief Financial Officer may allow specific exceptions to these Financial Regulations where in their opinion it is in the school's interest. The Council's Chief Financial Officer must keep a record of these exceptions and report these to the Governance and Audit Committee on an annual basis.
- 1.8 The Council's Chief Financial Officer can alter the financial limits in these regulations because of the changes in the value of money or where changes are required in order to comply with legal requirements. The Chief Financial Officer must report any alterations to the next meeting of the Governance and Audit Committee and inform schools of any such changes in writing.
- 1.9 All amounts quoted in these Financial Regulations refer to values excluding Value Added Tax.
- 1.10 In applying these Financial Regulations the Governing Body must comply with the requirements of the:
 - 1.10.1 Scheme For Financing Schools (the Scheme).

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- 1.10.2 Guide to Financial Procedures in Schools (the GFPS), and
- 1.10.3 any other legal requirements.

FINANCIAL CONTROLS AND PROCEDURES

2. Accounting Control

- 2.1 The Governing Body must establish accounting and financial systems, which meet the requirements of the Regulations of the Schools Standards and Framework Act 1998, Section 48, and the accounting arrangements of the Council. School staff must comply with these accounting and financial systems.
- 2.2 The Strategic Director Children's Services should ensure that Governing Bodies provide details of their accounting transactions in a format agreed with the Council's Chief Financial Officer for inclusion within the Council wide accounting financial systems.

3. Audit Arrangements

- 3.1 The Governing Body is responsible for the provision of information in order that the Council's Chief Financial Officer can monitor, review and report on:
 - 3.1.1 The soundness and adequacy of financial management control systems and how they are implemented.
 - 3.1.2 How far established policies, plans and procedures of the school are complied with and the financial effect.
 - 3.1.3 How far assets, resources and interests are accounted for and safeguarded from losses due to:
 - Fraud
 - Waste, extravagance and inefficiency.
- 3.2 In order to fulfil this function the Council's Chief Financial Officer can:
 - 3.2.1 Visit all premises to see cash, stores and other property.
 - 3.2.2 Access any necessary documents or data sources they think necessary.
 - 3.2.3 Ask for any other information and explanation they think necessary.
 - 3.2.4 Produce a written report to the Headteacher and Governing Body.
 - 3.2.5 Attend any meeting of the Governing Body or its committees.
- 3.3 All suspicions or knowledge of losses or irregularities relating to cash, property, stores or other financial matters must be reported immediately to the Governing Body by any member of the staff at the school or any Governor having any such suspicions or knowledge. The Governing Body must have arrangements in place to deal with such reports, which must include immediately reporting the matter to the Council's Corporate Fraud Unit. The Council's Chief Financial Officer will discuss the action to be taken, and must report serious losses and irregularities to the Governing Body, the Strategic Director Children's Services and the Governance and Audit Committee.
- 3.4 The Governing Body is required to ensure that all prime financial records kept in school are retained for the minimum periods required by law.

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3.5 The Governing Body must reply within two months to any Audit report received giving details of action taken. The Strategic Director Children's Services is responsible for appropriate procedures being in place to ensure that intended action is implemented. The Council's Chief Financial Officer must tell the Governance and Audit Committee every year about any replies to reports, which are still outstanding.

4. Provision of Financial Information and Reports

4.1 The Strategic Director Children's Services must produce a statement under Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009 showing the actual expenditure incurred by the Local Authority on behalf of all schools and the actual expenditure incurred by each school.

4.2 The Governing Body is required to comply with all the requirements set out in the Scheme regarding the provision of financial information and reports.

4.3 The Governing Body must obtain and consider a financial monitoring report at least once per term.

4.4 All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard and complete the assessment form on an annual basis.

4.5 All local authority maintained schools must also demonstrate compliance with additional reporting requirements set out by the Department for Education, such as Pupil Premium and PE and Sports Grant Premium.

5. School Staff Remuneration

5.1 The Governing Body is responsible for ensuring that the arrangements for paying school staff are in accordance with the Scheme and rules issued and systems established by the Council's Chief Financial Officer. Payments to workers must comply with IR35 Regulations.

5.2 The Governing Body is responsible for ensuring that all information, which is used for making payments to school staff is accurate. Where this information is passed to the Council for payment, the Council is responsible for the accuracy of payments made in accordance with information received. Where the school processes payroll themselves, or passes this to a third party for processing, the Governing Body must ensure the integrity and accuracy of this process in accordance with requirements and guidance given in the GFPS.

5.3 The Governing Body may nominate members of school staff to authorise payroll documents for payment and must notify the Council or other payment service provider of all such nominated persons.

6. Cash, Banking and Investments

6.1 The Governing Body must ensure that public money is managed in accordance with the Council's Treasury Policy Strategy Statement subject to the additional limitations detailed below:

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- i) School budget funds must be held in a bank account with Barclays, HSBC, Lloyds TSB or RBS (Nat West) (RBS only if the account was opened before 1 October 2012).
 - ii) Investments must only be made in accordance with written procedures approved by the Governing Body. These procedures must comply with the requirements of the Council's Treasury Policy Strategy Statement and the current Scheme for Financing Schools.
 - iii) The maximum permitted period of an investment is 1 year.
 - iv) Investments must be made under the name of the School on behalf of the Council.
- 6.2 The Governing Body must make a return to the Council's Chief Financial Officer on the 31 of March each year detailing the Institutions used and amounts involved.
- 6.3 The Governing Body must ensure arrangements are in place for the sound and efficient operation of the School's bank accounts. School bank accounts in which school delegated funds are maintained must not be allowed to go overdrawn and must not have an overdraft facility.
- 6.4 The Governing Body is responsible for ensuring that there are safe and efficient arrangements for the control of and access to blank cheques, the preparation and signing of cheques and the monthly reconciliation of the cash books with bank statements.

7. Borrowing Arrangements

- 7.1 The Governing Body must not negotiate overdraft facilities or loans to the school.
- 7.2 The Governing Body must not enter the school into a finance lease unless prior approval has been given in writing by the Secretary of State. A finance lease would transfer substantially all the risks and rewards of ownership to a school. It is a form of borrowing and must not be entered into by a school without prior Secretary of State approval.
- 7.3 The Governing Body must not enter the school into a hire purchase agreement as it is similar to a finance lease.
- 7.4 The Governing Body may enter the school into an operating lease. An operating lease is any lease which is not a finance lease. It will have the character of a rental agreement with the leasing company usually being responsible for the repairs and maintenance of the asset.
- 7.5 The Governing Body must receive and retain written legal advice from a professional advisor (financial or legal) or the Council's Legal Department prior to signing a lease agreement to ensure that it is an operating lease. Advice from the leasing company on the nature of the lease is not sufficient.

BUDGET PREPARATION AND OPERATION

8. Budget Management

- 8.1 The Governing Body must ensure that appropriate arrangements are in place to meet the requirements for the approval and submission of school budgets in accordance with the Scheme and GFPS.

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- 8.2 The Governing Body must operate their budget in accordance with the [Scheme](#), the [GFPS](#), the Authority's [Schools Surplus Balances Protocol](#) and the Authority's [Deficit Budget Protocol](#).

EXPENDITURE REQUIREMENTS

9. Expenditure Limits

- 9.1 Subject to any requirements in the Scheme the Governing Body may spend up to the total financial resources available to them in the most efficient and cost effective manner for the purposes of the school and in accordance with any requirements in the Scheme.
- 9.2 Where the Governing Body has delegated day to day management of the budget it has approved to the Headteacher, the Headteacher is responsible to the Governing Body for all expenditure incurred and any variations within the total budget.
- 9.3 The Governing Body must take due consideration of all commitments to expenditure, particularly related to staffing levels, which extend from one financial year to the next.
- 9.4 Where the Headteacher has a professional concern about expenditure decisions being made by the Governing Body the Headteacher has the responsibility to report the matter to the Council's Chief Financial Officer.
- 9.5 All financial transactions must be authorised by the Governing Body or their nominee, except in the circumstances set out in the Scheme where the budget share of a school can be charged by the Local Authority without the consent of the Governing Body.

10. Invoices

- 10.1 The Governing Body is responsible for ensuring that invoices are checked prior to payment, and for the integrity and accuracy of the school's payment system.
- 10.2 The Governing Body must nominate persons to certify invoices for payment and must maintain a record in school of such nominated persons. Only persons nominated by the Governing Body may authorise payment for any goods, works and services supplied to the school.
- 10.3 As far as possible the Governing Body should ensure that the placing of orders for goods, works and services, the receiving of goods, works and services, and the certification of payment of them are carried out by different persons.

CAPITAL EXPENDITURE

11. Expenditure Arrangements

- 11.1 Schools have the right to receive explanatory information about Capital Expenditure Programmes relating to them.

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INCOME REQUIREMENTS

12. Income Arrangements

- 12.1 When the Governing Body provides goods or discretionary services to bodies or individuals external to the school, the Governing Body must ensure
- 12.1.1 A sound business case is established.
 - 12.1.2 The Governing Body has legal authority to carry out the service.
 - 12.1.3 All relevant financial, employment and legal aspects have been properly considered.
 - 12.1.4 The Governing Body is not exposed to unreasonable or disproportionate financial or other risk.
 - 12.1.5 The Governing Body, through its actions, does not expose the Council to unreasonable or disproportionate financial or other risk.
- 12.2 The Governing Body has the responsibility for making arrangements for the collection, receipt, recording, banking and safe-keeping of all the school income in accordance with the GFPS.
- 12.3 The Governing Body has the responsibility for making arrangements for credit facilities and for recovering outstanding debts, for all school income in accordance with the GFPS.
- 12.4 All contracts where the Governing Body agrees to provide a service for a fee must be in writing and state the services to be provided, the price to be paid, the payment agreement and the time within which the contract is to be performed.
- 12.5 Credit notes must only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and once it is confirmed that the debt is not payable. Credit notes must be approved by the Governing Body or their nominated member of school staff before they are raised.
- 12.6 Debts up to £500 may only be written off by the Governing Body when evidence is provided that the school's debt recovery procedures have been followed and the debt is deemed to be irrecoverable. Debts over £500 may only be written off by the Council's Chief Financial Officer when evidence is provided that the school's debt recovery procedures have been followed and the debt is deemed to be irrecoverable by the Council's Chief Financial Officer. Credit facilities should not be provided to an individual/organisation that the Governing Body has previously had to write off a debt for.
- 12.7 The Governing Body is responsible for arrangements for the submission of grant applications to funding agencies, the proper processing and certification of grant claims and the proper management of grant monies received.

13. Review of Fees, Charges, Remissions and Use of Premises

- 13.1 The Governing Body shall determine all fees, charges and remissions and review them each year. The annual review must have regard to relevant policies and strategies, cost of service and budget implications and inflation. In particular, where there is a requirement for a service to break even or to generate a surplus, the review must have regard to this requirement.

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- 13.2 Governing Bodies may enter into lettings arrangements for use of school premises and retain all income from such lettings. The premises of a community, community special or voluntary controlled school belong to the Council and the Governing Body of such a school may not sell or dispose of these premises, and except in the case of caretakers' service tenancy agreements, may not enter into any tenancy agreement in relation to these premises.

MANAGEMENT OF ASSETS

14. Safekeeping of Assets

- 14.1 The Governing Body is responsible for making suitable arrangements for the safekeeping and proper use of equipment, property and other assets in their control.

15. Keeping of Inventories

- 15.1 The Governing Body must supply the Strategic Director Children's Services with such information as is required to maintain the Authority's Asset Register.
- 15.2 The Governing Body must ensure that an inventory record system is operated in accordance with the guidance in the GFPS, which requires an up to date record of assets to be maintained. In accordance with the Scheme the inventory must include items over £1,000 and, at the Governing Body's discretion, such items as it decides below £1,000 including those that are considered attractive or portable.
- 15.3 Inventories must be regularly updated and all items should be physically checked at least annually.
- 15.4 All plant and equipment must be clearly marked to show they belong to the School.

16. Private Property

- 16.1 When the School is entrusted with private property, it is the responsibility of the Governing Body to ensure that there is a complete inventory made, arrangements are made for its safekeeping and arrange for any appropriate insurance cover.

17. Private Funds and Community Facilities

- 17.1 A Private Fund can only be set up with the approval of the Governing Body, who must make appropriate arrangements for recording and safekeeping of such funds. The Governing Body must ensure that funds that do not come from Local Authority sources are clearly accounted for separately from Local Authority funds.
- 17.2 Local Authority monies must not be paid into Private Fund accounts.
- 17.3 Private Funds must be reported to and reviewed by the Governing Body annually. The Governing Body must arrange for an annual audit of such funds. A copy of the audited accounts must be forwarded to the Strategic Director Children's Services.

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17.4 Accounting arrangements for such funds must be in accordance with the requirements of the Scheme and the appropriate procedures and standards required by these Financial Regulations and the GFPS.

INFORMATION MANAGEMENT

18. Security and Control

18.1 The Governing Body shall make suitable arrangements for the identification, recording securing and proper use of all:

18.1.1 computer hardware/software and associated technologies owned by or used by the school.

18.1.2 school information systems, manual and electronic, including the control of access to premises where information is processed and stored.

18.2 The Governing Body must appoint a Senior Information Risk Owner (SIRO). The SIRO must be a senior member of staff (normally the headteacher) who is familiar with information risks and the school's response. The SIRO has the following responsibilities.

- They own the information risk policy and risk assessment.
- They appoint the Information Asset Owners (IAOs).
- They act as an advocate for information risk management.

18.3 The SIRO must identify an IAO for each asset or group of assets within school. For example, the school's management information system should be identified as an asset and should have an IAO. The role of an IAO is to understand:

- What information is held, and for what purposes.
- How information will be amended or added to over time.
- Who has access to the data and why.
- How information is retained and disposed off.

18.4 The IAO must manage and address risks to the information and make sure that information handling complies with legal requirements. There may be several IAOs within a school whose roles may currently be those of e-Safeguarding Coordinator, ICT Manager or Information Systems Manager.

18.5 The handling of secured data is everyone's responsibility, whether they are an employee, governor, volunteer, technical support or third-party provider. Failing to apply appropriate controls to secure data could amount to gross misconduct or result in legal action.

CONTRACTING ARRANGEMENTS

19. Schools Contracts Standing Orders

19.1 Any employee or representative of the school who is either responsible for, or undertakes, procurement of goods, works and services on behalf of the Governing Body, must follow the Schools Contracts Standing Orders.

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20. Claims

- 20.1 The Governing Body must inform the Council's Chief Financial Officer of all claims by or against contractors, which are the subject of dispute between the Governing Body and the contractor.

INSURANCE ARRANGEMENTS

21. Insurance Cover

- 21.1 The Council's Chief Financial Officer will determine the extent and levels of insurance protection/indemnity that are appropriate to protect both the school's and the Council's interest in property, personnel and potential legal liability.
- 21.2 The Council's Chief Financial Officer will make a scheme of insurance available to schools in compliance with Regulation 22. Where a school does not use this scheme the Governing Body must ensure that they meet the extent of cover identified under Regulation 22, and such insurance must be written in the joint names of the School and the Council.
- 21.3 The Governing Body has the responsibility to effect, maintain and amend as necessary contracts of insurance.

22. Insurance Claims

- 22.1 The Governing Body must ensure that procedures are in place to immediately inform the Council's Chief Financial Officer either of any loss or damage, which will involve a claim under the cover arranged through the scheme of insurance or any incident and /or claim which may result in an action for damages against the Governing Body and /or the Council.
- 22.2 The Council's Chief Financial Officer will handle, negotiate and arrange settlement in accordance with the insurance arrangement affected through the Corporate Resources Department.

PUBLIC ACCOUNTABILITY REQUIREMENTS

23. Rules for Governors and School Staff

- 23.1 A member of school staff must not, under colour of their office of employment, accept any fee or reward whatsoever other than their proper remuneration.
- 23.2 A Governor or member of school staff must not receive or give or offer any gift or bribe or personal inducements in connection with the School's activities.
- 23.3 A Governor or member of school staff must not use Local Authority or School property, assets or materials for other than the purposes of the Local Authority or school without authorisation of the Governing Body or nominee. Such authorisation can only be given if it can be shown that such use is in the interests of the Local Authority or school.

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23.4 A Governor or member of school staff must not subordinate their duty to the Local Authority and School to their private interests or put themselves in a position where their duty and private interest conflict.

23.5 The Governing Body of each school must establish a register, which lists for each member of the Governing Body and the Headteacher any business interests they or any members of their immediate family have, details of any other educational establishments that they govern and any relationships between school staff and members of the Governing Body. The Governing Body must ensure that the register is kept up to date with notification of changes and through annual review of entries; must make the register available for inspection by governors, staff and parents, and the Authority; and must publish the register on the school's website.

23.6 If any Governor or member of school staff suspects or knows of any financial loss or irregularity they must inform the Council's Corporate Fraud Unit immediately.

24. Cashing of Cheques

24.1 The cashing of cheques is not allowed except with the specific approval of the Governing Body or their nominee. Such approval can only be given where it necessary to provide effective financial management of the school.

25. Prevention of Money Laundering

25.1 In accordance with the Money Laundering Regulations 2007, the School must not accept cash payments in excess of €15,000. For practical purposes, this limit is set at £13,000 subject to Financial Regulation 1.8.

26. Value Added Tax (VAT)

26.1 The treatment of Value Added Tax (VAT) in relation to fees, charges and any other income and expenditure should follow accurately the guidance given in the Local Authority VAT Education Guide.

27 School Companies

27.1 In accordance with the School Companies Regulations 2002 (as amended), the Governing Body must seek prior written approval from the Strategic Director Children's Services and the Council's Chief Financial Officer to form or become a member of a company.

27.2 Once approval has been received, the Governing Body must comply with all of the requirements of the School Companies Regulations 2002 (as amended).

27.3 The Governing Body must provide management and financial data on a quarterly basis (or more frequently if requested) to the Council's Chief Financial Officer to enable the Council, as Supervising Authority, to fulfil its legal duty to monitor the management and finances of the school company.

27.4 The Governing Body must also provide audited accounts to the Council's Chief Financial Officer in accordance with the requirements of the Regulations.

Appendix 1: Consultation Draft - Financial Regulations for Maintained Schools

28. Partnerships and Joint Ventures

28.1 Where a Governing Body is considering becoming involved in a partnership arrangement or a joint venture, the Governing Body shall first consult with the Council's Chief Financial Officer and City Solicitor on the proposals, and shall agree arrangements to provide for the effective monitoring in each case of the arrangement or Joint Venture.

29. Proposals to transfer services to an External Provider

29.1 Before a Governing Body tenders for services currently provided internally by the school, by the Council or by a third party provider, it must obtain legal and financial advice in writing to ensure appropriate decisions are made and adequate safeguards are in place.

29.2 The legal and financial advice must (but not exclusively) consider any TUPE, pension, equality, diversity, data protection and information security implications. It must include an estimate of the whole life-cycle costs (including on-going or disposal costs or costs that would (or could) be incurred or met by third parties.) A written, clear specification must be prepared as part of the proposal, which will form the basis of the contract.

29.3 After considering the financial and legal advice, if the Governing Body decides to tender for a service :

- i) currently provided by the Council, the Governing Body must notify the Strategic Director of the service provided, in writing, at least 3 months in advance of the tender process. If the restricted tendering procedure is followed, the Council must be invited to tender for the service.
- ii) currently provided by a third party that can be provided by the Council, if the restricted tendering procedure is followed, the Council must be invited to tender for the service.

29.4 Amongst other services, the Council can provide catering, cleaning, payroll, HR and training services to schools. The Governing Body must make appropriate enquiries to determine whether the Council can provide the service to be tendered prior to carrying out the tendering process.

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SCHOOLS FORUM AGENDA ITEM

For Action

For Information

Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

To update Schools Forum members on the Schools Financial Value Standard for 2018.

Date (s) of any Previous Discussion at the Forum

July 2017

Background / Context

The Schools Financial Value Standard (SFVS) was introduced by the Department for Education to assist maintained schools in managing their finances and to give assurance that schools have secure financial management in place. It consists of 25 questions and on an annual basis the Governing Body of every maintained school must formally discuss each question with their senior staff and complete the self assessment, identifying remedial action and a timescale for completion where appropriate. All maintained schools, excluding those falling within listed exceptions were required to complete and submit a return by 31 March 2018, which for most schools was their seventh year of submission.

Details of the Item for Consideration

Summary of the Position as at 31 March 2018 and Summary of the Analysis of Returns

As at 31 March 2018 SFVS self assessments had been completed by 116 of the Council's 131 schools. This year 9 schools met the exemption criteria for SFVS. The returns received for 2018 show an overall improvement in the standard of completion of the returns and the quality of action plans. The number of late returns was six in 2018, an increase of one on the 2017 position. To date there is one school yet to provide a return which is an improvement on the position last year. The number of returns provided by the required deadline slightly decreased to 95% in 2018 from 96% in 2017, but still provides continued assurance that schools are engaging with the SFVS process and complying with its requirements.

Overall Level of Compliance with SFVS Questions

In 2018 57% of the 116 schools providing a return gave a 'Yes' response to every question indicating that they fully complied with the standard. This shows a slight deterioration in full compliance from 2017 when 61% of returns gave a 'Yes' response to all questions.

Approach to the analysis of returns received

Returns are analysed based on a rolling sample of approximately a third of returns (40 out of a possible 116 returns). The returns that were selected for audit were representative of the types of schools providing a return and included those experiencing financial difficulty at year end.

Standard of Completion

During the analysis each self assessment return was graded either 'good', 'average' or 'poor'. This grading is subjective, however a comparison of the standard of completion between years highlighted that there had been an overall improvement in the standard of returns, which is indicative of schools becoming more familiar with the requirements of SFVS and the impact of the training taking effect.

Summary of Action Plan Findings

Of the 40 schools which were sampled, 18 schools (45%) were required to produce an Action Plan to identify remedial actions to ensure compliance with all SFVS requirements. The analysis of the Action Plans considered whether they demonstrated SMART principles: specific, measurable, achievable, realistic and timely. It was pleasing to note that 13 returns in the sample (72%) did demonstrate SMART principles.

SFVS requires that all action points are addressed prior to the next submission of the SFVS return. Therefore, consideration was given to whether returns showed evidence of action points from the 2017 return being addressed. Of the 20 in the sample with an action plan from 2017, 14 (70%) had addressed fully their action points which was a significant increase in performance on the 50% achieved in 2017. In respect of the six schools that had not fully addressed their 2017 action points, Internal Audit has emailed them to enquire as to how they intend to action these items as a matter of priority. For three of the sampled schools who were in a deficit position at the year end, Internal Audit ensured that the action plan and the SFVS assessment made reference to the deficit and included plans to rectify it going forward.

Analysis of the impact of full school audits on SFVS

Of the 40 returns which were analysed, five had been subject to a full school audit programme during 2017/18 out of a possible eight full school audits which were completed during 2017/18. During the analysis, consideration was given as to whether the recommendations raised in the audit reports relating to SFVS, had been addressed prior to submission. The results of this analysis showed positive results and all recommendations relating to SFVS requirements had been addressed.

Analysis of the impact of SFVS training

Internal Audit continued to offer SFVS training to all governors and school staff during 2017/18. The aim of the training was to equip Governing Bodies with the skills needed to produce a good quality SFVS return. It was pleasing that improvement was evident in the returns provided by schools that had attended the SFVS training.

As reported in previous years, the SFVS training has replaced the specific SFVS audits with the intention of achieving a wider coverage of schools to demonstrate efficiency and effectiveness in the deployment of audit resources. This approach has been successful with 97 schools being represented at the training since it began, coverage which would be virtually impossible to achieve through the traditional SFVS audit process. In 2017, 15 out of 27 schools represented were new to SFVS training which has further widened our audit coverage in this area.

Internal Audit has allocated time in the 2018/19 audit plan for further SFVS training and will monitor the number of schools becoming exempt from SFVS due to having an academy order in place to ensure that any training offered is commensurate with need.

ACTION TAKEN TO MEET LOCAL AUTHORITY OBLIGATIONS FOR SFVS DURING 2017/18

- **Confirmation that SFVS returns are used to inform the programme of financial assessment and audit**
- **A system of audit is in place to give adequate assurance over the standard of financial management and the regularity and propriety of spending within schools**
- **The requirement to make the Governing Body, management committee and the LA aware of any major discrepancies in judgements when carrying out an audit and ensure that all actions have been addressed before an SFVS review takes place**

The risk model used to prioritise schools for inclusion in the audit plan includes non submission of SFVS as one of a number of risk factors via the inclusion of the Light Touch Financial Monitoring bandings. As part of the analysis of returns, Internal Audit also considers the contents of each SFVS return and if there are any comments that raise concerns, this will further inform audit planning for the schools audit programme for the coming year.

The audit testing programme for schools requires auditors to review a school's SFVS return as part of the planning process prior to an audit and compare the schools self assessment judgements to their findings during the audit. The auditor then makes an assessment on the level of correlation that can be identified between the SFVS assessment and the audit findings and advises the school to review their responses to specific questions where necessary. This position is highlighted to the school, Chair of Governors and authority recipients in the ensuing audit report.

Audit recommendations that are linked to the SFVS have been tracked as part of the audit follow up process, thus ensuring that schools are taking necessary action on all recommendations to improve their control environment and financial management practices in a timely manner.

Conclusion

The results of the full school audits and SFVS analysis suggest that the level of audit coverage of schools is appropriate. The system of audit in place for the year was sufficient to give the Chief Finance Officer adequate assurance over the standards of financial management and the regularity and propriety of spending within schools.

Consequently the SFVS submission for 2018 was signed off by the Assistant Director of Finance & Procurement on the 23 May 2018 and submitted to the Department for Education on this date.

Implications for the Dedicated Schools Grant (DSG) (if any)

None

Recommendations

That the information in this report be noted.

List of Supporting Appendices / Papers (where applicable)

None

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SCHOOLS FORUM AGENDA ITEM

For Action

For Information

Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

To provide the Forum with a summary of the number of maintained schools in each category, within the “Financial Classification of Schools”, for the 2018/19 Academic Year.

Date (s) of any Previous Discussion at the Forum

The Financial Classification of Schools was last presented to the Schools Forum on 5 July 2017.

Background / Context

The Classification is a set of criteria used by the Local Authority to identify maintained schools in greatest need of financial support and to carry out a programme of annual detailed budget discussions with these schools. The Classification is calculated on an academic year basis, and is updated each year. The Financial Classification system was established in July 2006. The Classification is an alpha-numeric system with Categories A (highest level of support) B, C and D (lowest levels of support). A school is placed into a category, based mostly on the information taken from its approved 3 year budgets and outturn from the previous financial year.

Details of the Item for Consideration

This information is presented to the Schools Forum in the context of the discussions that have taken place on the liabilities that may crystallise with a school’s conversion to academy status and what action is taken by the Authority to prevent deficit budgets. The table below shows the initial calculation of number of maintained schools in each category in the 2018/19 Academic Year Financial Classification. This assumes that no further conversions of maintained schools to academy take place.

| | Category A | Category B | Category C | Category D |
|------------------|-------------------|-------------------|-------------------|-------------------|
| Nursery | 0 | 1 | 1 | 5 |
| Primary | 15 | 3 | 41 | 38 |
| Secondary | 4 | 0 | 1 | 2 |
| Special | 0 | 0 | 4 | 0 |
| PRUs | 0 | 3 | 2 | 2 |
| Total | 19 | 7 | 49 | 47 |

Category A: School in deficit, recently in deficit or vulnerable to deficit, closing / opening schools (highest level of support)

Category B: Schools with excess surplus balances / trigger the forecasting accuracy criteria

Category C: Schools forecasting deficits or vulnerability to deficit in 2nd or 3rd year budgets

Category D: Normal level of support

The table below shows the change in the number of schools in each category from the 2017/18 Academic Year Financial Classification (on an equivalent basis i.e. removing schools that have converted to academy).

| | Category A | Category B | Category C | Category D |
|------------------|-------------------|-------------------|-------------------|-------------------|
| Nursery | same | +1 | -1 | same |
| Primary | +1 | -4 | +12 | -9 |
| Secondary | same | same | same | same |
| Special | -1 | same | +2 | -1 |
| PRUs | same | same | +1 | -1 |
| Total | same | -3 | +14 | -11 |

Implications for the Dedicated Schools Grant (DSG) (if any)

None

How does this item support the achievement of the District's Education Priorities

This is an item for information. It is important for Forum members to be aware of the support framework for maintained schools. The information in this paper provides more detail of one of the ways in which the Authority supports and challenges maintained schools.

Recommendations

The Forum is asked to consider and to note the information provided in this paper.

List of Supporting Appendices / Papers (where applicable)

None

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