



NOTICE OF MEETING

SCHOOLS FORUM

WEDNESDAY, 22 MAY 2019 AT 4.30 PM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL

Telephone enquiries to Jane Di Dino 023 9283 4060

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Membership

Schools Members

Two head teacher representatives - primary phase
One head teacher representative - secondary phase
One head teacher representative - special phase
Four academy representatives - primary proprietor
Five academy representatives - secondary proprietor
One academy representative - special proprietor
One governor - primary phase
One governor - secondary phase

Non School Members

Four Councillors (one from each political groups)
One 16-19 Education Providers representative
One Early Years Providers 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

A G E N D A

- 1 **Apologies**
- 2 **Declarations of Interest**
- 3 **Membership Changes**
- 4 **Minutes and matters arising from the previous meeting on 16.01.2019
(Pages 5 - 8)**

5 Schools Forum Constitution (Pages 9 - 26)

Purpose

The purpose of this report is to seek Schools Forum approval to retain the existing constitution attached at Appendix A for the time being. The report seeks to update the Schools Forum on the current composition which continues to provide for appropriate representation between maintained schools and academies within the city.

RECOMMENDED that the Schools Forum retain the current constitution attached at Appendix A, which took effect from 24 May 2018.

6 Schools Funding Arrangements 2019-20 Growth Fund (Pages 27 - 42)

Purpose

To seek approval for the proposed changes to the Growth Fund for mainstream schools (maintained and academy) to be implemented from the start of the autumn term 2019.

RECOMMENDED that the Schools Forum approve the:

- Changes to the Growth Fund criteria and the move to a banded payment system as set out in appendix 1
- New criteria, to be implemented from the start of the autumn term 2019.

7 Scheme for Financing Schools 2019-2020 (Pages 43 - 116)

Purpose

This report outlines the proposed changes to the Scheme for Financing Schools which reflect the revisions to the scheme as outlined in the guidance issued by the Department for Education (DfE).

RECOMMENDED that the Schools Forum members representing maintained schools approve the revised Scheme for Financing Schools attached at Appendix 1, to come into force on 1 June 2019.

8 Timing of meetings

9 DSG Budget Monitoring third quarter 2018-2019 (Pages 117 - 124)

Purpose

The purpose of this report is to inform Schools Forum of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2018-19 as at the end of December 2018.

RECOMMENDED that the Schools Forum note the projected year-end budget position for the Dedicated Schools Grant as at 31 December 2018, together

with the associated explanations contained within this report.

10 School funding reform 2020-2021

11 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, 16 January 2019 at 4.30pm in the Civic Offices, Portsmouth

Present

Jackie Collins	Head Teacher	Primary Phase
Dave Jones	Head Teacher	Primary Phase
David Jeapes (Chair)	Head Teacher	Secondary Phase
Ian Hunkin	Head Teacher	Special Phase
Kate Keller	Academy	Primary Phase
Karen Stocks	Academy	Primary Phase
Sue Wilson	Academy	Primary Phase
Steven Labeledz	Academy	Secondary Phase
Stewart Vaughan	Academy	Secondary Phase
Jason Crouch	Governor	Primary Phase
Kara Jewell	Representative	Early Years
Judith Smyth	Councillor	Labour Party
Lynne Stagg	Councillor	Liberal Democrat Party

1. Apologies

Apologies were received from Alison Beane, Simon Barrable (Mike Gaston deputised for him), Nys Hardingham, Sonia Nicholson and Councillor Claire Udy.

2. Declarations of Interest

There were no declarations of interests.

3. Membership Changes.

Beverley Pennekett, Finance Manager gave the following update on membership:

- There is one primary maintained school governor vacancy.
- There are two secondary academy vacancies.
- Steven Labeledz had agreed to continue his tenure as a secondary academy representative.

4. Minutes and matters arising from the previous meeting held on 28 November 2018.

DECISION: The minutes of the meeting held on 28 November 2018 were confirmed as a correct record.

Matters Arising.
Item 47

The proposed response to the DfE's consultation on the implementation of new arrangements for reporting deficits of the dedicated schools grant was amended to reflect the forum's views and submitted.

5. Early Years SEND funding review.

Anthony Harper, Early Years and Childcare Manager introduced the report and Mike Stoneman, Deputy Director of Children, Families and Education added that the closure of Willows Nursery School does not mean the ending of the provision of this service. The provision will move to a new expanded site where the numbers will remain the same but the balance will change. He added that this change is in line with the model followed by most local authorities and will provide a better choice for parents.

In response to questions, they explained that:

- There will be an overall increase in the numbers of specialist school age places and fewer specialist nursery age places. This proposal will increase capacity within the mainstream sector so that parents may choose to send their children to mainstream schools with appropriate support. Where specialist nursery provision is considered the right offer, this will still be available.
- They are confident that there is sufficient capacity for Clifffdale Primary Academy to continue to provide outstanding provision.
- The mainstream early years and childcare sector is largely rated as good and outstanding.
- Mainstream sector providers will receive the funding to ensure they are able to access the right resources and tools required to support these children.

Kara Jewel noted that as a provider, she could not currently draw on high needs funding. She had spoken to several mainstream providers and they were in favour of the proposals. The changes would mean that parents would have a choice of provision and how they access their early education entitlements (including the 30 hour offer).

The Chair noted that the proposed changes seemed a sensible step forward and was pleased that the mainstream providers in favour of that. Clifffdale had an outstanding Ofsted rating and these changes would mean a better use of resources.

Councillor Suzy Horton, Cabinet Member for Education commented that she had visited Clifffdale and was reassured that pupils with very complex needs would receive the same level of provision. She was also confident that some parents would benefit from the choice of how to access their funding entitlement.

DECISION

The Schools Forum endorsed the following changes to funding and support for early years children with SEND (which are fully outlined in section 5):

1. Commission places for early year's children with complex SEND through a specialist provision at Cliffdale Primary Academy (subject to the conclusion of the current consultation on the closure of Willows Nursery School).
2. Establish a single funding stream for mainstream early years providers which has 2 elements:
 - A flexible 'complex needs' funding stream (*EY Inclusion Fund - Enhanced*) where funding will follow the child to the setting of their parent's choice. This element will be funded through the DSG High-Needs Block, using the funding released from the proposed closure of Willows Nursery School.
 - A refocussed Early Years Inclusion Fund (*EY Inclusion Fund - Core*) which supports children with 'low and emerging' needs, in line with Statutory Guidance. This is already funded from the Early Years Block.
3. Subject to consultation with the current service providers, refocus the allocation of funding to early years outreach on a resource which can consistently deliver practical support and role modelling to settings across the spectrum of needs. A SEND outreach officer role will be managed either through the Early Years Area SENCO team or Portage Plus.
4. Review existing training and development opportunities for mainstream early year's providers to ensure they meet the needs of children and the settings they access.

6. Schools funding arrangements 2019-20.

The Chair informed the forum that in order to hear the Schools Forum views, Councillor Suzy Horton had deferred making a decision on recommendation F regarding the element 3 top-up rates for Special Schools, Inclusion Centres, Alternative Provision settings and for Children with Education, Health & Care Plans in mainstream schools as set out in appendix 5 of the report

She had also attended the Head Teacher meeting that morning to hear their views.

Beverley Pennekett, Finance Manager introduced the report.

During the discussion that followed, the following points were raised:

At the Heads meeting one teacher had suggested that special schools should not benefit from the additional government funding. However, had not been endorsed by the other Heads present.

The forum recognised the financial pressures that all schools had faced and stated that the additional funding should therefore be shared between all schools. It was also noted that it is important to improve special school provision in the city and reduce reliance on city provision which is very expensive.

DECISIONS

The Schools Forum:

Approved the determination of the 2019-20 schools budget (including the individual schools budgets) shown at Appendix 1, together with the supporting explanations contained within this report and specifically agree the following budget lines:

- i. Admissions;
 - ii. Schools Forum;
 - b. Approved the amount of the growth fund for 2019-20 at £754,400
 - c. Endorsed the proposed changes to the mainstream schools revenue funding formula as set out in section 6.
 - d. Endorsed the school revenue funding pro-forma at Appendix 6 for submission to the ESFA on the 21 January 2019.
 - e. Endorsed the 2019-20 Special school, Inclusion Centre and Alternative Provision places as set out in Appendix 4.
 - f. Endorsed the 2019-20 Element 3 Top-up rates for Special Schools, Inclusion Centres, Alternative Provision settings and for Children with Education, Health and Care Plans (EHCPs) in mainstream schools as set out in Appendix 5.
 - g. Endorsed the proposal that any carry-forward balances from 2018-19 be used to assist with the continued introduction of the funding reform changes and fund any potential financial pressures arising during 2019-20.
 - h. Endorsed the local funding arrangements in respect of the 2, 3 and 4 year old early years provision for 2019-20 as set out in section 8 and Appendix 3.
7. **Any other business.**
No other business was raised.

The meeting concluded at 5.35pm.

David Jeapes
Chair

Title of meeting:	Schools Forum
Date of meeting:	22nd May 2019
Subject:	School Forum Constitution
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 The purpose of this report is to seek Schools Forum approval to retain the existing constitution attached at Appendix A for the time being. The report seeks to update the Schools Forum on the current composition which continues to provide for appropriate representation between maintained schools and academies within the city.

2. Recommendations

- 2.1 It is recommended that Schools Forum retains the current constitution attached at Appendix A, which took effect from 24th May 2018.

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 and Skills Funding Agency¹, set out how the membership of Schools Forums should be constituted, the requirements 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 May 2018. Following a review of the current make up, as set out in section 4 of this report, it is proposed to retain the constitution in its current format.

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

4. Membership

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 retain the overall membership at 22.

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 so that currently there are 24 maintained schools and 38 academies.

4.5. The table below summarises the pupil numbers across the categories, (based on the October 2018 census) and shows that Academies account for 66% of the pupil population in the city.

Category	NOR maintained schools	%	NOR academies	%	NOR Total	%
Primary	6,652.00	76%	9,629.00	57%	16,281.00	63%
Secondary	1,950.00	22%	6,909.00	41%	8,859.00	34%
Special / AP	200.00	2%	451.00	3%	651.00	3%
TOTAL	8,802.00	100%	16,989.00	100%	25,791.00	100%
%	34%		66%		100%	

4.6. Whilst Academies account for 66% of the total pupil population in the city, this differs by phase as shown below.

Category	% pupils in maintained schools	% pupils in academies	Total
Primary	41%	59%	100%
Secondary	22%	78%	100%
Special / AP	31%	69%	100%

4.7. These proportions have not changed significantly since last year; therefore it is proposed to maintain the structure of the Schools Forum membership in respect of the 'School Members' and 'Academy Members', as shown below.

School Members:

Head teacher representative - primary phase	2
Head teacher representative - secondary phase	1
Head teacher representative - special phase	1
Governor representative - primary phase	1
Governor representative - secondary phase	1
Total School Members	6

Academy Members:

Primary Academy Proprietor	4
Secondary Academy Proprietor	5
Special Academy Proprietor	1
Total Academy Members	10

Total School & Academy Members	16
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4.8. 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

4.9. 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.

- 4.10. There are no proposed amendments to the remaining membership which is as follows:

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

5. Reasons for recommendations

5.1 The proposals 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.

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

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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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 	Decides	None, but good practice to inform forum	None
Carry forward a deficit on central expenditure to the next year to be funded from the schools budget	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
Any brought forward deficit on de-delegated services which is to be met by the overall schools budget.	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal

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: 22 May 2019

Subject: Schools Funding Arrangements 2019-20 - Growth Fund

Report by: Director of Children, Families and Education

Wards affected: All

Key decision: No

Full Council decision: No

1 Purpose of report

- 1.1 To seek approval for the proposed changes to the Growth Fund for mainstream schools (maintained and academy) to be implemented from the start of the autumn term 2019.

2 Recommendations

- 2.1 It is recommended that Schools Forum approve the:
- changes to the Growth Fund criteria and the move to a banded payment system as set out in appendix 1
 - new criteria, to be implemented from the start of the autumn term 2019.

3 Background

- 3.1 At the January 2019 meeting Cabinet Member and Schools Forum were notified of the change in methodology for funding local authorities for basic need growth. Due to the timing of the receipt of the 2019-20 Dedicated Schools Grant (DSG) including the growth funding allocation for the City Council, it was not possible to consult with schools and agree any changes to the growth fund payments and criteria before the deadline for approving the DSG Budget.
- 3.2 It was agreed that an amount of £754,000 would be set aside for the 2019-20 Growth Fund and that a consultation with schools on the proposed funding and any criteria changes would be held in the Spring term 2019.
- 3.3 The authority consulted with all mainstream schools (maintained and academy) from 28 February 2019 to 25 March 2019. A copy of the consultation document is at Appendix 1.

- 3.4 Of the 59 schools consulted 6 (10.2%) responded, 2 Primary schools and 4 secondary schools. The table in Appendix 2 sets out the results which indicate that 5 of the schools who responded agreed to move to a banded growth fund lump for Primary and Secondary schools.
- 3.5 Of the 2 primary schools who responded, 1 school disagreed with the proposal to uplift the secondary school rate by the same primary secondary ratio as the schools funding formula. As set out in the consultation the proposed secondary uplift recognises the range of subjects taught by secondary schools and the additional costs associated with a secondary education. It is not proposed to amend the secondary value as set out in the consultation, since it reflects the increased funding per pupil provided to secondary schools by both the national funding formula and the 2019-20 Portsmouth funding formula.
- 3.6 Four schools raised questions relating to the growth fund. They have received individual responses to these questions.
- 3.7 Overall the response to the consultation is very low, with only 1 school disagreeing with the proposed secondary rate. It is assumed that those schools, who did not respond, did not feel strongly against the proposed arrangements. In light of this it is proposed to implement the increase to the primary growth lump sum and introduce a secondary growth lump sum as set out in the consultation in Appendix 1. These changes will come into place from September 2019.

4 Reasons for recommendations

- 4.1 The authority has utilised the Growth Fund as a mechanism for supporting schools who have been asked by the Council to increase their Published Admission Number (PAN) as a response to basic need growth in the City.

5 Equality impact assessment

- 5.1 This report and the proposals within form part of, and are consistent with, the national implementation of the schools national funding formula as directed by the Department of Education and set out in the School and Early Years Finance (England) (no. 2) Regulations 2018
- 5.2 The funding of Growth within mainstream schools does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead seeks to target funding based on specific criteria that can be applied consistently according to the phase of school rather than the characteristics of the pupils.

6 Legal implications

- 6.1 The Growth Fund is a class of local authority expenditure from the schools budget which is permitted under the School and Early Years Finance (England) (No.2) Regulations 2018 to meet costs which are due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the Education Act 1996 to secure that efficient primary education and secondary education are available to meet the needs of the population of its area.
- 6.2 Local authorities are required to produce transparent and consistent criteria on which growth funding is to be allocated and these criteria must be approved by the Schools Forum.

7 Director of Finance's comments

- 7.1 Finance comments are included in the body of the report.

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

Appendices:

Appendix 1 - Growth funding consultation 2019-20

Appendix 2 - Results of the growth funding consultation

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 School and Early Years Finance (England) (no.2) Regulations 2018	http://www.legislation.gov.uk/ukxi/2018/1185/made
Schools Revenue funding 2019-2020	https://www.gov.uk/government/publications/pre-16-schools-funding-guidance-for-2019-to-2020
Financial modelling	The children, families and education finance team

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2019-20 School Growth Funding

Consultation



Portsmouth
CITY COUNCIL

1. Growth Fund

Introduction

- 1.1. The 2019-20 operational guidance continues to allow local authorities to top slice the Dedicated Schools Grant (DSG) in order to create a growth fund to support mainstream schools which are required to provide extra places in order to meet basic need within the city.
- 1.2. The growth fund is intended to fund the "gap" between additional basic need pupils joining a maintained school in September and the school receiving the funding via the budget share in the following April.
- 1.3. Academy schools receive their budget share on a lagged academic year basis, therefore the growth fund funds the "gap" between the pupils joining the school in September and the school receiving their budget share in the following September. The Council is reimbursed by the Education and Skills Funding Agency (ESFA) for the additional five months funding provided to academy schools.
- 1.4. Portsmouth currently operates a growth fund for mainstream maintained and academy schools. The fund supports growth in schools where the eligibility criteria are met.
- 1.5. A review of schools expected to require growth funding in 2019-20 and future years was undertaken with the Sufficiency Participation and Resources team.
- 1.6. Whilst reviewing the growth fund for affordability, the opportunity was taken to update the proposed funding rates, the details of which are set out below.

Proposed funding changes

- 1.7. The growth funding payable to eligible schools has been reviewed. It is proposed to introduce a banded system whereby Primary and Secondary schools will have rates applied to reflect the different funding requirements of the different phases. The calculation has been revised to reflect the changes.
- 1.8. The primary academic year allocation is calculated as:

The cost of a teacher (main scale 6)	£45,155
The cost of a 0.5 FTE teaching assistant (grade 4)	£9,856
A contribution towards resources and materials	3,500

Total **£58,510**

A contribution towards Free School Meals (FSM) £2,399

Rounded up to **£60,900**

- 1.10 An uplift of 1.32 has been applied to the Primary value to reflect the higher set up costs of classes at the Secondary phase. This uplift is consistent with funding allocated through the funding formula. The secondary growth fund allocation is therefore calculated as:

Primary Uplift as per above calculation £58,510

Uplift Factor 0.32 £18,723

Total **£77,234**

A contribution toward FSM £2,518

Rounded up to **£79,800**

- 1.11 The values payable for September - March and April - August are shown in the table below:

Period Covered	Maintained Schools		Academy Schools	
	Primary	Secondary	Primary	Secondary
September to March (7/12 ^{ths})	£35,525	£46,550	£35,525	£46,550
April to August (5/12 ^{ths})			£23,375	£33,250

- 1.12 The impact of the proposed increase in the growth fund allocation has been modelled, taking account of the revised funding methodology now used by the Education and Skills Funding Agency and those schools who are known to be entitled to growth funding as advised by the Head of Sufficiency, Participation and Resources in October 2018. The table below shows the impact of the proposed banded growth funding model compared to the £54,000 lump sum from prior years.

	Lump Sum of £54,000		Banded Lump Sum		
	Financial Year				
	17-18	18-19	19-20	20-21	21-22
	£	£	£	£	£
Total cost per year	308,800	344,300	481,613	643,125	692,125
Funding available	275,300	342,600	754,400	754,400	754,400
(Surplus) / Deficit	33,500	1,700	(272,788)	(111,275)	(62,275)

Criteria changes

1.13 It is not proposed to change the eligibility criteria that schools must satisfy in order to receive funding from the growth fund.

1.14 A copy of the proposed 2019-20 Growth fund can be found in Appendix 1.

Date of Implementation

1.15 It is proposed to implement the revised rates from the start of the Autumn Term 2019 (4 September 2019).

Responding to the Consultation

2.1 A consultation response is attached at Appendix 2 for schools to complete.

2.2 The responses to this consultation will be reported to both the Cabinet Member for Education and Schools Forum meetings in May 2019.

2.3 The consultation will close on **Friday 25th March 2019**.

2.4 Please send your completed response forms to: -

schoolsfinancialsupport@portsmouthcc.gov.uk

Centrally held funds to support Primary and Secondary Schools in 2019-20

Exceptional Growth Fund

Applies to: Maintained schools and Academies

Increasing Published Admission Number

Funding additional to the budget share will be allocated to schools that experience a planned increase in the Published Admission Number (PAN). The criteria (see below) to determine whether a school is eligible for funding for growth was agreed at schools forum in May 2019.

Criteria

Growth funding will be allocated to schools who meet the following criteria:

- *Funding will only be allocated when the growth (either permanently or as a bulge class) meets the basic need requirement of the local authority and the school is increasing both its Published Admission Number (PAN) and its planned intake of pupils in the current financial year (1 April to 31 March).*
- *And - The Head of Sufficiency, Participation and Resources formally approves to increase the capacity of a school.*
- *¹And - The planned growth in pupil numbers is a multiple of a complete half form entry, where a half form entry is equal to 15 pupils.*

What the growth fund covers

The additional pupils joining a school in September will be included in the October census. The census data is used to calculate the funding for the following financial year; which maintained schools receive from April. Therefore the growth fund finances the "gap" for maintained schools from September to March.

Academies are funded through the same local formula as maintained schools but receive their funding on an academic year basis, rather than the financial year basis of maintained schools.

Therefore academies will not receive their formula funding based on the October census until the following September. The growth fund for academies finances the "gap" from September up to the following August. The additional 5 months funding for academies is paid by the Local Authority and reimbursed by the Education and Skills Funding Agency.

1. It is acknowledged that some form entries may be below the full form number of 30 pupils e.g. 28 pupils. In these instances numbers will be rounded to the nearest eligible entry level.

Methodology

The allocation from the growth fund to schools who meet the above criteria will be as follows:

The annual payment for approved growth for a full form entry of 30 pupils will be equal to a lump sum of £60,900 for Primary Schools and Academies and £79,800 for Secondary Schools and Academies.

Where a growth payment has been approved for a maintained or academy school the amount paid will be as follows:

Period September to March - maintained schools and academies

Payments for the period September to March will equate to 7/12ths of the annual amount as follows:

- £35,525 - Primary schools and academies
- £46,550 - Secondary schools and academies

Period April to August - academies only

Payments to academies for the period April to August will equate to 5/12ths of the annual amount as follows:

- £25,375 - Primary academies
- £33,250 - Secondary academies

Funding will be pro-rated for part form or multiples of full form entry, for example:

- The total sum above will be multiplied by 0.5 for a part form entry of 15 pupils
- For an increase of one and a half form entry (45 pupils) the total sum will be multiplied by 1.5
- Entry numbers falling under the half form or full form levels will be rounded to the nearest eligible entry level. Where form entries are less than 50% of the half form entry numbers these entries will not be eligible for growth funding.

A payment will be made for each year the school is growing until the earliest of the following:

- The school reaches full capacity attributable to the increase in PAN approved by the Head of Sufficiency, Participation and Resources
- The Growth Fund criteria changes due to affordability
- There is a change in the funding formula as directed from the Education and Skills Funding Agency.

No allocation will be made to a school or academy where the school or academy:

- *Has surplus places and then takes additional children up to the PAN*
- *Admits over PAN at their own choice*
- *Admits extra pupils where those pupils have a reasonable alternative school place*

- *Increases the PAN of one year by reducing the PAN of another (e.g. increasing the PAN in year 7 by reducing the PAN in year 10)*
- *Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc. as these numbers will be low on an individual school basis.*

Funding will not be allocated from this fund to a school which has received additional funding in the year, through its budget share as a result of an agreed variation in its pupil numbers.

***Example**

The maintained/academy primary school has been requested by the Local Authority to increase the PAN from a one and a half form entry (45 pupils) to a two form entry (60 pupils) from September 2019; this was approved by the Head of Sufficiency, Participation and Resources in October 2018.

Whilst the increase was agreed in 2018-19, the payment will be made in financial year 2019-20 as this is the year that the changes will come into effect.

The Increase in PAN is for half a form entry of 15 pupils therefore the payment will be pro-rated by 0.5.

For example the calculation would be: 7/12ths of £60,900 lump sum ($\text{£}60,900/12 \times 7$) = £35,525

$\text{£}35,525 \times 0.5 = \textbf{£17,763}$ payment to the school.

For an academy school they will receive an additional payment to cover the period April 2020 to August 2020, which would be calculated.

5/12ths of £60,900 lump sum ($\text{£}60,900/12 \times 5$) = £25,375

$\text{£}25,375 \times 0.5 = \textbf{£12,687}$ payment to the school.

*Example calculated using primary school rate

Payment method

Where a maintained or academy school meets the criteria and the growth is known at the point of setting the budget for the financial year, payment will be made within 30 days of the beginning of the financial year which runs 1 April to 31 March.

Where growth is identified during the financial year funding will be paid within 30 days of the receipt of the following notification:

- Maintained and Academy schools - PAN increases
Written approval to change the Published Admissions Number (PAN), by the Head of Sufficiency, Participation and Resources
- Maintained and Academy - Bulge classes:
The receipt by the Children's Finance team of the written confirmation from Head of Sufficiency, Participation and Resources that the Bulge class has materialised.

Applies to: Maintained schools and Academies

Increasing Age Range

Where a school is amending its age range to include a new phase, funding may be allocated from the 'Growth Fund' up to a maximum of £280,000, with the specific approval of schools forum, where the following criteria are met:

- The increased school places are required in order to meet basic need within the area and have been agreed with the Local Authority.
- The increased places relate to pre-16 pupils.
- The new school places are not within the schools current phase.
- A business case has been submitted by the school which sets out the expected set-up costs to be incurred.
- Any funding allocated would be to support the following areas of expenditure:
 - additional leadership team capacity
 - additional secretarial support
 - publicity, promotion and advertising of the new school
 - consultancy
 - curriculum costs
 - recruitment costs
 - other revenue costs related to set-up of the new school

If the above criteria are met, the funding would be allocated from the 'growth fund' in full to the school in a single funding period. The funding allocation would be calculated as £445 multiplied by the total number of additional places anticipated to be created in the school as a result of the change in the schools age range up to the maximum permitted.

Where a school is eligible for an allocation from the growth fund based on both the 'Increasing Published Admission Number' and the 'increased age range' criteria, then the school will only be eligible for an allocation from one of these mechanisms within the financial year.

2. Questions: - Please mark your choice and provide any further comments you may have.

Funding Formula Proposals			
1	Do you agree with the proposal to introduce the banded growth funding lump sum for Primary and Secondary schools?	Y	N
Please add any further comments			
2	Do you agree with the revised growth funding value for Primary schools?	Y	N
Please add any further comments			
3	Do you agree with the revised growth funding value for Secondary schools?	Y	N
Please add any further comments			
4	Do you agree with the application of the uplift for Secondary schools in recognition of the higher cost of setting up new classes in these schools?	Y	N
Please add any further comments			
5	Do you have any further comments? If so, please add them here.	Y	N

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Consultation responses - Growth fund 2019-20

Responses	
Primary Maintained schools	1
Primary Academy schools	1
Secondary maintained schools	2
Secondary academy schools	2
Total	6

Funding Formula Proposals			
1	Do you agree with the proposal to introduce the banded growth funding lump sum for Primary and Secondary schools?	Y	N
		6	0
Please add any further comments <ul style="list-style-type: none">Primary 1 - We think!Secondary 1 - secondary schools are generally more expensive to run therefore the increase is welcomedSecondary 2 - seems sensible			
2	Do you agree with the revised growth funding value for Primary schools?	Y	N
		6	0
Please add any further comments <ul style="list-style-type: none">Primary 1 - Seems fair			
3	Do you agree with the revised growth funding value for Secondary schools?	Y	N
		5	1
Please add any further comments <ul style="list-style-type: none">Primary 1 - Don't understand why cost for 1 teacher is so much more			
4	Do you agree with the application of the uplift for Secondary schools in recognition of the higher cost of setting up new classes in these schools?	Y	N
		5	1
Please add any further comments <ul style="list-style-type: none">None			
5	Do you have any further comments? If so, please add them here	Y	N
	<ul style="list-style-type: none">Primary 1 - In view of cash flow situation in academy it would be better to have a monthly DD.Primary 2 - What about turbulence? Schools who have mid-term entries across all years? Primary 2 has 42 already.Secondary 2 - consideration as to the specific use of MATS (Secondary 2) ref year 3	3	3

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Title of meeting: Schools Forum

Date of meeting: 22 May 2019

Subject: Scheme for Financing Schools

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

Report by: Graham Smith, Interim 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 to the scheme as outlined in the guidance issued 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 2019.**

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.
- 3.2. There were no directed revisions to the Scheme in the guidance issued by the DfE for 2019 to 2020. The guidance included a number of changes across the whole of the document and these have been reflected in the Scheme for Financing Schools issued by Portsmouth City Council where appropriate. The proposed scheme will become effective on 1st June 2019 once approved by Schools Forum.

- 3.3 Consultation on the changes to the Scheme with Head-teachers, Governors and Finance Managers took place between the 27 March 2019 and 3 May 2019. 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 and any changes to relevant legislation. 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	Updated to reflect that no directed revisions were required by DfE to the 2019-20 Scheme.
1.5	Notification of Secretary of State power to make changes to the scheme after consultation.
2.4	Title of section amended to School Resource management
2.10	Paragraph added relating to "Buying for Schools" and web link to site.
2.14	Health and Safety Applicable legislation updated and expanded.
3.6	Additional instruction relating to procurement cards and charges added
5.1 & 5.4	Additional information on the treatment of land held by a charitable trust and the sale of assets including land and buildings
7.1	Updated link to Portsmouth City Council VAT guidance
8.4	Legislation relating to Teachers Pension Regulations updated
10.1	Claims levels following advice from Council insurance section
10.2 a, c, e	Insurance paragraphs amended following advice from Portsmouth City Council insurance section

Paragraph	Update
10.3,10.4a	Payment claims excess value amended following advice from Portsmouth City Council insurance section
10.9 d (ii)	Amended to reflect motoring insurance requirements following advice from Portsmouth City Council insurance section.
13.2	Removal of sentence relating to community facilities powers and updating with latest wording from DfE.
Annex 1	Removal of schools who have converted to Academy status
Annex 1	Special unit places numbers amended to reflect places agreed by Schools Forum and Cabinet member for 2019-20

- 4.2 Schools were consulted on the proposed changes between the 27 March 2019 and 3 May 2019. One response was received, relating to changes to para 6.2.2. Following consultation with HR and giving due consideration to the wording change, it was decided that the original wording should be reinstated. Details of this query and the PCC response can be found at Appendix 2.
- 4.3 The revised version of the Scheme for Financing Schools, once approved will be issued to schools (including Head teachers, Governors and Finance Managers) 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) (No.2) 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).

4. 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 2019-20 (Proposed)

Appendix 2 - Scheme for Financing Schools Consultation Queries and Responses

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:

**Appendix 2 to Scheme for
Financing Schools 2019-20
Consultation for Schools Forum**

Consultation Queries and Responses

School Code	Query Raised	Response
1	Thank you for this, I can't see what the consultation is asking but it all looks fine other than 6.2.2., which needs some clarification. Who decides what is a good reason? and what is the procedure and appeal process?	<p>Good afternoon,</p> <p>Thank you for your consultation response and for the query you raised relating to paragraph 6.2.2.</p> <p>After considering your query it was decided the original wording of the document should be reinstated and the final Scheme will be amended to reflect this.</p>

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Scheme for Financing Schools

1st June 2019

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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) (No2) 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.

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

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 June 2019. 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 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)

1.3 Publication of the scheme

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 2019

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.

There are no directed revisions for 2019.

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. It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.

1.6 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 the recognised 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 SC01 or SC02 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 School Resource Management

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

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.

Schools may seek advice on a range of compliant deals via "Buying for Schools:-

<https://www.gov.uk/guidance/buying-for-schools>

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.

2.15 The provisions are in place to help ensure compliance with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010 and the Building Regulations 2010

2.16 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, or both.

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.

2.17 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.

2.18 Fraud

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

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

Where procurement cards are used, no interest charges should be incurred by the school, and balances should be cleared fully on a monthly basis.

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. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

5.2 Income from fees and charges

Schools 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 including land and buildings 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 Guidance for Schools at:

<https://www.portsmouth.gov.uk/intranet/documents-internal/finvatguidanceforschools.pdf>

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 or extension 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' Pension Scheme Regulations 2014, 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 £95,500 of each and every claim is internally funded. External insurers will underwrite only claims in excess of £100,000, which is the PCC policy excess in respect of schools.

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. Claims payments in excess of £75,000 will be funded by insurers.

(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. Claims payments in excess of £75,000 will be funded by insurers.

(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. Claims payments in excess of £75,000 will be funded by insurers. 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, (not the property of, or hired, leased or lent to PCC), even though used on the business of the Authority, are not covered and so proper business 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. Claims payments in excess of £100,000 will be funded by insurers. Where damage is caused by a third party e.g. motor vehicle, the Insurance 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. Claims payments in excess of the £100,000 will be funded by 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 by including business cover use.

(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 should 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 Councils 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 a school's 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 (1) 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

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 2019

PRIMARY SCHOOLS

DfE no.	Name	Inclusion Centre Type	Places
2008	Copnor Primary	Communication and Interaction	8
3420	Corpus Christi RC Primary		
2689	Cottage Grove Primary		
2716	Craneswater Junior		
2665	Cumberland Infant		
2648	Devonshire Infant		
2714	Fernhurst Junior		
2637	Goldsmith Infant		
2719	Manor Infant	Communication and Interaction Language Impaired	9 7
2673	Medina Primary		
2005	Milton Park Primary		
2765	Portsmouth Primary		
2680	Southsea Infant		
3422	St John's RC Primary		
3212	St Jude's CE Primary		
5207	St Paul's RC Primary		
3423	St Swithun's RC Primary		
3214	St George's Beneficial Primary		
2699	Wimborne Infant		
2705	Wimborne Junior		

SECONDARY SCHOOLS

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

SPECIAL SCHOOLS

DfE no.	Name	Special unit type	Places
7472	The Harbour School		95
7750	Willows		Apr 19 - 42 places Sep 19 - 48 places

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:

$$((1,000,000 - 800,000) \times 15 \times 0.00015) + (800,000 \times 30 \times 0.00015) \\ = £4,050$$

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>

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>

DISPOSAL OF EQUIPMENT AND FURNITURE

School:

Page Number:

Item Ref number	Quantity	Description	Make and Serial Number	Date Supplied (if known)	Approx. Value (if known)	Recommend ed Method of Disposal	Approved Method of Disposal

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 group's 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:

Title of meeting: Schools Forum

Date of meeting: 22 May 2019

Subject: Dedicated Schools Grant 2018-19 quarter three budget monitoring

Report by: Chris Ward, Director of Finance and Information Services and Section 151 Officer

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. The purpose of this report is to inform Schools Forum of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2018-19 as at the end of December 2018.

2. Recommendations

It is recommended that Schools Forum:

- 2.1. Notes the projected year-end budget position for the Dedicated Schools Grant as at 31 December 2018, together with the associated explanations contained within this report.

3. Background

- 3.1. The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. The original DSG budget for the financial year 2018-19, was approved by the Cabinet Member for Education and endorsed by Schools Forum in January 2018. Further budget adjustments were agreed by the Cabinet Member and endorsed by Schools Forum in July and November 2018. This report provides the Cabinet Member with the latest estimate of the outturn position as at 31 December 2018.
- 3.3. Table 1 below sets out the projected year-end financial position of the DSG budget as at 31 December 2018.



Table 1 - Dedicated Schools Grant				
	Original budget 2018-19 £000's	Revised Budget 2018-19 £000's	Projected outturn 2018-19 £000's	Projected over / (under) spend £000's
Income				
DSG Brought forward 2017-18	(413)	(4,687)	(4,687)	0
DSG and other specific grants	(79,592)	(70,387)	(70,753)	(366)
Total Income	(80,005)	(75,074)	(75,439)	(366)
Expenditure				
Primary ISB	34,230	28,559	28,559	0
Secondary ISB	14,742	11,305	11,305	0
Special school place funding	1,556	1,556	1,621	65
Inclusion Centre Place funding	346	301	301	0
Alternative provision place funding	<u>1,082</u>	<u>1,082</u>	<u>1,082</u>	<u>0</u>
Total Delegated	51,956	42,802	42,868	65
De-delegated and central budgets	1,385	1,538	1,539	1
Early Years	14,204	14,131	14,162	30
High Needs	12,460	14,331	14,442	111
Total Expenditure	80,005	72,803	73,010	207
DSG Carried forward	0	2,271	2,429	159

4. Grant funding

- 4.1. On 16 December 2018, the Secretary of State for Education announced additional funding of £250 million to support the provision of Special Educational Needs and Disabilities (SEND) in schools. Portsmouth's share of that allocation amounted to £464,668 in 2018-19 and again in 2019-20. The additional allocation in 2018-19 is shown as an increase in income in the table above, which is offsetting the previously forecast overspend in the high needs block.
- 4.2. There have been no academy conversions in the third quarter, although one further academy conversion is expected in the 2018-19 financial year. Any resulting DSG adjustments will be reflected in the year-end report.

5. Special School places

- 5.1. Special school places are expected to overspend by £65,400. This reflects 7 additional places at Willows Centre for Children for pupils who started school in September 2018 as previously reported, plus an additional 3.5 places at Mary Rose Academy for new pupils. It has been assumed that the additional places will be paid until the end of March 2019. Once the final class lists for the financial year have been confirmed the forecast may be adjusted.

6. Early Years Block

- 6.1. Overall, the Early Years Block is projected to overspend by £30,200. A projected overspend of £194,300 for nursery provision has been reduced by expected underspends on central recharges and the disability access fund.
- 6.2. Table 2 below provides a breakdown of the funding provided direct to settings for two three and four year olds.

Table 2 Early Years: two, three and four year old budget forecast			
	Total 2018-19		
	Budget 2018-19	Forecast	Variance (Under) / Over
	£	£	£
Two year olds	1,939,800	2,131,300	191,500
Two year old contingency growth fund	50,100	0	(50,100)
Three & four year olds universal hrs	8,008,500	7,968,100	(40,400)
Three and four year olds additional hours	2,862,300	2,948,900	86,600
Three & four year old contingency growth fund	329,500	283,300	(46,200)
Three & four year olds Pupil Premium	99,500	152,400	52,900
Total	13,289,700	13,484,000	194,300

- 6.3. The third quarter's accounts contain the final summer and autumn term payments to early years' providers of two, three and four year-olds and the estimated payments for the spring term. The projected outturn is based on the payments to the end of the third quarter (including spring term initial payments) along with an estimate for growth between January and March.
- 6.4. Where the two, three and four year olds' budgets have overspent, the growth contingencies have been released to offset the overspend. In the case of two year olds this provides a net overspend of £141,400, whilst three and four year olds have balanced back to budget.

- 6.5. The numbers of pupils receiving early years pupil premium are also expected to be higher than budgeted (approximately 85 additional pupils) providing a predicted overspend of £52,900.
- 6.6. As in previous years if the increased pupil numbers are accessing early child care at the time of the January 2019 census the authority will see an adjustment to the early years funding block in July 2019 to reflect the change in pupil numbers.

7. High Needs Block

- 7.1. Table 4 below summarises the projected outturn position for the high needs block (excluding place funding), explanations for which are set out in the following paragraphs.

Table 4 - High Needs Budget	2018-19 Revised budget	Forecast Outturn as at 31 Dec 18	Forecast (under)/ overspend
	£	£	£
Element 3 Top up	8,731,900	8,829,300	97,400
Out of City providers	2,148,900	2,247,900	99,000
Financial support to special schools	868,300	868,300	0
Expenditure approved by Secretary of State	1,000,000	1,000,000	0
Permanent exclusion recharge	0	(85,000)	(85,000)
SEN support services	674,700	674,700	0
Medical Education	660,000	660,000	0
Outreach	186,900	186,900	0
Fair Access Protocol	60,000	60,000	0
Total High Needs Block	14,330,700	14,442,100	111,400

Element 3 Top-up

- 7.2. Table 5 below breaks down the forecast overspend position for the Element 3 Top up funding as at the end of December 2018.

Table 5 - Element 3 Top-up	2018-19 Revised budget	Forecast Outturn as at 31 Dec 18	Forecast (under)/over spend
	£	£	£
EHCP Mainstream	1,205,200	1,596,000	390,800
Element 3 Top Up Special Schools	5,824,400	5,500,400	(324,000)
Element 3 Top Up - Resource Units	281,200	288,000	6,800
Element 3 Top Up - AP	221,100	203,300	(17,800)
Post 16 Special Educational Needs	800,000	853,300	53,300
Element 3 Top Up - OLA School	400,000	388,300	(11,700)
Total Element 3 Top-up	8,731,900	8,829,300	97,400

- 7.3. The forecast position for pupils at mainstream schools with Education Health and Care Plans (EHCP), is showing a predicted overspend of £390,800 an increase of £45,500 since the end of Quarter 2. The forecast position includes any changes to pupils and EHC Plans to the end of December 2018, along with estimated growth (based on 2017-18 growth) over the remaining months of the financial year.
- 7.4. There has been a net increase of 31 mainstream pupils with EHCPs between October and December 2018. Whilst the average cost per pupil has decreased from £3,405 to £3,306 during the same period, this is still higher than a budgeted average rate of £2,911 per pupil.
- 7.5. The September and October class lists for Special Schools were received in November 2018 and following validation by the SEND Team were paid during December 2018. Estimated element 3 payments for the period up to and including 31 March 2019 have been paid to schools and included in the quarter three forecast; this includes the additional pupils at Willows Centre for Children and Mary Rose Academy.
- 7.6. The forecast position includes any savings identified due to places being occupied by pupils placed by other local authorities in Special Schools, and the release of funding earmarked for increased levels of need which was not required. As at the end of October¹ this equated to an underspend of £324,000, which has been used to partly offset overspends elsewhere within the high needs block.
- 7.7. Following the receipt of the Harbour Alternative Provision data up to the October half term, the Alternative Provision forecast underspend has increased to £17,800. This underspend is likely to change following the receipt of the remaining autumn and spring class lists.
- 7.8. The September 2018 intake of Post 16 pupils has been agreed and finalised with Colleges and the forecast position has been updated to

¹ The date when the most recent class lists were received for payment by the authority.

include the part year effect of the new intake. Pupil numbers have increased by 14 in the new academic year and the average cost per pupil has increased by £87. The forecast overspend is expected to be approximately £53,300.

- 7.9. Portsmouth is responsible for paying the Element 3 Top-up rates for our high needs pupils, including when they are placed in Special Schools located in other local authorities. Based on current information, the expected outturn is for an underspend of £11,700, which is an improvement on the quarter 2 position.

Out of City Placements

- 7.10. The Out of City placements budget is expected to overspend by £99,000, largely due to the increasing cost of out of city provision.

Independent and specialist provision

- 7.11. The forecast includes estimated costs for a number of pupils who are planned to go into Independent and specialist provision before the end of the financial year resulting in the forecast overspend of £198,700. However, a review of the 2017-18 outstanding creditors has reduced the forecast overspend to £101,800.
- 7.12. Overall, there has been an increase in the number of pupils placed in independent and specialist provision at an average cost of £57,977. This is higher than the budgeted average cost of £53,010, although the average cost has reduced from £61,590 as at the end of September 2018.

Child and Adolescent Mental Health Services (CAMHS)

- 7.13. There are currently 9 Pupils where the authority is expecting to fund a CAMHS placement at an estimated total cost 37,433, this is £8,900 over budget (budget set on 7 pupils).
- 7.14. Following a review of the 2017-18 creditors the current value of outstanding creditors has reduced to £7,800. This has released £11,700 to offset against the 2018-19 overspend reducing the forecast underspend to £2,800.

8. Carry forward balance

- 8.1. As at the 31 December 2018 the forecast carry forward has increased to £2.4m. This includes the additional high needs funding provided in 2018-19 by the Secretary of State and reflects the decisions made by Cabinet Member and endorsed by Schools Forum to use the brought forward

balance to manage pressures in the high needs block and one-off spending decisions.

9. Reasons for recommendations

9.1. It is recommended that Schools Forum notes the contents of the report in respect of the financial forecast outturn for 2018-19 as at the end of the second quarter, 31 December 2018.

10. Equality impact assessment

10.1. 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.

11. Legal implications

11.1. There are no legal implications arising directly from the recommendations contained within this report

12. Director of Finance's comments

12.1. Financial comments are contained within the body of the report

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Signed by: **Chris Ward, Director of Finance and Information Services and Section 151 Officer**

Appendices:

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

The information upon which this report has been based has been drawn from a variety of sources: however much of the information used is held in budget files prepared by the children and Education Finance Team. Please contact Beverley Pennekett, Finance Manager, if required.

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: