



NOTICE OF MEETING

SCHOOLS FORUM

WEDNESDAY, 23 MAY 2018 AT 4.30 PM

CONFERENCE ROOM A, SECOND FLOOR, THE CIVIC OFFICES

Telephone enquiries to Jane Di Dino 023 9283 4060

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Membership

Schools Members

Three head teacher representatives - primary phase

Two head teacher representatives - secondary phase

One head teacher representative - special phase

Seven academy representatives

Three governors

Non School Members

Five Councillors (one from each political groups)

One representative from the following organisations:

The 16-19 Representative

The Early Years Representative

(NB This agenda should be retained for future reference with the minutes of this meeting).

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

AGENDA

- 1 Apologies
- 2 Declarations of Interests
- 3 Membership Changes.
- 4 Minutes and matters arising from the previous meeting held on 28 February 2018. (Pages 5 - 10)

5 Schools Forum Constitution (Pages 11 - 28)

Purpose.

The purpose of this report is to seek Schools Forum approval of the revised constitution attached at Appendix A. The amendments proposed within this report are intended to update the Schools Forum constitution, to ensure that there is appropriate representation; particularly with the increasing number of schools converting to Academy status within the city.

Recommendations

It is recommended that Schools Forum:

- a. Approve the revised constitution attached at Appendix A to take effect from 24 May 2018; and**
- b. Note that with the increasing number of Academies within the city, the constitution will continue to be reviewed at least annually to ensure appropriate representation on the Forum.**

6 Scheme for Financing Schools (Pages 29 - 102)

Purpose.

This report outlines the proposed changes to the Scheme for Financing Schools which reflect the revisions directed by the Department for Education.

Recommended that:

Schools Forum members representing maintained schools approve the revised Scheme for Financing Schools attached at Appendix 1, to come into force on 1 June 2018.

7 The Harbour School (Pages 103 - 108)

Purpose.

The purpose of this report is to request that Schools Forum agree to use DSG balances to fund the deficit in The Harbour School budget to enable the school to transfer to a Multi Academy Trust.

Recommendations

It is recommended that Schools Forum note the significant progress that has been made to address the financial and structural issues at The Harbour School, including predicting a balanced in-year budget for 2018-19.

It is recommended that Schools Forum endorse the use of £868,258 from DSG balances to fund the deficit in The Harbour School budget, to enable the school to transfer to academy status by the expected date of December 2018.

8 Funding Formula 2019/20 Consultation Document.

A verbal update will be given to the forum.

9 Any Other Business.

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

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Agenda Item 4

SCHOOLS FORUM

MINUTES OF THE MEETING of the Schools Forum held on Wednesday, 28 February 2018 at 4:30pm at the Civic Offices, Portsmouth

Present

Jackie Collins	Head Teacher	Primary
Dave Jones	Head Teacher	Primary
David Jeapes, Chair	Head Teacher	Secondary
Ian Hunkin	Head Teacher	Special
Jason Crouch	Governor	Secondary
Clive Good	Governor	Primary
Joy Waeland	Academy	Primary
Nys Hardingham	Academy	Secondary
Steve Labeledz	Academy	Secondary
Alison Beane	Academy	Special
Suzy Horton	Councillor	Liberal Democrats
Kara Jewell	Representative	Early Years

7. Apologies

Apologies had been received from Councillor Colin Galloway, Councillor Neill Young, Stella Mbubaegbu and Stewart Vaughan.

8. Declarations of Interest

No interests were declared.

Four declarations of Interests forms were outstanding and the people concerned have been contacted.

9. Election of Vice Chair.

Gareth Hughes had been nominated in advance of the meeting, but he will no longer be eligible to be a Schools Forum member following the conversion of his school to academy status on 1 March.

The Chair nominated David Jones and Jackie Collins seconded this nomination.

DECISION

David Jones was appointed Vice Chair.

10. Membership Changes.

Beverley Pennekett, Finance Manager gave an update on membership:

- Alison Beane's tenure will expire on 1 March. Since there are currently no other special academy chains in the city, she was asked if she would be prepared to stay on the forum. Alison agreed and her tenure was extended for a further two years.

- Gareth Hughes will no longer be eligible to be a Schools Forum member from 1 March when his school becomes an academy.
- David Jeapes' tenure expires in June.
- Stella Mbubaegbu's tenure expires in May.

11. Minutes and matters arising from the previous meeting held on 17 January 2018.

Matters Arising.

- The update on the SEND Strategic Review is on this meeting's agenda.
- A bulletin was sent to the Early Years' Providers on 26 February advising providers that a review of the early education formula will take place later in the year, with a view to making any possible changes from April 2019.
- The report on the Harbour School's financial position will be considered at a future meeting.

DECISION

An extra meeting was provisionally arranged for 23 May at 4:30pm.

12. SEND Strategic Review.

Liz Robinson, Service Manager Education Service and Pippa Cook, SEND Strategic Review Manager introduced the report and explained that it contained some minor typing errors in it and a corrected version would be sent to the forum after this meeting.

In response to questions, they clarified the following points:

The aim is to ensure that there is adequate provision so that fewer pupils in the future have to go outside the city for their education.

The average cost for out of city education placements is currently £60,000 per pupil, per year. This does not include transport or social care costs.

The title of section 6 should read: Meeting the needs of children and young people with autism.

The Review has highlighted the difficulties in predicting future demand for special school places, and has developed a methodology for forecasting need in order to inform the place planning process and ensure that an appropriate educational provision is available.

It is important to effectively promote the educational provision that is available within the city and to ensure that parents and professionals are informed about this 'local offer' of support.

The review identified that Inclusion Centres are very popular with parents. Different models of delivering Inclusion Centre support have been compared. In addition the Review has considered the support that can be provided by a peripatetic service.

The remodelling of Redwood Park will not create additional spaces but will preserve the spaces already there.

Julia Katherine gave a brief outline of the timeline for this Review. Information has been gathered from all stakeholder groups. The final report will be submitted by the end of March. Recommendations will be presented to the SEND 0-25 Joint Commissioning Steering Group and to the SEND Board.

Alison Jeffery added that this report will also be available to the Schools Forum.

The Chair noted that:

There is a significant projected overspend on the high needs block. It will be important to identify which of the recommendations arising from the Review will give us the quickest return and have a significant financial impact to address this.

The forum needs to consider how to incentivise schools to be more inclusive.

A significant amount of money is spent on educational placements out of the city. Mainstream schools could probably adapt and provide schooling for some of these children for less.

Actions

1. Julia Katherine to look into arranging briefings for primary and secondary Head Teachers on tribunals and the role of school representatives if required to attend tribunal hearings. They would then be asked to cascade information to governors and other leads.
2. An update will come to a future meeting.

DECISION

The Schools Forum noted the emerging themes and findings of the SEND Strategic Review and provide feedback to inform the final report and recommendations, prior to a report coming back to Schools Forum to consider the recommendations.

13. Redwood Park School.

Julia Katherine introduced the report.

In response to questions the following points were clarified:

Alison Jeffery, Director of Children's Services explained that:

If the re-modelling of Redwood Park did not go ahead, many pupils would have to be placed outside of the city at an even higher cost.

The council would be anxious if the programme was not delivered.

The council was originally asked to contribute £3m.

Remodelling Redwood School would increase capacity locally for children with complex needs and autism and would reduce the need for out of city placements in the future which would in turn reduce costs and build resilience.

Mike Stoneman, Deputy Director of Children, Families and Education explained that work on Redwood School was due to be completed by 2012. The works have been reviewed and could possibly be reduced by £300,000.

Alison Beane, Head at the Mary Rose Academy expressed concern about possibly changing the plans to save £300,000.

The forum expressed concern that this allocation would wipe out the reserves and there could be two years of potential pressure. They were also concerned about the lack of plans for dealing with the high needs deficit.

The Chair noted that:

Allocating £1m from DSG balances would exhaust the reserves and traditionally the forum maintains a reserve to deal with any unforeseen costs that might arise. However, flexibility is required and this is an opportunity to open up extra funding: £2m from the council.

The Forum recently wrote to Chairs of Governors for schools that are carrying a significant deficit. At the moment there are no schools in special measures.

DECISION

The Schools Forum agreed to the request to allocate £1m from DSG balances to contribute to the re-modelling work at Redwood Park Academy in order that the full scheme can be completed. This would supplement an allocation of £2m from Portsmouth City Council.

14. Dedicated schools grant budget monitoring report for the third quarter 2017/18.

Alison Egerton, Group Accountant introduced the report and in response to a question, explained that current estimated costs include some for which we have not yet received invoices. These will be reviewed by the SEND team at the year end and if they are still expecting to be charged, the creditors will be carried forward to 2018/19.

In response to questions, Julia Katherine explained that:

- There are currently an average of 54 pupils placed outside of the city.
- The costs of CAMHS tier 4 city placements were included in this report.
- The reported costs are for education and are chargeable to the DSG. Other costs, such as transport costs come out of a different budget.

DECISION

The Schools Forum noted:

- 1. The forecast year-end budget position for the Dedicated Schools grant as at the end 31 December 2017, together with the associated explanations contained within this report.**

2. The potential pressures for 2018-19 and impact on the brought forward balances.

15. Any Other Business.

The next meeting would be arranged for 23 May.

The meeting concluded at 5:45pm.

David Jeapes
Chair

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Title of meeting:	Schools Forum
Date of meeting:	23 May 2018
Subject:	School Forum Constitution
Report from:	Alison Jeffery, Director of Children, Families and Education Services
Report by:	Beverley Pennekett, Finance Manager for Children, Families and Education Services
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

1.1 The purpose of this report is to seek Schools Forum approval of the revised constitution attached at Appendix A. The amendments proposed within this report are intended to update the Schools Forum constitution, to ensure that there is appropriate representation; particularly with the increasing number of schools converting to Academy status within the city.

2. Recommendations

2.1 It is recommended that Schools Forum:

- a. approve the revised constitution attached at Appendix A to take effect from 24th May 2018; and
- b. note that with the increasing number of Academies within the city, the constitution will continue to be reviewed at least annually to ensure appropriate representation on the Forum.

3. Background

3.1. The Schools Forums (England) Regulations 2012 (as amended), together with the '*Schools Forum: operational and good practice guide*' published by the Education Funding Agency¹, set out how the membership of Schools Forums should be constituted, the requirements

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

relating to the meetings of the schools forum and their proceedings, as well as the financial issues on which forums must be consulted.

3.2. Schools Forum approved the current constitution in July 2017. The proposals contained within this report, are intended to update the Schools Forum constitution in order to ensure that there is appropriate representation; particularly with the increasing number of schools converting to Academy status within the city.

4. Proposed Changes

4.1. The membership structure is required to be reviewed regularly to ensure appropriate representation is maintained; particularly where there is a change in the number of academies in the city.

4.2. Whilst there is no specified maximum or minimum size required for a Schools Forum, it is recommended that the membership should be kept to a reasonable size. The proposals below seek to reduce the overall membership by one, to 22, following the change in the political composition of the Council.

School & Academy Members

4.3. The School and Academy members together must number at least two-thirds of the total membership of the Schools Forum and the balance between maintained primary, maintained secondary and academies must be broadly proportionate to the pupil numbers in each category.

4.4. Since the last constitution was approved by Schools Forum, there have been further Academy conversions within the city, bringing the total number of Academies at the 1st April 2018 to 37 (57% of all schools).

4.5. The table below summarises the pupil numbers across the categories, (based on the October 2017 census) and shows that Academies now account for 63% of the pupil population in the city.

Category	Number on Roll Maintained Schools	%	Number on Roll Academies	%	Number on Roll Total	%
Primary	7,295	77%	8,944	56%	16,239	64%
Secondary	1,978	21%	6,641	42%	8,619	34%
Special	166	2%	397	2%	563	2%
TOTAL	9,439	100%	15,982	100%	25,421	100%
%	37%		63%		100%	

4.6. Although Academies now account for 63% of the total pupil population in the city, this differs by phase as shown below.

Category	% Pupils in	% Pupils in	Total
	Maintained Schools	Academies	
Primary	45%	55%	100%
Secondary	23%	77%	100%
Special	29%	71%	100%

4.7. It is therefore proposed to update the structure of the Schools Forum membership in respect of the 'School Members' and 'Academy Members', as shown below, in order to maintain proportionate representation; based on the pupil numbers in each category.

School Members:

Head teacher representative - primary phase	2	<i>(reduced by 1)</i>
Head teacher representative - secondary phase	1	<i>(reduced by 1)</i>
Head teacher representative - special phase	1	

Governors:

-		
- Primary phase	1	<i>(reduced by 1)</i>
- Secondary phase	1	

Total School Members **6**

Academy Members:

Primary Academy Proprietor	4	<i>(increased by 2)</i>
Secondary Academy Proprietor	5	<i>(increased by 1)</i>
Special Academy Proprietor	1	

Total Academy Members **10**

Total School & Academy Members **16**

4.8. It proposed that the number of Academy members is increased by 2 for the primary phase and by 1 for the secondary phase, in order to reflect the increased number of Academies in both these phases. Vacancies have been held for the maintained primary and secondary representatives following conversions to academy status and officers will seek new academy representatives if this constitution is approved.

4.9. If the changes proposed above are agreed, then the split between maintained and Academy representatives in total will be 37% and 63%, respectively. The membership ratio also closely reflects the proportionality of pupil numbers by phase, as shown in the table below.

Category	School Members %	Academy Members %
Primary	43	57
Secondary	29	71

4.10. The summary below shows how the schools will be represented in total by phase (both maintained and Academy).

Primary Members	7
Secondary Members	7
Special Members	2
Total School Members	16

4.11. A maintained school member must stand down from membership of Schools Forum if their school converts to Academy status, as the member will no longer occupy the office by which he or she became eligible for election.

4.12. The remaining membership has been reduced by one, to reflect the number of political groups now represented on the Council.

Councillors	4
Post-16 representative	1
Early Years representative	1
Total Other Members	6

5. Reasons for recommendations

5.1 The changes proposed within this paper are required to ensure that operation of the Schools Forum in Portsmouth is compliant with the relevant regulations and good practice guidance issued by the Department for Education.

5.2 In particular it is necessary to regularly review the Schools Forum membership to ensure that appropriate representation is made, particularly where there is a change in the number of Academies in the city.

6. Equality impact assessment (EIA)

6.1 This report does not require an Equality impact Assessment as the proposals contained within this report do not have any impact upon a particular equalities group and seek to ensure that there is appropriate representation from both maintained schools and Academies within the city, as well as by phase (i.e. primary and secondary). The proposals

also seek to ensure that the Forum operates in accordance with both the statutory requirements as well as good practice guidance issued by the Department for Education.

7. Legal comments

7.1 The proposed revised constitution reflects the requirements of the Schools Forums (England) Regulations 2012 (as amended).

8. Finance comments

8.1 There are no financial implications contained within this report.

.....
Signed by:

Appendices:

1. Schools Forum Constitution (*including the powers and responsibilities of the Forum*)

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
The Schools Forums (England) Regulations 2012 (as amended)	www.legislation.gov.uk
Schools Forums: operational and good practice guide	https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by:

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Portsmouth
CITY COUNCIL

SCHOOLS FORUM CONSTITUTION with effect from 24th May 2018

1. Composition

Membership of the Schools Forum should be as follows:

Membership:

School Members:

Head teacher representative - primary phase	2
Head teacher representative - secondary phase	1
Head teacher representative - special phase	1
Governors - primary phase	1
Governors - secondary phase	1
	6

Academy Members:

Academy representative - primary proprietor	4
Academy representative - secondary proprietor	5
Academy representative - special proprietor	1
	10

Total School & Academy Members **16**

Non School Members:

Councillors – a non-executive representative from each political group	4
16-19 Representative	1
Early Years providers (from PVI sector)	1

Total Non School Members **6**

Total Membership **22**

Named substitutes may be nominated for each representative in case of unavailability. Substitutes will be named by the appropriate electing body and will have full voting rights.

The membership structure of the schools forum will be reviewed regularly to ensure appropriate representation is maintained; particularly where there is a change in the number of Academies in the city.

School & Academy Members:

Maintained school head teacher representatives should be elected by the appropriate **Phase Conference**.

Maintained school Governor representatives should be elected by Governors. If it is not possible to appoint sufficient numbers of Governor representatives, then additional maintained school head teachers from the relevant phase can be appointed in their place.

Academy Members will be elected by the **Proprietor bodies** of the academies in the area, through their election processes:

- Academies members representing mainstream Academies must be elected to the Schools Forum by the Proprietors of mainstream Academies in the Authorities area by phase.
- Academies members representing Special Academies must be elected to the Schools Forum by the Proprietors of special Academies in the Authorities area.

The Proprietor bodies (or governing bodies) of the Academies must determine the nomination process by which Academy representatives are nominated and elected to the Portsmouth Schools Forum.

Academy members represent the Proprietor bodies of Academies and therefore members are not restricted to Head Teacher or Governors.

If for any reason the Proprietor bodies are unable to select Academy representatives through their election process by the date notified, the Authority will seek representatives via the appropriate phase conferences.

Non-Schools Members:

The local authority will be responsible for seeking nominations from relevant bodies.

The Authority may not appoint any executive member or relevant officer of the authority to their forum as a non-schools member.

“executive member” means— any elected member of the authority appointed to the executive of that authority.

“relevant officer” means—

- (a) the director of children’s services of the authority,

- (b) any officer employed or engaged to work under the management of the director of children's services, other than one who directly provides education to children or who manages such a person, or
- (c) any officer whose work involves management of, or advice on, school funding.

Observers:

The following additional members will have observer status, but participate fully in the debates of the Forum:

- Lead Cabinet Member for Children & Education
- Director of Children's Services
- Education Funding Agency representative (EFA)

2. Term of Membership

The term of membership for **any** member, the Chair and Vice Chair shall be **two** years, but members may hold office continuously if nominated by their appropriate forum.

A forum member remains in office until—

- (a) the member's term of office expires;
- (b) the member ceases to hold the office by virtue of which the member became eligible for election, selection or appointment to the forum;
- (c) the member resigns from the forum by giving notice in writing to the authority; or
- (d) in the case of a non-schools member, the member is replaced by the authority, at the request of the body which the member represents, by another person nominated by that body
- (e) whichever comes first.

If a member of the Forum has not attended for three consecutive meetings the clerk shall contact those members. If the reason for non-attendance is deemed inadequate by the Forum, then their appointment will be reconsidered by the phase that they represent.

3. Powers and Responsibilities

The powers and responsibilities of the Schools Forum are set out in appendix 1 attached.

4. Sub groups

Two sub groups shall meet as necessary to discuss in detail the key responsibilities of the Schools Forum and to report back:

- (1) Service Level Agreements / contracts
- (2) Revenue funding formula matters

Membership of sub groups will be agreed by Schools Forum and may include non-Schools Forum members.

4. Meetings

The Schools Forum shall meet at least 4 times a year and are quorate if at least 40% of the total membership is present. (*This excludes any observers, and it is 40% of the current membership excluding vacancies*).

If a meeting is inquorate it can proceed but it cannot legally take decisions (*e.g. election of a Chair, or a decision relating to funding conferred by the funding regulations*).

All meetings of the schools forum must be public meetings and all papers considered by the forum and the minutes of their meetings will be published on the Council website.

The Forum shall elect every two years a chair and vice-chair from among their number. The vice-chair has the authority to act on behalf of the chair in their absence. The chair can convene additional meetings as required.

The following persons may speak at meetings of the forum, even though they are not members of the forum-

- (a) the director of children's services at the authority or their representative;
- (b) the chief finance officer at the authority or their representative;
- (c) any elected member of the authority who has primary responsibility for children's services or education in the authority;
- (d) any elected member of the authority who has primary responsibility for the resources of the authority;
- (e) any person who is invited by the forum to attend in order to provide financial or technical advice to the forum;
- (f) an observer appointed by the Secretary of State; and
- (g) any person presenting a paper or other item to the forum that is on the meeting's agenda, but that person's right to speak shall be limited to matters related to the item that the person is presenting.

The Authority will be responsible for preparing agendas, papers and minutes of the Forum's meetings, in consultation with the chair and for their publication of such papers on the Authority's website.

5. Voting procedures

All Members are entitled to vote on all matters put to a vote, except that non-schools members, other than those who represent early years providers, must not vote on matters relating to the formulae to be used by the local authority to determine the amounts to be allocated to schools and early years providers in accordance with regulations made under sections 47 and 47ZA of the Schools Standards and Framework Act 1998.

Only the schools members of the schools forum who are representatives of primary schools may vote to decide whether or not to authorise items to be removed from maintained schools budget shares (i.e. items that can be de-delegated) where they relate to primary schools.

Only the schools members of the schools forum who are representatives of secondary schools may vote to decide whether or not to authorise items to be removed from maintained schools budget shares (i.e. items that can be de-delegated) where they relate to secondary schools.

Only the school members of the schools forum who are representatives of primary schools, secondary schools, special schools (including pupil referral units) may vote to decide whether or not to authorise the redetermination of the schools budget shares by removal of the expenditure referred to in Part 7 Schedule 2 (items to be removed from maintained schools budget shares) of The School and Early Years Finance Regulations.

Voting will be based on the majority vote of those present (subject to quorate rules) with the Chair holding the casting vote if voting is equal.

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Schools forum powers and responsibilities

A summary of the powers and responsibilities of schools forums.

Function	Local authority	Schools forum	DfE role
Formula change (including redistributions)	Proposes and decides	Must be consulted (voting restrictions apply). See schools forum structure document that informs the governing bodies of all consultations	Checks for compliance with regulations
Movement of up to 0.5% from the schools block to other blocks	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
Contracts (where the LA is entering a contract to be funded from the schools budget)	Proposes at least one month prior to invitation to tender, the terms of any proposed contract	Gives a view and informs the governing bodies of all consultations	None
Financial issues relating to:	Consults annually	Gives a view and informs	None

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> • arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding • arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding • arrangements for early years provision • administration arrangements for the allocation of central government grants 		the governing bodies of all consultations	
Minimum funding guarantee (MFG)	Proposes any exclusions from MFG for application to DfE	Gives a view	Approval to application for exclusions
De-delegation for mainstream maintained schools for: <ul style="list-style-type: none"> • contingencies • administration of free school meals 	Proposes	Maintained primary and secondary school member representatives will decide for their phase. Middle schools are treated according to their deemed	Will adjudicate where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> insurance licences/subscriptions staff costs – supply cover support for minority ethnic pupils/underachieving groups behaviour support services library and museum services School improvement 		status	
<p>General Duties for maintained schools</p> <ul style="list-style-type: none"> Contribution to responsibilities that local authorities hold for maintained schools (please see operational guide for more information) 	Proposes	Would be decided by the relevant maintained school members (primary, secondary, special and PRU).	Adjudicates where schools forum does not agree LA proposal
<p>Central spend on and the criteria for allocating funding from:</p> <ul style="list-style-type: none"> funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy 	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> • funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years 			
<p>Central spend on:</p> <ul style="list-style-type: none"> • early years block provision • funding to enable all schools to meet the infant class size requirement • back-pay for equal pay claims • remission of boarding fees at maintained schools and academies • places in independent schools for non-SEN pupils • admissions • servicing of schools forum • Contribution to responsibilities that local authorities hold for all schools 	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
<p>Central spend on:</p> <ul style="list-style-type: none"> • capital expenditure funded from revenue: projects must have been planned and decided on prior to April 2013 so no new projects can 	Proposes up to the value committed in the previous financial year and where expenditure has already been committed.	Decides for each line	Adjudicates where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<p>be charged</p> <ul style="list-style-type: none"> contribution to combined budgets: this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged) prudential borrowing costs – the commitment must have been approved prior to April 2013 	<p>See table four page 31 to 35 for Information on historic commitments. Read establishing local authority DSG baselines for more information.</p>		
<p>Central spend on:</p> <ul style="list-style-type: none"> high needs block provision central licences negotiated by the Secretary of State 	<p>Decides</p>	<p>None, but good practice to inform forum</p>	<p>None</p>
<p>Carry forward a deficit on central expenditure to the next year to be funded from the schools budget</p>	<p>Proposes</p>	<p>Decides</p>	<p>Adjudicates where schools forum does not agree LA proposal</p>
<p>Any brought forward deficit on de-delegated services which is to be met by the overall schools budget.</p>	<p>Proposes</p>	<p>Decides</p>	<p>Adjudicates where schools forum does not agree LA proposal</p>

Function	Local authority	Schools forum	DfE role
Scheme of financial management changes	Proposes and consults the governing body and Head of every school	Approves (schools members only)	Adjudicates where schools forum does not agree LA proposal
Membership: length of office of members	Decides	None (but good practice would suggest that they gave a view)	None
Voting procedures	None	Determine voting procedures	None
Chair of schools forum	Facilitates	Elects (may not be an elected member of the Council or officer)	None



Title of meeting:	Schools Forum
Date of meeting:	23 May 2018
Subject:	Scheme for Financing Schools
Report from:	Alison Jeffery, Director of Children, Families and Education
Report by:	Beverley Pennekett, Finance Manager
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1. This report outlines the proposed changes to the Scheme for Financing Schools which reflect the revisions directed by the Department for Education (DfE).

2. Recommendations

- 2.1. **It is recommended that Schools Forum members representing maintained schools approve the revised Scheme for Financing Schools attached at Appendix 1, to come into force on 1 June 2018.**

3. Background

- 3.1. The latest statutory guidance for Local Authorities issued by the DfE in respect of the Scheme for Financing Schools reflects the recent changes to legislation as set out in The School and Early Years Finance (England) Regulations. The proposed Portsmouth City Council Scheme for Financing Schools attached at Appendix 1, incorporates the requirements of the statutory guidance issued by the DfE. The proposed scheme will become effective on 1st June 2018 once approved by Schools Forum.
- 3.2. Consultation on the changes to the Scheme took place between the 24 April 2018 and 11 May 2018, with Head-teachers, Governors and Finance staff and any responses to the consultation have been reflected in the final document attached at Appendix 1.

4. Proposed Revisions

4.1. The proposed Scheme has been revised to ensure consistency of language, the correct use of titles for responsible officers together with updated hyperlinks to further information. The main revisions to the scheme are listed below and reflect both the changes to the statutory guidance issued by the DfE, together with the general revisions for changes to Portsmouth City Council policies and procedures.

Paragraph Update

1.1	This section has been updated in line with the guidance issued by the Department for Education.
1.4	Directed Revision 2018 paragraph added
2.6	This section has been updates in line with guidance issued by the Department of Education
4.8	New paragraph describing the treatment of balances of closing schools
4.10	New paragraph entered under directed revision (See para. 1.4)
6.2.15	Description amended in line with guidance issued by Department of Education
10.1	Hyperlink to Insurance handbook updated and excess values updated
10.2	Wording amended following advice from the council's insurance department
10.2(e)	Claim forwarding paragraph following advice from the council's insurance department
10.10	New paragraph added to include mini bus training and licence requirements and compliance with the council's driving for work policy following advice from council's insurance department
11.2	Reference amended in line with the guidance issued by the Department for Education
11.10	Paragraph amended in line with the guidance issued by the Department for Education
13.5	Reference amended in line with the guidance from the Department for Education
Annex 1	Removal of schools who have converted to Academy status

Paragraph Update

Annex 1 Special unit places numbers amended to reflect places detailed in High Needs guidance notes for 2018-19

- 4.2. Schools were consulted on the proposed changes between the 24 April 2018 and 11 May 2018. A total of two responses were received, one school picked up an error on the list of maintained schools, which has been corrected in the final version. The other school confirmed that they had no comments on the proposed changes to the document.
- 4.3. The revised version of the Scheme for Financing Schools, once approved will be issued to schools (including Headteachers, Governors and Finance Staff) and made available on the intranet and the external website.

5. Reasons for recommendations

- 5.1 Part 4 of The School and Early Years Finance (England) Regulations 2018 sets out the responsibilities in respect of the scheme for Financing Schools, including the required content which the scheme must deal with (Regulation 30) and the requirement for members of Schools Forum who represent schools maintained by the authority to approve revisions to the Scheme (Regulation 31). The recommendations contained within this report, seek approval from the relevant Schools Forum members to the proposed changes to Portsmouth City Council's Scheme for Financing Schools in line with those Regulations.

6. Equality impact assessment (EIA)

- 6.1 The Scheme for Financing Schools sets out the financial relationship, procedural arrangements and the statutory duties between maintained schools and the City Council. There is no direct impact on any particular equalities group and therefore does not require an equities impact assessment.

7. Legal comments

- 7.1 Approval of the recommendations in this report will enable the Council to meet its statutory duties in respect of the maintenance and publication of a scheme for financing the schools which it maintains. (Section 48 and Schedule 14 of the School Standards and Framework Act 1998 and Part 4 and Schedule 5 of the School and Early Years Finance (England) Regulations 2018).

8. Finance comments

8.1 There are no financial implications arising directly from the recommendations contained within this report.

Signed by: Alison Jeffery, Director of Children, Families and Education

Appendices:

Appendix 1 - Scheme For Financing Schools

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Statutory Guidance - Schemes for Financing Schools	https://www.gov.uk/government/publications/schemes-for-financing-schools

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by:



Scheme for Financing Schools

1st June 2018

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1. INTRODUCTION

1.1 The Funding Framework

The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 48 of the School Standards and Framework Act 1998 (SSAF Act 1998) and Schedule 14 to the Act and Schools and Early Years Finance (England) Regulation 2018.

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

Local Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the Authority in accordance with s.48 of the Act and regulations made under that section. All revisions to the scheme must be consulted on and approved by the Schools Forum, though Portsmouth City Council may apply to the Secretary of State for approval in the event of the Forum rejecting a proposal or approving it subject to modifications that are not acceptable to the Authority.

Subject to provisions of the scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget

shares on any additional purposes prescribed by the Secretary of State in regulations made under section.50 of the SSAF Act 1998)¹.

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 SSAF Act 1998)

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

The detailed publication requirements for financial statements are set out in regulations, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

Regulations also require a Local Authority to publish their scheme and any amendments to it on a website which is accessible to the general public. Any revised version must be published by the date that the revisions come into effect, together with a statement that the revised scheme comes into effect on that date.

1.2 Role of the Scheme

The scheme will govern the financial relationship between the Authority and its maintained schools from 1st August 2018. It defines the requirements relating to financial management and associated issues under which both parties are bound.

1.2.1 Application of the scheme to the Authority and maintained schools

This scheme will apply to all of the community, nursery, voluntary, foundation, community special or foundation special schools and pupil referral units (PRUs) maintained by the Authority as listed in Annex 1. This scheme does not apply to Academy schools.

1.3 Publication of the scheme

¹ Section 50 has been amended to provide that amounts spent by the 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 (section 50 (3A) of the SSAF Act)

The Scheme for Financing Schools and any subsequent amendments will be published on the Authority's website and internal network where it is accessible to all school staff and governors. Any revised version will be published by the date the revisions come into force and the revised scheme will come into force as at the date of each revision.

1.4 Directed Revision 2018

The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction. Directed revisions to the 2018 Scheme can be found at paragraphs:

- 4.10 - Loan Schemes

1.5 Revision of the Scheme

The Authority will consult with all maintained schools in respect of any proposed revisions to the Scheme for Financing Schools prior to submission to the Schools Forum for approval by members of the Forum representing maintained schools. Where the Schools Forum does not approve the revisions, or only approves them subject to modifications considered unacceptable by Portsmouth City Council, Portsmouth City Council may apply to the Secretary of State for approval.

1.6 Delegation of powers to the head teacher

The governing body of each school shall consider the extent to which it wishes to delegate its financial powers to the head teacher and to record its decision annually (and any revisions) in the minutes of the governing body. The governing body must decide upon an appropriate delegation level, however the Authority recommends a level of up to £1,000 for nursery, primary and special schools and up to £5,000 for secondary schools.

Each school is required to submit an annual budget plan, which has been approved by the full governing body, by 31st May each year. For schools using the corporate EBS financial system, the budget is deemed to be submitted when it has been loaded onto the system. Schools not using the corporate system are required to send a signed copy of the approved budget to the Finance Manager for Children's Education Financial Services by the due date.

1.7 Maintenance of Schools

Portsmouth City Council is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of

maintaining them (except in the case of a voluntary school where some expenses are, by statute, payable by the governing body). Part of the way an Authority maintains its schools is through the funding system put in place under sections 45 to 53 of the SSAF Act 1998.

2. FINANCIAL CONTROLS

2.1 General Procedures

2.1.1 Application of financial controls to schools

Schools are required to abide by the provisions contained within the City Council's Financial Rules and Standing Orders. The Rules are available on the City Council's website at: [Financial Rules 1- 4](#), [Financial Rules 5-7](#) and [Contract Procedure Rules](#). A summary of the main points relating to standing orders are given below:

- a) To protect its interest and that of the governing body the City Council's Standing Orders, amended as appropriate, will be applied to schools with delegated budgets.

Local management has been recognised in the Standing Orders on contracts by the following:

- Reference to Strategic Director or Head of Service shall include a Head of a school with delegated budgets under an approved Local management scheme;
 - Reference to committee shall include the governing body of a school;
 - The head/governing body of a school can receive and accept tenders.
- b) If a governing body of a school with a delegated budget enters into a contract, it does so on behalf of the City Council.

It is recommended that governing bodies formally adopt the Financial Rules and minute the decision.

2.1.2 Provision of financial information and reports

Schools not using the corporate accounting system are required to provide the Authority with details of anticipated and actual expenditure in an agreed format at least once every 3 months. Portsmouth City Council will interrogate financial records as appropriate for those schools using the corporate accounting system.

Under s.151 of the Local Government Act 1972 the Authority's Chief Financial Officer (Section 151 Officer) is responsible for the maintenance of proper accounting records. The Section 151 Officer therefore must approve the use of the accounting system used by schools.

At present only one accounting system has been approved for schools namely ORACLE E-business suite (EBS).

Any school wishing to operate an alternative accounting system should first seek approval from the Section 151 Officer who must be satisfied that the accounting system is sufficient to meet their statutory responsibilities.

Schools are required to keep the accounting system up to date. As a basic rule transactions should be recorded on a weekly basis as a minimum.

Schools are required to abide by the accounting policies and year-end procedures prescribed by the City Council in order that the accounts can be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in Great Britain and the Consistent Financial Reporting (CFR) Framework.

2.1.3 Payment of salaries; payment of bills

See paragraphs 2.1.3.1 – 2.1.3.6

2.1.2.1 Human Resources Management

All Local Authority schools have been issued with a Portsmouth City Council Manual of Personnel Practice, which has been endorsed by professional associations and trade unions representing staff in schools. The manual provides information on all the major issues within the employment process. There are also supplementary appendices in these sections specifying model processes, which will enable balanced and reasonable employment decisions to be taken on a variety of subjects. Some of these relate to specific categories of staff in schools and form parts of the employment contract for staff, although generic procedures are included wherever this is appropriate.

Under Local Management, the governors will have responsibility to determine the stance they will take on various employment matters given consideration to professional Human Resources advice; adherence to the provisions of the manual (and adoption of the model processes) will mitigate the possibility of individual or collective difficulties arising. It must be emphasised that, whilst it is legitimate to "dip into" specific parts of the manual to establish the proper stance to be adopted in a particular situation, the manual is attempting to highlight the importance of the ongoing, continuous approach towards the appointment and

development of staff. In this context, issues like induction, appraisal, training and communication become a natural and obvious part of the process of employing staff.

2.1.2.2 Payment of Salaries and Wages

Schools are required to make sufficient arrangements to account properly and remunerate accurately all employed and self-employed staff in so far as they are contracted to that school.

Schools should also ensure that arrangements are in place for the timely completion of all employee related statutory returns (tax or otherwise) for all employed or self-employed staff in so far as they relate to that school.

Portsmouth City Council has the right to recover from school budget shares any penalties or fines imposed due to a schools failure to make proper arrangements or negligence (see paragraph 6.2).

2.1.2.3 Purchasing Matters

Schools are free to choose their suppliers, but may find it advantageous to use the arrangements made by the City Council for purchases from store, call-off contracts and general supplies contracts. These contracts enjoy advantageous prices due to the substantial volume of business.

Schools should seek to ensure that all payments, in so far as they relate to that school are made according to statutory regulations and/or the terms and conditions of any contractual agreements entered into so as not to incur the school or Authority any penalty costs (legal or otherwise).

The Authority will have the right to charge a school's budget share with any costs incurred as a result of a school's failure to meet its contractual or legal obligations in respect of payments.

2.1.2.4 Control of assets

Each school must maintain an inventory, which as a basic minimum includes all items with a value of over £200 or which are deemed portable and attractive. The information required of inventory items over £1,000 should be consistent with the requirements of Portsmouth City Council's Financial Rules and should be kept up to date. A copy of the up to date inventory should be kept off site.

All disposals of inventory items must be authorised in writing by the head teacher or governing body and should include the reason for their disposal.

The inventory should be checked annually against the physical items held and discrepancies investigated and reported to the governing body.

School equipment may only be loaned to staff or pupils with the permission of the head teacher. A register of all loaned equipment should be maintained.

A model inventory log sheet is provided at Annex 4.

2.1.2.5 Accounting Policies (including year-end procedures)

Schools are required to abide by all procedures issued by Portsmouth City Council for this.

2.1.2.6 Writing off of debts

Governing bodies may approve the write off of debts up to £100; above this sum the school must request the approval of the Section 151 Officer.

2.2 Basis of accounting

Schools are responsible for ensuring that all income is accounted for properly and in accordance with Portsmouth City Council Financial Rules. Schools must also ensure that VAT is charged at the correct rate where applicable. The City Council has established administrative procedures for the collection of income, which are set out in the Financial Rules.

2.3 Submission of budget plans

Schools are required to submit a budget plan to the Local Authority (or post it on ORACLE) by 31st May each year. Schools must take account of estimated balances as at 31st March of that year in formulating a budget plan.

All schools are required to have their 3-year budget plan approved by the full governing body and evidenced as such in the minutes of that meeting. Similarly any revisions to the budget plan must be approved and recorded in the minutes by the full governing body.

In developing their budget plan schools should ensure they have considered :

- the objectives that the budget plan is intended to deliver;
- the assumptions which underpin its calculation;
- how spending by the school will meet the principles of Value for Money

All schools are required to review their budget plans at least half way through the financial year (each October) and make revisions as necessary. All revised budget plans should be either submitted to the Authority or posted on ORACLE, by 30th November each year, after approval by the full governing body.

Profiled budget monitoring reports (including committed expenditure) should be provided to the finance committee of the governing body for review at each meeting. For schools using ORACLE, the BB501 or BB502 are the recommended reports for the finance committee.

2.3.1 Submission of financial forecasts

Schools are required to submit a financial forecast to the Authority by 31st May each year, covering each year of a multi-year period. The Authority may use the information provided as evidence to support Portsmouth City Council's assessment of Schools Financial Value Standards and to support the balance control mechanism. In order to reduce the burden on schools, it is recommended that a signed version of the 5-year budget plan produced by the school's financial modelling software is submitted.

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.

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

There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

2.5 Virement

Schools are free to vire monies between budget headings, as they deem necessary in pursuit of their objectives.

Governing bodies should agree the virement and expenditure limits for head teachers above which the governing body or finance sub-committee must give approval. These virement limits should be formally recorded in the minutes of the governing body meeting when they are approved.

(Virement: a measure of flexibility that allows budget-holding managers to reflect budget variances within a year)

2.6 Audit: General

Schools will be subject to the internal audit regime as determined by the City Council and the external audit regime as determined by the City Council's appointed external Auditors under the Local Audit and Accountability Act 2014. Schools must provide access to all records as required and otherwise co-operate with the appointed auditors.

Specific guidance relating to the Authority's audit requirements is contained in the Financial Rules issued to all schools separately.

Schools can expect reasonable notice of any forthcoming audit unless that audit is required as a result of an irregularity financial or otherwise.

2.7 Separate external audits

Governing bodies may spend funds from their budget share to obtain external audit certification of their accounts if they wish, but this will in no way exempt them from the audit provisions contained within the City Council's financial regulations.

2.8 Audit of voluntary and private funds

Schools are required to provide evidence of independent examination and an audit certificate in respect of any voluntary and private funds and of the accounts of any trading organisations controlled by the school to both Portsmouth City Council and the Governing Body. The accounts should be submitted within three months of the appropriate year end of the fund. Any school refusing to provide audit certificates to the authority as required by the scheme is in breach of the scheme and the authority can take action on that basis.

2.9 Register of business interests

The governing body of each school must maintain a register which lists, for each member of the governing body and the head teacher:

- Any business interests they or any member of their immediate family have
- Details of any other educational establishment that they govern
- Any relationships between school staff and members of the governing body

The register must be kept up to date with notification of any changes and through annual review of entries.

The register must be made available for inspection by governors, staff, parents and the authority and must be published, for example on a publicly available website.

2.10 Purchasing, tendering and contracting requirements

Schools must abide by the Authority's regulations with regard to purchasing, tendering and contracting matters unless these regulations would require schools:

- To seek Local Authority officer countersignature for any contract for goods or services for a value below £60,000 in any one year;
- To select supplies only from an approved list;
- To do anything incompatible with any provision of the scheme, or any statutory provision or any European Union Procurement Directive;
- To seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year;

Schools are required to assess in advance, where relevant, the health and safety competence of contractors, taking into account Portsmouth City Council's policies and procedures.

2.11 Application of contracts to schools

Schools retain the right to opt out of Portsmouth City Council arranged contracts except where they have specifically agreed to remain bound by the contract for its entire term.

Schools wishing to opt out of a Portsmouth City Council arranged contract must notify Portsmouth City Council no later than nine months before the contract is due to expire.

Governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts; however in most cases they do so, on behalf of Portsmouth City Council as maintainer of the school and the owner of the funds in the budget share. There are a few exceptions where contracts may be made solely on behalf of the governing body, for example, contracts made by aided or foundation schools for the employment of staff.

2.12 Central funds and earmarking

Portsmouth City Council may allocate additional sums to schools from central funds. Any such allocations will be separate from the school's budget share and subject to specific conditions detailing the purposes for which they can be used.

Any funding from centrally retained budgets will be subject to conditions setting out the purpose for which the funds may be used; while these conditions may not preclude virement (except where the funding is supported by a specific grant which the Authority itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the schools budget share.

Portsmouth City Council reserves the right to request that earmarked funds must be returned to the City Council if they are not spent within any period stipulated by Portsmouth City Council over which schools are allowed to use the funding.

Portsmouth City Council will not make any deduction, in respect of interest costs to Portsmouth City Council, from payment to schools of devolved specific or special grant.

2.13 Spending for the purposes of the school

Subject to any provisions of this scheme and to regulations made by the Secretary of State, governing bodies are required to spend budget shares only and directly on the purposes of the school. By virtue of section 50(3A) (which came into force on 1st April 2011), 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.

Under section 50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. For example the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2010 (SI2010/190) which allow schools to spend their budgets on pupils who are on the roll of other maintained schools and academies.

2.14 Capital spending from budget shares

School governing bodies may use part of their budget share to meet the cost of capital expenditure on the school premises. Schools are expected to inform Portsmouth City Council of any intended capital expenditure. If Portsmouth City Council owns the school premises, the governing body should seek the consent of Portsmouth City Council prior to the commencement of any works. If the

proposed expenditure is expected to exceed £20,000 then the governing body should take into account any advice from Portsmouth City Council as to the merits of the proposed expenditure.

Governing bodies of community or voluntary controlled schools must seek the consent of Portsmouth City Council to any proposed work, which will only be withheld on health and safety grounds.

The provisions are in place to help ensure compliance with the current School Premises Regulations, DfE Construction Standards and Health and Safety legislation.

2.15 Notice of concern

The Council may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Section 151 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 Portsmouth City Council or the school.

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

These may include:

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

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

Where a governing body has complied with the requirements of a notice of concern Portsmouth City Council will write to the governing body withdrawing the notice of concern.

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 Portsmouth City Council by 31st March each year and annually thereafter.

2.17 Fraud

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

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

3. INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

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

3.1 Frequency of instalments

Budget shares will be made available to the governing bodies of Portsmouth City Council's maintained schools by 1st April each year. Where schools are converting to academy status part way through a year they will receive a proportion of the budget share based on the number of months they are maintained

Schools have the right to opt for instalments of their total budget share to be paid into their own local bank account. Any requests to pay the budget share in to a school's local bank account should be made at least three months prior to the start of the relevant financial year. The local bank account should be held with an approved banking institution as agreed with the Finance Manager for Technical and Financial Planning. Such payments will be paid by bank transfer, on a monthly basis on the first banking day of each month. The proportion of budget share payable at each instalment is detailed in paragraph 3.2.

If a school uses Portsmouth City Council Payroll Services then budget share instalments will be made to their local bank account excluding estimated pay costs. Schools using alternative payroll services will be paid instalments of total budget share (i.e. including estimated pay costs).

The estimated pay costs excluded from the schools budget share instalment will be calculated based on the previous months actual salary payments (i.e. April's instalment would exclude the actual salary costs for March)

Element 3 Top up payments for pupils with high needs will be paid in advance and adjusted in accordance with the Budget Share Guidance for Special schools, Resource Units and AP units for the relevant financial year.

3.2 Proportion of budget share payable at each instalment

Payments of budget share will be made on the following basis:

	Schools using PCC payroll services	Schools using other payroll services
First banking day of	Proportion of budget share (excluding estimated pay costs)	Proportion of budget share (including estimated pay costs)
April	12%	12%
May	8%	8%
June	8%	8%
July	8%	8%
August	8%	8%
September	8%	8%
October	8%	8%
November	8%	8%
December	8%	8%
January	8%	8%
February	8%	8%
March	8%	8%

3.3 Interest clawback

Portsmouth City Council will deduct from budget share instalments paid into school bank accounts, an amount equal to the estimated interest lost by Portsmouth City Council in making the budget shares available in advance.

This interest clawback will be calculated in accordance with the formula detailed in Annex 2.

3.3.1 Interest on late budget share payments

Portsmouth City Council will add interest to late payments of budget share instalments, where such late payment is the result of a City Council error. The interest rate used will be that used for clawback calculations described above.

3.4 Budget shares for closing schools

This scheme provides for budget shares of schools for which approval for discontinuation has been secured, to be made available until closure on a monthly basis net of estimated pay costs, even where some different basis was previously used.

3.5 Bank and building society accounts

All schools have the right to have their own external bank account which is in the name of the school and into which their budget share instalments can be paid. Schools without an external bank account which have a deficit balance will lose that right until the deficit is cleared.

The Section 151 Officer is required to approve all banking arrangements for City Council establishments, including schools.

Governors will be required to follow the City Council's guidance relating to tenders for banking services when letting banking contracts.

Any school, which operates an imprest account, must reconcile and close that account prior to starting use of its own local bank account. New bank account arrangements may only be made with effect from the beginning of each financial year.

Any school wishing to have its own bank account for the first time must give Portsmouth City Council at least three months' notice. If a new account is opened, Portsmouth City Council will at the request of the school transfer immediately to the account an amount agreed by both the school and the City Council, as the estimated surplus balance held by Portsmouth City Council in respect of the school's budget share, on the basis that there is a subsequent correction when accounts for the year are closed.

Schools are not compelled to have their own bank account and may if they wish continue with current banking arrangements. The decision to opt out of the City Council's banking arrangements lies with the governing body and their decision should be recorded in the minutes of the meeting.

Schools must only have one current account and may have up to two official deposit accounts. School current accounts must have a chequebook and direct debiting facilities. Schools must set up a direct debit mandate to enable the Authority to charge for items paid for on their behalf. Schools cannot stop the direct debit.

Schools will retain all interest earned on invested balances and will bear the cost of all bank charges arising from their local arrangements.

Schools are not permitted to overdraw their bank accounts.

The Authority may make a deduction from the budget share of a school operating its own bank account, to recompense for the loss of interest incurred because funds are forwarded earlier than payments would normally be made.

3.5.1 Restrictions on accounts

The Finance Manager for Technical and Financial Planning is able to advise schools on the banking institutions at which accounts may be held. Schools wishing to use any other banking institution should seek approval from the Section 151 Officer prior to opening an account. Schools having bank accounts with other banks prior to 1st April 2001 will be allowed to retain those accounts.

This scheme allows schools to have accounts for budget share purposes, which are in the name of the school rather than Portsmouth City Council. However, if a school has such an account, the scheme will require that the account mandate should provide that Portsmouth City Council 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 Portsmouth City Council.

Budget share funds paid by the authority and held in school accounts remain authority property until spent (s.49(5) of the Act)

3.6 Borrowing by schools

School governing bodies may only borrow external monies with the written permission of the Secretary of State, with the exception of schemes with overall approval by the Secretary of State. Currently only Salix loans have such approval.

External borrowing is defined as-

- Loans from lenders (other than the City Council)
- Overdraft arrangements
- Finance leases and hire purchase contracts
- Credit cards (not purchasing cards)

Schools should consult the Finance Manager for Education and Children's Services for an opinion on the nature of any lease before entering into an agreement.

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

4.1 The right to carry forward surplus balances

Schools can carry forward from year to year any under spent portion of their budget share.

4.2 Controls on surplus balances

As schools are moving towards greater autonomy and should not be constrained from making early efficiencies and to support medium term budgeting in a tighter financial climate, the balance control (clawback) mechanism for excessive balances continues to be withdrawn.

Schools will be deemed to have excessive balances, when Primary and Special Schools have uncommitted balances in excess of 8% and Secondary Schools 5% of their budget shares.

The control framework for monitoring school balances and their intended use requires that:

- a. Schools will continue to be asked to provide a breakdown of their year-end balances between committed and uncommitted, as well as an analysis of the intended use of any committed balances. The Education and Children's Finance team will continue to co-ordinate the process.
- b. A School Balances report will be presented to both the Cabinet member for Education and Schools Forum, following the completion of the year-end closedown process. This report will provide an analysis of the balances by school and schools with significant balances may be highlighted specifically within the report.
- c. Those schools identified as potentially breaching the balance thresholds, will be asked to provide further evidence of the planned use of their balances. The information will be reported back to Elected Members, the Schools Forum and the Education Department.
- d. The Education Department will consider this information as part of its school performance and improvement service provision, school challenge and specific reviews.

In determining whether school balances are committed, schools are only permitted to assign as committed, items listed in Annex 6.

School Forum may revisit the balance control (clawback) mechanism and the above control framework from time to time and where they believe significant and excessive balances have accumulated.

4.3 Interest on surplus balances

The following interest rates will be paid on surplus balances:

- | | | |
|-------------------|---|--|
| Primary schools | - | base rate less 0.5% divided by 2 on first £20,000, 0.1% on remainder |
| Secondary schools | - | base rate less 0.5% |

Interest is payable semi-annually and interest earned during the first six months of the year is added to balances to accrue interest during the final half year.

4.4 Obligation to carry forward deficit balances

Schools will carry forward from year to year any over-spending of their budget shares.

4.5 Planning for deficit budgets

Schools may not set a deficit budget or plan to go into deficit without first discussing this with the City Council. Portsmouth City Council will require any maintained school, which has a deficit balance at 31st March to prepare and agree with the Authority, a 3 year deficit recovery plan detailing:

- The background and reasons for the school's deficit
- Budget headings the school are intending to reduce expenditure in to balance the budget and how the expenditure will be reduced
- The impact (educational and otherwise) of reducing spend in those specific area's
- The expected income and expenditure for the next 3 years

The maximum length of time allowed for repayment should not exceed 3 years except where a longer term has already been agreed. The deficit recovery plan

must be agreed by the Director of Children's services and the section 151 officer. An example of a deficit recovery plan is available in Appendix 7
This process is regarded as an important management discipline, so as to support the school in managing its own affairs.

4.6 Charging of interest on deficit balances

No interest will be charged (or paid) by Portsmouth City Council in respect of a deficit balance.

4.7 Writing off deficits

The City Council cannot write off the deficit balance of any school. Portsmouth City Council will require any maintained school, which has a deficit balance at 31st March to prepare and agree with the Authority a schedule of repayment for that deficit.

The City Council may give assistance towards elimination of a deficit balance, through an allocation from a centrally held budget specified for the purpose of expenditure on Special Schools and Pupil Referral Units in financial difficulty or, in respect of mainstream schools, from a de-delegated contingency budget where this has been agreed by Schools Forum.

4.8 Balances of closing and replacement schools

The final balance of a closing school reverts to Portsmouth City Council and cannot be transferred to any other school except:

- that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010 and academy conversions (Transfer of school surpluses) regulations 2013.
- Where a school converts to academy status deficit balances will be treated in accordance with the "Treatment of Surplus and Deficit Balances when a Maintained Schools become Academies" guidance notes issued by the DfE March 2018.
- Where required, in accordance with regulation 25 of the School and Early Years Finance Regulations 2018.

4.9 Licensed deficits

See paragraph 4.5 above.

4.10 Loan schemes

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

The paragraph above is a directed revision. Following the decision at Schools Forum on 25th September 2013, the City Council no longer offers a loan scheme.

5. INCOME

5.1 Income from lettings

Schools will retain all income from the letting of school buildings and schools may use income from other lettings to subsidise lettings to community or voluntary groups provided there is no net cost to the schools budget share and 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.

Schools must however take account of directions issued by Portsmouth City Council as to the use of school premises and ensure that the City Council's procedures with regards to insurance are followed. A model hire agreement is attached at Annex 5.

Income from lettings should not be paid into voluntary or private funds held by the school.

5.2 Income from fees and charges

Schools will retain income from fees and charges except where a service is provided by Portsmouth City Council from centrally retained funds. Schools must however take account of Portsmouth City Council's policy on charging for services, which is detailed in Annex 3.

5.3 Income from fund-raising activities

Schools will retain all income from fund raising-activities.

5.4 Income from the sale of assets

School governing bodies have the right to dispose of materials or equipment purchased from their delegated budget and will retain income from the proceeds of such sales. In the case of assets purchased from non-delegated funds Portsmouth City Council will decide whether a school should retain the proceeds of sale.

Schools are reminded that inventory records should be amended to take account of all disposals.

5.5 Purposes for which income may be used

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

6. THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

Portsmouth City Council may de-delegate funding for permitted services, without the express permission of the governing body, provided this has been approved by the appropriate phase representative of the Schools Forum.

Otherwise a schools budget share can only be charged by Portsmouth City Council without the consent of the governing body under the circumstances listed in 6.2. Portsmouth City Council will inform the school of its intention to charge and will also notify the school when it has been done.

Schools are reminded that Portsmouth City Council cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996.

Disputes should be directed to the Finance Manager for Education and Children's Services in the first instance, should agreement not be reached schools may escalate the dispute to the Section 151 Officer.

Portsmouth City Council must charge the salaries of school based staff to the budget share of a school 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 Portsmouth City Council to bear such costs (the amount chargeable being only the excess over any amount agreed by Portsmouth City Council);

6.2.2 Other expenditure incurred to secure resignations where the school had not followed Portsmouth City Council advice:

6.2.3 Awards by courts and industrial tribunals or out of court settlements against Portsmouth City Council arising from action or inaction by the governing body contrary to Portsmouth City Council's advice;

Awards against the governing body, where the City Council has joined with the governing body in the action and has expenditure as a result of the governing body not taking Portsmouth City Council's advice, the charging of the budget share with the authority expenditure protects the authority's position.

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- 6.2.4 Expenditure by Portsmouth City Council in carrying out health and safety work or capital expenditure for which Portsmouth City Council 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 Portsmouth City Council incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by Portsmouth City Council or the school has voluntary controlled status;
 - 6.2.6 Expenditure incurred by Portsmouth City Council 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 Portsmouth City Council;
 - 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 Portsmouth City Council;
 - 6.2.8 Recoveries of penalties imposed on Portsmouth City Council by the Contributions agency, HMRC, Teachers Pensions, the Environment Agency or other regulatory authorities as a result of school negligence;
 - 6.2.9 Correction of City Council errors in calculating charges to a budget share;
 - 6.2.10 Additional transport costs incurred by Portsmouth City Council arising from decisions by the governing body on the length of the school day, and failure to notify Portsmouth City Council of non-pupil days resulting in unnecessary transport costs;
 - 6.2.11 Legal costs which are incurred by Portsmouth City Council because the governing body did not accept the advice of Portsmouth City Council;
 - 6.2.12 Costs of necessary health and safety training for staff employed by Portsmouth City Council, where funding for training had been delegated but the 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-Portsmouth City Council payroll contractors, the charge to be
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the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;

6.2.15 Costs incurred by Portsmouth City Council 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 special educational needs and / or specific funding for a pupil with high needs;

6.2.16 Costs incurred by Portsmouth City Council 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 Portsmouth City Council as a result of the governing body being in breach of the terms of a contract;

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

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

7. TAXATION

7.1 Value Added Tax

Schools should follow Portsmouth City Council's procedures for accounting for Value Added Tax (VAT) (as detailed in the Financial Rules) to enable the Authority to claim back VAT paid on expenditure relating to non-business activity and ensure that VAT is not a burden on the school's budget.

VAT must also be considered when schools receive any income, contributions or fees to ensure that any income that is subject to VAT at the standard (20%) or lower (5%) rates is accounted for correctly and only the net amount is then credited to the school.

School governors should be aware of the requirements relating to VAT registration of unofficial funds and ensure they register if appropriate.

Governors of voluntary aided schools should check their VAT status with the City Council Bank and Tax Accountant when carrying out their statutory responsibilities to maintain the external fabric of the buildings.

Further guidance and advice on matters concerning VAT can be obtained from Portsmouth City Council's Bank and Tax Accountant and the intranet via: <https://www.portsmouth.gov.uk/intranet/finance/accountancy/vat.aspx> and the VAT Guide For Schools.

7.2 CIS (Construction Industry Scheme)

Schools are required to abide by procedures issued by Portsmouth City Council in connection with CIS. Further information can be found on the Intranet via <https://www.portsmouth.gov.uk/intranet/finance/schools-finance.aspx>

8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of services from centrally retained budgets

Portsmouth City Council will determine the basis on which services from centrally retained funds will be provided to schools. In doing so Portsmouth City Council will not discriminate between categories of school except where funding has been delegated to some schools only or such discrimination is justified by differences in statutory duties. (These services include Premature Retirement Compensation [PRC] and redundancy payments but exclude centrally funded premises and liability insurance).

8.2 Provision of services bought back from Portsmouth City Council using delegated budgets

Any arrangement with a school to buy services or facilities from Portsmouth City Council is subject to a maximum term of three years from the date of agreement. Any subsequent agreement relating to the same services is limited to a period of five years. Where a contract is for the supply of catering services, the maximum initial term is five years, with a maximum extension term of seven years.

Services will be priced to generate income, which will at least cover the costs of providing these services.

8.2.1 Packaging

Services for which funding has been delegated and which are offered for buy-back by schools will be offered in a way which does not restrict school's freedom of choice among the services available. The Authority may however package related items where separation is impractical or uneconomic to Portsmouth City Council.

8.3 Service Level Agreements/Traded Services

If services or facilities are provided under a service level agreement or traded service, the terms of that agreement will be reviewed at least every three years.

Schools may buy services for a shorter term than the contract period by giving notice as set out in the terms and conditions of the relevant service's SLA / Traded service documentation. Services may also be bought on an ad-hoc basis, however these may be charged at a higher rate than longer-term contracts.

8.4 Teachers' pensions

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

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

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

9. PRIVATE FINANCE INITIATIVE [PFI] CLAUSES

The Council reserves the right to require a school to make such payments from its delegated budget as required under the conditions of a Private Finance Initiative (PFI) / Public Private Partnership (PPP) scheme which has been entered into with the knowledge of the governing body.

Where the PFI / PPP scheme relates to the establishment of a new school and the contracts are signed prior to the formal establishment of the governing body, then the Council will retain the right to levy charges against the schools delegated budget in respect of that contract.

10. INSURANCE

10.1 Insurance Cover

Specific guidance has been issued on the administration of insurance in a separate handbook available on Portsmouth City Council's Intranet: [Insurance Handbook](#).

Details of the legal protection for governors, both individually and collectively, in carrying out their approved duties are set out below, together with details of other cover in respect of property, employees, voluntary helpers and pupils. For the sake of brevity no mention has been made of the detailed claims procedures to be followed for individual claims under the various categories, it being the responsibility of the school or Portsmouth City Council to process such claims. Details of the claims procedures can be found in the Insurance Handbook (<https://www.portsmouth.gov.uk/intranet/documents-internal/fin-rkm-insurancehandbook.pdf>)—Terms and conditions for each policy may also apply and schools should check the new one to ensure that they comply.

The City Council's overall insurance programme is focused on the need to insure catastrophic risk exposure through external underwriters and to manage losses, which are predictable and routine through internal funding.

The general principle is that the first £1,500 of each and every claim is borne by the service (in this case the school) and the next £73,500 of each and every claim is internally funded. External insurers will underwrite only claims in excess of £73,500.

The above principles apply with any exceptions set out in the notes below.

10.2 School Governors - Officials Indemnity and Liability Cover

School governors are covered under the following headings in the course of their statutory duties.

(a) Breach of professional duty by reason of negligent error

A breach of professional duty by reason of negligent error occurring and committed in good faith would be covered by the City Council's Officials' Indemnity policy, is subject to £75,000 excess for which, the school is responsible for the first £1,500 with the balance of £73,500 being met from the City Council's internal funds

(b) Claims arising out of any dishonest or fraudulent act or omission on the part of a Governor or employee

Claims in respect of any dishonest act of any governor or employee handling City Council monies are covered by the City Council's Fidelity Guarantee Policy in respect of all City funds. The City Council's external insurance cover is subject to £100,000 excess for which the school is responsible for the first £1,500 with the balance of £98,500 being met from the City Council's internal funds. Cover includes a school's share under formula funding and also funds from private funding (e.g. PTA contributions) after they have been paid into the school account.

Although Schools would be able to recover monies so misappropriated, the individual(s) concerned would still be responsible for meeting any claims made by the City's insurers under the insurers rights of subrogation i.e. insurers rights to recover amounts paid to the insured.

(c) Liability at Law for Libel and Slander

Such liability is covered by the City Council through external insurers subject to £75,000 excess for which the school is responsible for the first £1,500 with the balance of £73,500 being met from the City Council's internal funds.

(d) Legal Fees

The City Council may pay legal assistance for governors taken to court for any reason connected with their responsibility as governors.

(e) Third Party Claims - Claims for Personal Injury or Loss to/of Property

Governors and staff, including volunteers, are indemnified against any third party claims arising from accidents, involving personal injury on or off the premises, for damage to, or loss of property for which the City Council has a legal liability, providing the governor or member of staff is acting within the scope of their duties, or employment respectively. The City Council will cover this risk by purchasing external insurance with a limit of £50,000,000, which is subject to £75,000 excess for which the school is responsible for the first £1,500 with the balance of £73,500 being met from the City Council's internal funds. Any injured party must prove negligence on behalf of the Authority, its servants or agents (including governors under delegated arrangement) before any damages can be paid.

Claims arising from the use of a private motor vehicle, even though used on the business of the Authority, are not covered and so proper insurance must be held by the owner/user of the vehicle.

All claims arising from (a) to (e) above are dealt with by the Insurance Team and must be forwarded on the day of receipt. Claims should merely be acknowledged and on no account should liability ever be admitted either orally or in writing. Further details of claims procedures are included in the Portsmouth City Council Insurance Handbook, which is available on PCC's Intranet: [Insurance Handbook](#)

10.3 Buildings

All City Council owned education buildings are externally insured by the Council and subject to £100,000 excess for which the school is responsible for the first £1,500 with the balance of £98,500 being met from the City Council's internal funds. Where damage is caused by a third party e.g. motor vehicle, the Insurance & Risk Officer will seek to recover the City Council's costs from the third party concerned. Any damages received will first clear any amount paid by the City Council. If all losses are recovered the excess paid by the school will be repaid.

10.4 Property and Equipment

(a) City Council Owned Contents and Equipment

City Council owned education contents are externally covered subject to £100,000 excess for which the school is responsible for the first £1,500 with the balance being met from the City Council's internal funds and external insurers.

Computers will be covered for accidental damage or loss subject to £1,500 excess to be met from school funds. The City Council's internal funds or external insurers will meet claims in excess of £1,500.

All claims will be settled on a 'new for old' basis.

(b) Equipment Hired or Loaned

Equipment hired or loaned to schools is only covered by the Council arranged insurance if it is included on the school's inventory. Schools should check that hired or loaned equipment not recorded on the inventory has appropriate insurance cover provided by the owners, or failing this, the

school should arrange insurance cover for the equipment concerned (whether it will be used on or off the school premises) through the Insurance Officer.

(c) Equipment Owned by Staff / Pupils

Equipment or property at schools which is owned by staff, pupils and voluntary helpers is not covered by any form of City Council insurance cover for theft, damage or other loss and such persons are advised to consider making their own insurance arrangements to cover this area of risk.

Property belonging to pupils is not covered and claims will only be paid where there has been some negligence on the part of the Council, its servants or agents

10.5 Employees and Others

(a) Personal Accident Cover

The Council operates a scheme of personal accident cover with certain benefits payable to employees (or in the event of death to the dependants of any employee of the City Council) in respect of death or injury sustained by accident or assault whilst on duty and whilst acting within the scope of their employment. The scheme is also extended to apply to all youth trainees, community programme workers, trainees and volunteers carrying out the functions of the Council with the approval of a duly authorised officer. Details of the scheme are held by Portsmouth City Council and on Intranet. No excess will be deducted from the settlement paid to employees but the first £1,500 will be payable by the school.

(b) Indemnity against Acts of Negligence

The City Council indemnifies all employees and voluntary helpers against claims arising from negligent acts carried out whilst acting within the scope of their employment.

(c) Student Teachers - Personal Accident/Indemnity against negligence

The City Council includes student teachers in the personal accident cover scheme for employees and others as detailed in 10.5(a) above. Similarly, student teachers are indemnified against acts of negligence as detailed in paragraph 10.5(b) above.

(d) Home Visits by Teachers

Teachers undertaking home visits to pupils are covered by the City Council's provision for personal accident and indemnity against acts of negligence as detailed in paragraphs 10.5(a) and 10.5(b) above, subject to each visit having been agreed by their senior teacher or head teacher.

10.6 Community Use of School Premises

Users of schools for community purposes, whether using the premises during the day or the evening, are covered by the City Council in relation to any accidents occurring through any defect in the premises or equipment or any negligent act of any employee or approved voluntary helper, acting within the scope of their employment. Activities undertaken as part of a formal letting are generally covered by external insurance, the premium for which is recovered through the overall letting charge. It is important that a lettings form is completed in every case whether or not it is a "free" or subsidised letting.

10.7 Events Involving Hazardous Displays

Where school events are planned involving potentially hazardous displays, such as parachute drops, helicopters, hot air balloons, motorcycle displays etc., the minimum public liability indemnity cover required from any third party giving the display is £5 million in respect of each and every occurrence. Full risk assessment must be carried out. The Insurance Officer can be contacted for advice/assistance.

10.8 School and Unofficial Funds

(a) Official/Unofficial School Funds

Official and unofficial school funds, cash or negotiables are covered subject to £1,500 excess.

10.9 Pupils and Students - Indemnity/Insurance

(a) School Activities

Whilst pupils or students are at school or engaged in approved activities off the premises, they are covered by the Council's public liability arrangements in respect of any negligent acts committed by employees or volunteers.

(b) Pupils and Students - School Journey Insurance Policy

The City Council maintains a “blanket” insurance policy to cover all members of a school party on visits both abroad and in this country in respect of medical expenses, personal accident benefits, loss of personal property and money and public liability (including member-to-member liability).

(c) Work Experience and Participation

The school is responsible for carrying out a risk assessment and checking that the host employer is suitably insured.

PCC insurance will apply only to liabilities arising from the school's placement on a contingency basis.

Pupils and students are covered against death or injury under the City Council's personal accident cover scheme for employees and others while on work experience (see also paragraph 10.5(a)).

(d) Pupils and Students - Conveyance in Private Cars

(i) By Parents

The Road Traffic Act makes it compulsory for car insurance to include third party liability for any passenger travelling in an insured car on a public road. Any pupil/student involved in an accident would therefore have a valid third party claim against the driver of a vehicle at fault. Parents who provide occasional transport for pupils/students on a voluntary basis (or for petrol costs only) may be covered within their existing overall “social domestic and pleasure” cover, but must inform their insurers of this activity.

(ii) By Teachers

Teachers undertaking the conveyance of pupils/students will generally do so as part of their professional duty. Most insurance cover extends to give “social, domestic and pleasure” cover only. If this activity is undertaken teachers must inform their insurance companies to ensure that they are covered for the transport of pupils/students.

(e) Pupils and Students - Conveyance in Private Hire Coaches

All members of a school party travelling in a private hire coach being used for school or college purposes are automatically covered under the coach

operator's passenger liability insurance (motor insurance). Schools are advised to check that any coach operator has a valid passenger liability insurance document.

10.10 School Minibus

The insurance of minibuses is the responsibility of each school. The City Council has arranged a "block" insurance policy as a means of obtaining the lowest possible premium for individual schools. Cover can be arranged through The Insurance Officer.

Claims are subject to £1,500 excess to be met from school funds. The City Council's internal funds or external insurers will meet claims in excess of £1,500. All drivers must be MIDAS trained and have the relevant licence to drive the vehicle. Drivers must comply with the Council's Corporate driving for work policy.

11. MISCELLANEOUS

11.1 Right of access to information

Governing bodies will be required to supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (e.g. earmarked funds) on the school.

11.2 Liability of governors

Section 50(7) of the Education Act gives governors legal protection, both individually and collectively, from any personal liability for their decisions and actions undertaken in good faith. It also exempts governors from liability for negligent action directly attributable to the spending of the school's delegated budget, for example if a faulty piece of equipment were purchased resulting in personal injury. The Act does not cover any negligence by the governing body in the exercise of powers when not directly attributable to the spending of the school's delegated budget. However Local Authorities are required to arrange appropriate insurance to protect governing bodies from negligence claims resulting from non-spending decisions. Currently governors are indemnified against all claims for negligence under the City Council's insurance arrangements.

11.3 Governors' expenses

Portsmouth City Council may delegate funds to the governing body of a school yet to receive a delegated budget to meet governor's expenses.

Under section 50(5) of the SSAF Act 1998, only allowances in respect of purposes specified in regulations issued under section 19 of the Education Act 2002 may be paid to governors from a schools delegated budget share. Schools are expressly forbidden from paying any other allowances.

Schools cannot pay governor's expenses which duplicate those paid by the Secretary of State to additional governors appointed by him for schools under special measures.

11.4 Responsibility for legal costs

Legal costs incurred by the governing body, (although the responsibility of Portsmouth City Council 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.

Where there is a conflict of interest between Portsmouth City Council and the governing body the school should contact the Section 151 Officer to seek guidance on how best to obtain legal advice.

11.5 Health and Safety

Legal responsibility and therefore primary accountability for health and safety lies with the employer as defined in the Health and Safety at Work Act 1974. In the case of community, community special, voluntary-controlled, maintained nursery and PRU schools this is the Local Authority (i.e. Portsmouth City Council).

In Portsmouth Local authority schools Governing bodies are required to have due regard to the Portsmouth City Council corporate health and safety policy. Copies of the policies can be found at [Policies - Health and Safety](https://sites.google.com/a/lea.portsmouth.sch.uk/healthandsafety/corporate-council-health-safety-policies-guides/policies) (<https://sites.google.com/a/lea.portsmouth.sch.uk/healthandsafety/corporate-council-health-safety-policies-guides/policies>)

Note: Where the school is foundation, foundation special or voluntary-aided the employer is the Governing Body. In Academies and free schools the employer is the Academy Trust. In independent schools the employer can either be the governing body or the proprietor depending on the schools individual circumstances.

11.6 Right of attendance for Section 151 Officer [CFO]

Governing bodies must permit the Section 151 Officer or any officer of the Authority nominated by the Section 151 Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of his responsibilities. The Council will give prior notice of such attendance unless this is impracticable.

11.7 Special Educational Needs

Schools must use their best endeavours in spending the budget share, to secure the special educational needs of their pupils.

11.8 'Whistleblowing'

The procedure to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school is set out in Portsmouth City Council "Whistleblowing" policy document circulated to all schools. A copy of the document can be found on the intranet via: [Whistleblowing Policy](#)

11.9 Child Protection

Schools are expected from within their budget share to release staff to attend child protection case conferences and other related events.

11.10 Redundancy and Early Retirement Costs

Section 37 of the 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. In essence, premature retirement costs are charged to school delegated budget and redundancy costs fall to Portsmouth City Council.

Premature retirement costs may be charged to Portsmouth City Council, but only with the prior agreement of Portsmouth City Council.

Redundancy costs may be charged to the school's delegated budget if there is "good reason" for it not being centrally funded.

Where staff are employed under the community facilities power, costs must be met by the school governing body and can be funded from the school's delegated budget share if the governing body are satisfied that there will be no significant interference 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.

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Delegated funding

Portsmouth City Council will continue to delegate revenue funding to schools for routine maintenance, servicing and repairs.

In the case of any urgent unforeseen health & safety works (e.g. that could lead to a school closure), primary and special schools will be expected to fund a minimum of the first £5,000 and secondary schools the first £10,000. Any costs above the contribution amount may be funded from the Education Capital Contingency and the schools contribution will be subject to the methodology in place at that time as agreed by Schools Forum.

Any future programme of major capital works should be agreed at the annual Asset Management Plan (AMP) meeting and will be prioritised and put forward for funding through the annual capital bid process.

13. COMMUNITY FACILITIES

13.1 Introduction

Section 27 of the Education Act 2002 extends the power of governing bodies to provide community facilities on school sites for their pupils, families and local people, including the power to enter into arrangements with other providers, spend money and set charges for services such as healthcare, childcare and adult education. Governing bodies that choose to exercise the power conferred by s.27 of the Education Act 2002 to provide community facilities will be subject to a range of statutory controls:

- regulations made under s.28(2) can specify activities which may not be undertaken at all under the main enabling power,
- the governing body is obliged to consult its Local Education Authority (LA) and have regard to advice from the Authority (s.28(4a)),
- the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that (s.28(5)).

Alongside these, under s.28(1), the main limitations and restrictions on the power are those contained in schools' own instruments of government and in the Portsmouth Scheme for Financing Schools.

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

Schools should be aware that mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

13.2 Consultation with the Authority – financial aspects

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult Portsmouth City Council, and have regard to advice given to them by the City Council. Governing bodies seeking to exercise the community facilities power should contact the Head of Sufficiency, Participation and Resources.

13.3 Funding agreements – Authority powers

The provision of community facilities may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part on the provision. A very wide range of bodies and organisations are potentially involved.

No such agreement may be entered into by the governing body without due consideration of the comments and advice of Portsmouth City Council.

Where a third party is to be involved in this way, the proposed agreement should be submitted to Portsmouth City Council for comment and advice prior to entering into any agreement. The City Council will provide such comments and advice within 6 weeks of receiving the appropriate information, and the governing body must take the comments into account when deciding whether or not to enter into the agreement.

Should such an agreement be entered into without informing Portsmouth City Council, or against the wishes of Portsmouth City Council, and in which, in the view of the City Council, may be considered prejudicial to the interests of the school or the City Council, this may lead to the suspension of the right to a delegated budget for the school.

13.4 Other prohibitions, restrictions and limitations

Section 28 of the Education Act 2002 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The following restrictions apply for Portsmouth schools:

- As required by the Education Act 2002, **governing bodies will be responsible for meeting pension, redundancy or other employer-related costs for staff employed in community facilities.** Such costs may include continuous service accrued prior to employment for community purposes.
- Governing Bodies must ensure that they have in place adequate, appropriate and satisfactory arrangements to protect the financial interests of the community facility and Portsmouth City Council, as demonstrated through the establishment of a limited liability company or obtaining indemnity insurance to cover any significant financial risks.

13.5 Supply of financial information

Schools which exercise the community facilities power, and do not use the Portsmouth Oracle finance system, will provide the Authority every three months at times determined by the Authority, a summary statement, in a form determined by the Authority. This statement will show the income and expenditure for the school arising from the facilities in question for the previous six months and, on an estimated basis, for the next six months.

If the City Council considers there is cause for concern as to the school's financial management or financial consequences arising from the exercise of the community facilities power, these will be notified to the Chair of Governors. In such circumstances, financial statements may be required on a more frequent basis possibly supported by the submission of a recovery plan for the activity in question.

Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework.

Schedule 15 of the Education Act 2002 provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.

13.6 Audit

The school will provide access to all records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

Any agreements with other parties must also contain adequate provision for access by the Authority to the records and other property of those persons which relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of income and surpluses

Except where otherwise agreed with a funding provider, whether that be Portsmouth City Council or some other person, net surpluses can be retained and carried forward.

13.8 Health and safety

The scheme provisions related to Health and Safety [Section 11.5] also relates to any operations undertaken under the community facilities power.

Any costs of securing Disclosure and Barring Service (DBS) clearance for persons involved in community activities taking place during school time will be met by the school, unless such costs can be passed on to a funding partner as part of any financial agreement.

13.9 Insurance

It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power, including financial loss, taking professional advice as necessary. Portsmouth City Council may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school.

13.10 Taxation

Schools operating community facilities will be responsible for any charges levied by HM Revenue and Customs (HMRC) in respect of those facilities.

Schools should seek appropriate advice from Portsmouth City Council and the Local HMRC Office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities.

The school will be held liable for payment of income tax and National Insurance, in line with HMRC rules.

The school is required to follow any advice from the City Council given in relation to the Construction Industry Scheme as it relates to the community facility.

13.11 Banking

The Section 151 Officer is required to approve all banking arrangements and Governors will be required to follow Portsmouth City Council's guidance in establishing any banking services.

If the school bank account is to be used the school should ensure adequate internal accounting controls exist to demonstrate separation of funds.

Schools are reminded that, in accordance with Section 3.6 of the Scheme for Financing Schools, **they must not borrow money** from sources other than Portsmouth City Council without the written consent of the Secretary of State.

14. Annex 1 – SCHEDULE OF PORTSMOUTH SCHOOLS as at 1 April 2018

PRIMARY SCHOOLS

DfE no.	Name	Special unit type	Places
2008	Copnor Primary		
3420	Corpus Christi RC Primary		
2689	Cottage Grove Primary		
2716	Craneswater Junior		
2665	Cumberland Infant		
2648	Devonshire Infant	Communication and Interaction	8
2714	Fernhurst Junior		
2637	Goldsmith Infant		
2719	Manor Infant		
2673	Medina Primary		
2654	Meon Infant		
2645	Meredith Infant		
2005	Milton Park Primary	Autistic Spectrum Conditions	14
2765	Portsdown Primary	Communication and Interaction	9
2680	Southsea Infant	Language Impaired	8
3422	St John's RC Primary		
3212	St Jude's CE Primary		
5207	St Paul's RC Primary		
3423	St Swithun's RC Primary		
2698	Stamshaw Infant		
3214	St George's Beneficial Primary		
2699	Wimborne Infant		
2705	Wimborne Junior		

SECONDARY SCHOOLS

DfE no.	Name	Special unit type	Places
4303	Mayfield		
5413	St Edmunds	Sensory Impairment	9

SPECIAL SCHOOLS

DfE no.	Name	Special unit type	Places
7472	The Harbour School		
7750	Willows		

15. Annex 2 – INTEREST CLAWBACK FORMULA

Portsmouth City Council will calculate the interest clawback with reference to the bank of England Base Rate on the Census day immediately preceding the start of the financial year for which the budget share is being determined. For the purposes of interest clawback calculations it is assumed that staff are paid monthly on the last working day of each month and that all other expenditure is spread evenly throughout each month. Therefore the interest lost by Portsmouth City Council in paying budget shares into school bank accounts on the first day of each month is equivalent to the length of the month in days (normally 30 days) for pay costs and an average of the length of month in days (normally 15 days) for all other elements of budget share.

The interest clawback will be calculated according to one of the following formula.

A. For schools using PCC Payroll Services

The interest clawback deduction included in the budget share payment of a school will be equal to -

$$(B-P) \times 15 \text{ DAYS} \times D\%$$

where

B is the total school budget share

P is the estimated total pay cost (the proxy used will be the total actual pay cost of the previous financial year)

D is daily rate of interest (i.e. if the Bank of England Base Rate on January Census day is 6% per annum then the daily interest (D) is 6% divided by 365 = 0.0164%).

For example - based on a 30 day month

If a school's total budget share is £1,000,000 of which £800,000 are actual pay costs for the previous financial year and the Bank of England Base Rate is 5.48%.

The daily interest rate would be 0.015%.

The interest clawback deduction from the school's budget share would be

$$(1,000,000 - 800,000) \times 15 \times 0.00015 = £450$$

B. For schools not using PCC Payroll Services

The interest clawback deduction included in the budget share of a school will be equal to -

$$((B-P) \times 15 \text{ days} \times D\%) + (P \times 30 \text{ days} \times D\%)$$

where

B is the total school budget share

P is the estimated total pay cost (the proxy used will be the total actual pay cost of the previous financial year)

D is daily rate of interest (i.e. if the Bank of England Base Rate on January Census day is 6% per annum then the daily interest (D) is 6% divided by 365 = 0.0164%).

For example - based on a 30 day month

If a school's total budget share is £1,000,000 of which £800,000 are actual pay costs for the previous financial year and the Bank of England Base Rate is 5.48%.

The daily interest rate would be 0.015%.

The interest clawback deduction from the school's budget share would be:

$$\begin{aligned} & ((1,000,000 - 800,000) \times 15 \times 0.00015) + (800,000 \times 30 \times 0.00015) \\ & = \text{£}4,050 \end{aligned}$$

16. Annex 3 – CHARGES FOR SCHOOL ACTIVITIES

Portsmouth's policy on charging pupils and remission was drawn up in accordance with the requirements of Chapter III of Part VI of the Education Act 1996. Details of the policy are set out below.

1 Instrumental Music Tuition

The Education Act does not permit charging for class music tuition, group musical activities within school hours or for any tuition, whether group or individual, which is part of a syllabus for a prescribed public examination. Charging is permitted for individual instrumental music tuition when not part of the syllabus for a prescribed public examination. Charges shall not be made for either small group or for individual music tuition by LA funded staff on Council premises within normal school hours. Governing bodies should not be allowed to charge for instrumental music tuition unless it is:

- a) Provided in addition to that which Portsmouth City Council has funded and
- b) Given to individual pupils outside normal school hours.

2 Board and Lodging

The Education Act permits charges to be made for board and lodging whether or not the activity takes place in school hours, even where the education activity is provided to fulfil the requirements of a syllabus for a prescribed public examination or for statutory duties relating to the National Curriculum.

Charges should not be made for board and lodging for field study necessary for examination courses, unless sufficient field study experience is provided locally and non-residentially, at the expense of the City Council, i.e. the Council opposes charging for necessary residential activities, but not where they were merely an alternative to freely provided Local activities. Section 457 of 1996 Act makes it clear that the charging and remissions policy adopted by a school governing body may be more or less generous than the policies of the City Council provided they meet the requirements of the Act. Governing bodies are advised therefore only to charge for board and lodging either:

- a) Where the course is not the only way of meeting external examination requirements; or
- b) If the course is the only way of meeting such requirements and the school's budget component for educational visits has already been spent or committed to such courses.

3 Remissions Policy

The Education Act 1996 requires the City Council or governing body to remit any board and lodging charges if the activity is deemed to take place in school hours or is to fulfil the syllabus requirements of a prescribed public examination or of statutory duties relating to the National Curriculum for pupils whose parents are in receipt of Income Support or Family Credit. The City Council would not discourage governing bodies from remitting board and lodging charges for pupils whose parents have low income but are not eligible for Income Support or Family Credit.

4 Public Examinations and Breakage's or Damage to School Premises and Equipment

Governing bodies are allowed to pass fees for prescribed public examinations on to parents when the pupil has not been prepared by the school or where the pupil fails without good reason to complete the examination requirements. Similarly, parents can be asked to pay for the cost of wilful damage to school property or the misuse or loss of books and equipment. However, a civil action to enforce payment would need to establish a contract between the Governing Body and the parents concerned to pay the costs in question. If the matter were to be considered by a Court, the school would have to demonstrate the existence of a valid contract. Head teachers are therefore advised to ensure that a specific statement of policy is included in the school brochure and that parents, for examination entries, should be expected to be given written acceptance of responsibility for the fee before the pupil is entered.

5 Voluntary Contributions

Voluntary contributions from parents should be seen as the normal method of funding activities, including educational visits, which are considered valuable and which the school is unable otherwise to fund.

6 "Third Party" Arrangements

Governing bodies are advised against the third party approach set out in paragraph 18 of Circular 2/89. They would be expected also to deny leave of absence to either pupils or staff to take part in educational visits organised by a third party and should inform parents or staff of the Council's advice against such arrangements and the reasons for that advice. If a governing body with delegated personnel powers uses those powers to approve leave of absence of a member of staff, the governing body should expect to give leave of absence without pay. The third party

will then need to enter into a separate contract with the member of staff and assume liability for any negligence.

17. Annex 4 – INVENTORY SHEET

School:

Page Number:

<i>Item Reference number</i>	<i>Item Description</i>	<i>Model and/or Serial No. (if applicable)</i>	<i>Order no. (or other source)</i>	<i>Date Received</i>	<i>Cost (£)</i>	<i>Location held / Person to whom issued</i>	<i>Dates of Physical Stock Checks and Initials</i>	<i>Date of Disposal and Authority</i>

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RECORD OF EQUIPMENT ISSUE

School:

Page Number:

<i>Date of Issue</i>	<i>Details of Equipment Including Serial No</i>	<i>Reason for Issue</i>	<i>Signature of Recipient</i>	<i>Issue Approved by (signature)</i>	<i>Period of Issue</i>	<i>Equipment Returned (date)</i>	<i>Equipment Received by (signature)</i>

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DISPOSAL OF EQUIPMENT AND FURNITURE

School:

Page Number:

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<i>Item Ref number</i>	<i>Quantity</i>	<i>Description</i>	<i>Make and Serial Number</i>	<i>Date Supplied (if known)</i>	<i>Approx. Value (if known)</i>	<i>Recommended Method of Disposal</i>	<i>Approved Method of Disposal</i>

Disposal requested by Head teacher (Signature).....

Date.....

Disposal authorised by Chair of Governors (Signature).....

Date.....

18. Annex 5 – HIRE OF SCHOOL FACILITIES

Name and Address of Applicant

.....
.....
.....

Telephone Number

If invoices are to be sent to another person please state the name and address

.....
.....
.....

Name of Club / Organisation

.....

Facilities Required

.....
.....

Purpose of Hire

.....
.....

Age Group of Members

Start Date **End Date**

Start Time **End Time**

Day/s required

Terms and Conditions

1. The use of the building is subject to Portsmouth City Council’s public liability insurance. However, the school reserves the right to request proof of additional public liability insurance in respect of the groups activities whilst using school facilities.
2. The school has the right to cancel the hire should the facilities be required for a school function.
3. The school may make additional charges in respect of damage caused to the building/property of the school through negligence or wilful intent.
4. Payment for the letting is required on receipt of the invoice (issued monthly in advance).
5. The charges will be in accordance with those agreed by the governing body.
6. For lettings of sporting facilities VAT will be charged at the standard rate unless the following criteria are fulfilled:-
 - ▶ Single lets for a continuous period of over 24 hours to the same person.
 - ▶ A series of lets that cover 10 or more consecutive sessions.
 - ▶ Each session is for the same sport.
 - ▶ Each session is at the same premises.
 - ▶ Intervals between sessions are at least one day and not more than 14 days.
 - ▶ The series is paid for as a whole.
 - ▶ The let is to a school, club, association etc.
 - ▶ There is exclusive use by the lessee.

Refunds are not given in the event of cancellation by the client.

2. The applicant is over 18 years old.

I/We have read and accept the regulations relating to the hire, and agree to abide by the general terms and conditions communicated to me.

Signed:.....

Name in Full:

For and on behalf of:

Date:.....

Office use only

This section will be returned to you as soon as the booking has been authorised.

Name of applicant:

Address:

.....

.....

Facilities required:

.....

Date/s required:

Time/s required:

Charge to be made (per hour/session):

Authorised by name:

Position held:

Date authorised:

19. Annex 6 – PERMITTED SPECIFIC PURPOSES FOR THE USE OF SURPLUS FUNDS

- Valid orders placed through the financial system, but for which the goods have not been received.
- Funds held on behalf of other schools by fund holder schools (e.g. cluster funding).
- Balances held for specific community projects e.g. nursery provision, children's' centres, extended services.
- Contribution towards capital works with the school (where alternative capital resources have been exhausted). A clear statement of intent signed by the Chair of Governors. (subject to clawback if not delivered in stated timescales - maximum 3 years).
- Providing consistency in staffing levels where numbers on roll are predicted to fluctuate within the next year (note that a reasonable commitment would be £3,000 per pupil and forecast variations in pupil numbers should be given).
- Unexpected funds received by the school near the year-end which will be utilised for a specific purpose in the following financial year.

20. Annex 7 – A school deficit recovery plan

Background

The deficit recovery plan should include a brief paragraph or two explaining what is causing the school to forecast a budget shortfall and why this is causing the school to move into a deficit position.

Deficit reduction plan

The budget deficit reduction plan should include a description of how the school is proposing to bring the budget back into balance.

This section should list the various budget headings the school are intending to reduce spend in and how you expect to achieve these reductions, or budget headings where the school intend to increase income and how you expect to increase the income.

Impact of reducing costs

By reducing costs in the various areas named above the school will need to assess what the possible impact on the school is of reducing spend and explore them in this section

Certain costs may be one off and have no adverse impact going forward, others could have an adverse impact going forward and those risks should be described.

Forecast budget for 3 years

Below is an example of a summary budget from the schools budgeting system. A deficit recovery plan would normally include a high level summary such as this and a more detailed breakdown.

A school should also consider how they intend to monitor the plan to ensure that the expected deficit reduction is achieved, and any actions the school will take if the monitoring indicates that the planned reductions will not be met.

Annex 7 - A school deficit recovery plan

Summary Report for TEST School

DfE: xxxx

	2015 - 16	2016 - 17	2017 - 18	2018 - 19
PLASC Nos				
FTE Teacher	70.55	70.55	70.24	70.23

A school - Summary Income and Expenditure Projections

CFR Code	Details	2015 - 16	2016 - 17	2017 - 18	2018 - 19
Income					
I01 - I04 / I14	Individual School Budget	(5,010,500)	(5,100,000)	(5,125,000)	(5,200,000)
I05	Pupil Premium	(400,000)	(376,955)	(380,176)	(376,955)
I06 - I07	Other Grants	(3,000)	0	(5,000)	0
I08 - I13	Other Income	(58,000)	(60,000)	(62,000)	(64,000)
I15 - I18	Com. Foc. Schools Income	(20,500)	(67,015)	(67,315)	(67,615)
Total Income		(5,492,000)	(5,603,970)	(5,639,491)	(5,708,570)

Expenditure					
E01 - E02 / E26	Staff Costs - Teaching	3,250,000	3,250,000	3,200,000	3,200,000
E03 - E07	Staff Costs - Support	1,101,100	1,090,000	1,090,000	1,100,000
E08 - E11	Other Employment Costs	55,050	40,000	60,000	55,050
E12 - E18	Occupancy Costs	485,688	448,014	440,000	452,806
E19 - E21	Learning Resources	375,761	396,761	400,000	416,761
E22 - E25 / E27 - E30	Other Costs	384,118	370,048	369,118	369,118
E31 - E32	Com. Foc. School Costs	0	0	0	0
Total Expenditure		5,651,716	5,594,823	5,559,118	5,593,735

In Year (Surplus) / Deficit	159,716	(9,147)	(80,373)	(114,835)
(Surplus) / Deficit Brought Fwd	(50,000)	109,716	100,569	20,196
Cumulative (Surplus) / Deficit C/Fwd	109,716	100,569	20,196	(94,639)

DECLARATIONS

This 3 year budget for
Governing Body at
their meeting on:

School was approved by the

Date:

Head Teacher: _____

Date:

Chair of Governors:

Date:

Agenda Item 7

Report to: Schools Forum

Subject: The Harbour School

Date of meeting: 23rd May 2018

Report from: Alison Jeffery, Director of Children, Families and Education

Report by: Julia Katherine, Head of Inclusion, Education Service

1. Purpose of report

- 1.1 The purpose of this report is to request that Schools Forum agree to use DSG balances to fund the deficit in The Harbour School budget to enable the school to transfer to a Multi Academy Trust.

2. Recommendation

- 2.1 It is recommended that Schools Forum note the significant progress that has been made to address the financial and structural issues at The Harbour School, including predicting a balanced in-year budget for 2018-19.**
- 2.2 It is recommended that Schools Forum endorse the use of £868,258 from DSG balances to fund the deficit in The Harbour School budget, to enable the school to transfer to academy status by the expected date of December 2018.**

3. Background

- 3.1 The Harbour School opened in September 2007 and provides specialist provision and outreach services for children and young people with social, emotional and mental health (SEMH) needs and those with medical needs. The school currently operates across four sites in the city: Cosham; Tipner; Fratton; and Stamshaw. The school was last inspected by Ofsted on 3rd June 2015 and was rated as Good.
- 3.2 The school is commissioned by the Council to deliver the following:
- 95 Special Educational Needs (SEN) places for pupils with an Education Health and Care Plan (EHCP) with a primary need of SEMH across Years 5 to 11
 - 105 Alternative Provision (AP) places, including 6th day provision, for pupils who have been permanently excluded from mainstream schools

- The equivalent of 38 FTE places for pupils who are not able to attend school due to medical issues plus hospital education.
- 3.3 A financial notice of concern was issued to the Governing Board of The Harbour School on 30th November 2015. This notice was issued because the school had made insufficient progress to safeguard the financial position of the school and to address the growing deficit which was projected to reach £730,000 by the end of that financial year, with further increases expected. The financial notice required the governing body to take the following actions in relation to the management of funds delegated to it:
1. Prepare a redeveloped three year deficit recovery plan.
 2. Ensure that an appropriately trained / qualified person chairs the finance committee of the governing body
 3. Hold monthly financial monitoring meetings at the school attended by the headteacher, the school's finance officer and Local Authority officers.
- 3.4 By the end of the compliance period the governing body had complied with actions 2) and 3) but had still not developed a deficit recovery plan. The period for the governing body to comply with action 1) was extended by an additional 3 months to 31st May 2016. The governing body failed to comply with the required action by the end of the extended compliance period and on 1st June 2016 the Local Authority issued a Warning Notice under Section 60 of the Education and Inspections Act 2006.
- 3.5 The governing body was also notified of the Local Authority's intention to apply to the Secretary of State for consent to constitute an Interim Executive Board (IEB) and to consult with the governing body in that regard if the warning notice was not complied with. The warning notice was not complied with and subsequently a successful IEB application was made to the Secretary of State and an IEB was put in place on 15th July 2016. At the same time the Headteacher left to take up a new role outside of Portsmouth.
- 3.6 The Harbour School currently has in place an Interim Executive Board (IEB), who additionally appointed Delta Education Trust to provide interim executive leadership and have appointed a new Head of School.

4. Summary of progress

- 4.1 Since being appointed, the IEB has:
- Appointed Ian Hunkin as the Head of School on a permanent basis from April 2017.
 - Continued to commission Delta Education Trust to provide leadership support for one day a week, plus financial management
 - Reviewed the staffing structure of the school
 - Set a balanced in-year budget for 2018-19 and ensured that the school is working within this.

- Monitored and questioned expenditure and sought reassurances re: income, on a monthly basis.
 - Communicated with the LA in an open and transparent manner to ensure that the best outcome is achieved for all stakeholders.
 - Welcomed and encouraged advice from the LA Finance team.
 - Commissioned an external finance audit.
- 4.2 An external finance audit was carried out in November 2017 to provide assurance of the effectiveness of financial management controls at the school. The outcomes of this have been followed up each month by the IEB to ensure that robust systems are in place throughout the school to reduce financial risks. The auditor noted that she was particularly impressed with the progress made by the school, during her follow up visit - and the IEB is aware that the final two actions outstanding are in the process of being addressed (website & inventory).
- 4.3 A number of actions have been taken by The Harbour School to bring the budget back to a balanced position. These include:
- Significantly reducing staffing costs through a full staff restructure – the new staffing structure has been in place since September 2017 including a reduction of 16 staff.
 - Reviewing the best use of The Harbour School buildings including the reduction from 5 to 4 sites.
 - Reducing operational costs through tighter spending controls and better strategic planning.
 - Reducing pupil numbers to be ‘smaller and fuller’.
 - Increasing income through a rise in the AP ‘top-up’ element from £6k to £8k.
 - Ensuring that all pupils who should have an Educational Health and Care plan have been assessed as per the statutory process.
- 4.4 The changes above have been implemented in the 16/17 academic year. During this process, there have been additional costs to the school including:
- Continuation of the ‘old’ staffing structure for part of the 2017-18 financial year
 - One off redundancy payments as a result of the restructure
- 4.5 As a result, at the end of the 17/18 financial year, The Harbour School has a combined deficit of £868,258. This is considerably lower than the predicted figure of circa £1.4m if no action had been taken.
- 4.6 The school is now projected to show a small in-year surplus in 2018-2019 and in subsequent years, which gives reassurance that the school is financially viable into the future.

5. Preparation of a transfer of The Harbour School to a Multi Academy Trust

- 5.1 As part of its remit, the IEB was tasked with overseeing the transfer of THS to an Academy sponsor. Following careful consideration of the options and due diligence, agreement has been reached by the IEB to select Delta Education Trust (DET) as the preferred sponsor. DET confirmed their support for this at a Trustees meeting on 7th July 2017. Confirmation from DET was subject to a commitment from the Council that financial support will be provided to address the deficit position of the school.
- 5.2 The school will benefit from the security of being a member of a Multi Academy Trust (MAT), and will be able to benefit from additional savings through economies of scale in areas such HR, administration, finance, etc.
- 5.3 The transfer to Delta Education Trust is anticipated to be completed by December 2018, subject to the outcome of discussion at the Regional Schools Commissioner's Headteachers' Board on 16th May 2018.

6. Equality impact assessment

- 6.1 An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

7. Legal implications

- 7.1 On the basis that the consequences of any lessening in the current improvement plan are obvious and outlined within this report there is no requirement to restate what would occur should matters not continue in the current positive way. There are no outstanding legal issues with respect to the restructure that would impact upon the plan or expose the Authority to additional cost.

8. Head of Finance comments

- 8.1 At the December 2017 meeting, the year end DSG balance was forecast as being in the region of £3m, which, due to its one-off nature, cannot prudently be used to support ongoing expenditure. The proposed support to The Harbour School will allow the school to move forward following the staffing restructure and to continue to provide much-needed specialist support to pupils, as well as putting the school in a sustainable position which will allow it to convert to academy status. The proposed support of £868,258, together with the contribution of £1m towards special school remodelling works agreed at the last meeting, will significantly reduce DSG balances. Careful

budgetary control will be required going forward to ensure that education spend remains within the funding available.

Signed by: Alison Jeffery, Director of Children, Families and Education

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

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