

Schools Forum

Date: Thursday, 1 October 2020
Time: 1.00 pm
Venue: Conference Room - Northgate House

Items on the agenda: -

1. **Apologies**
2. **Introduction of Forum Members and Elections of Chair and Vice Chair**
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Minutes from the previous meeting held on 4 June 2020.
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16. **Chair's Business**

Date of Next Meeting:

Thursday 3rd December, 2.00 pm - 5.00 pm, Microsoft Teams Meeting

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

Disclaimers

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- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests must still be declared in accordance with the Code of Conduct.

These should be declared at the commencement of the meeting

The public reports referred to are available on the Warwickshire Web

<https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1>

Public Speaking

Any member of the public who is resident or working in Warwickshire, or who is in receipt of services from the Council, may speak at the meeting for up to three minutes on any matter within the remit of the Committee. This can be in the form of a statement or a question. If you wish to speak please notify Democratic Services in writing at least two working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders.

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Warwickshire Schools Forum

Minutes of the Meeting on 4 June 2020
Microsoft Teams Meeting 14:00 – 16:00

Attendance

School Forum Members	
Jane Burrows (Chair)	Myton School (Academy)
Peter Reaney (Vice Chair)	Rugby High School (Academy)
Alison Bardsley	Communities Academies Trust (Academy)
Amy Woodward	North Leamington School (Academy)
Chris Atkins	Chetwynd Junior School (Maintained Governor)
Julie Forshev	Nathaniel Newton Infant School (Maintained)
Martin Davies	Telford Junior School (Maintained Governor)
Mary Anne Burrows	PVI representative
Matthew Bown	St. Paul's CofE Primary School (Maintained)
Nicci Burton	Atherstone & Bedworth Heath Nursery Schools (Maintained)
Nick Wylie (left 15:30)	Cubbington Primary School (Maintained Governor)
Philip Johnson	Whitestone Infant (Maintained Governor)
Rebecca Harrison	Thorns and Park Hill (Maintained)
Sarah Bromley	PVI representative
Steve Jefferies	Henley-in-Arden School (Academy)
Sybil Hanson	Coventry C of E Diocese Representative
Officers/Observers	
Cllr Colin Hayfield	Portfolio Holder for Education and Schools
Ian Budd	Assistant Director (Education Services)
Andrew Felton	Assistant Director (Finance)
Purnima Sherwood	Service Manager for Finance
Neill Butler (Clerk)	Schools Funding & Strategy Manager
Duane Chappell	Strategy & Commissioning Manager (SEND & Inclusion)
Mandy Latham	Senior Officer (Early Years & Sufficiency)
Helen Barnsley	Democratic Services Officer
Jane Gillon	Democratic Services Support Officer
Carl Hipkiss	Development & Analysis Team Manager
Isabelle Moorhouse (from 15:00)	Trainee Democratic Services Officer

1. Apologies & Resignations

Apologies were received from the following Members:

Christine Marshall	Exall Grange Special School (Maintained)
Clive Sentence	Alcester Grammar (Academy)
James Higham	Henry Hinde Infant/Junior School (Academy)

In addition Fergus Durrant, Champion School (Academy Governor), emailed at 14:15 to say he had technical problems and was unable to sign into the Teams meeting despite a number of attempts.

The following members did not attend and did not give their apologies:

Alison Davies	The Avon Valley School (Maintained)
Adam Hardy	Catholic Church Archdiocese
Eileen Hunter	Teachers' Union Representative
Mark McGillicuddy	Woodlands School/Unity MAT (Special Academy Governor)

2. Minutes of the Last Meeting

It was reported that there were several "typo's" in the minutes of the Schools Forum meeting on 16 January 2020 and the final minutes would be amended accordingly.

Action: Neill Butler to amend the minutes.

Page 3 - Jane Burrows asked about Admissions Service with regard to the legal position (rebate being back-dated for 2018/19) – this is still outstanding and covered in matters arising.

Page 4 – The local authority could not change its decision on top-slicing early years DSG allocation for 3 and 4 years olds as budgets for 2020-21 had already been set.

Page 8 - Neill Butler to bring a report back to Schools Forum in December 2020 outlining the consultation process with schools to distribute any unallocated schools block funding.

Page 8 – It was noted that within the NFF no allocation was made to the sparsity factor which supports our 14 smallest rural schools. Schools Forum in principal supported the funding of the sparsity factor. Discussions are ongoing with the ESFA. Matthew Bown noted the importance of these rural schools having this Sparsity funding. Andy Felton noted this and said this would be escalated with the ESFA.

Page 8 - Ian Budd confirmed that the Deficit Recovery Plan Working Group has met on several occasions and an update will be discussed in Agenda Item 5.

Action: Admissions will be brought back to a future meeting.

3. Update on Matters Arising

Neill Butler went through the update.

Discussions with the ESFA are continuing regarding allocating sparsity funding in 2020-21 for our 14 small rural schools.

Schools Forum approved the 2020-21 DSG budget with 11 members in favour and one abstention. Schools Forum agreed to delaying the elections to later in the year with all 12 members voting agree to this proposal.

4. DSG Outturn Report 2019-20

Purnima Talked through the report

Purnima outlined the variances on the four blocks:

Schools block had a small underspend of £0.192 million.

High needs block had an overspend of £7.343 million and would be covered in more detail in the deficit recovery report later.

Early years block underspend of £1.848 million will be ring-fenced to create a buffer against any future years clawback of funding.

Central Services block underspend of 0.240 million is equal to the reduced allocation we will receive in 2020-21.

In addition the LA allocated £2.103 million in February 2019 against the planned overspend in the high needs block. Overall the 2019-20 DSG overspend was £2.960 million.

Andy Felton noted that this is the last year WCC can fund any deficit without explicit Secretary of State approval.

Sarah Bromley asked if part of the underspend could be used to support PVI's and Maintained Nursery's. Purnima Sherwood noted that this would be good to take to the Early Years Board and then brought back to SF. Neill Butler and Ian Budd noted that Maintained Nursery Schools were not able to furlough staff or apply for grant funding like other mainstream schools. Neill Butler also noted the need to give funding fairly.

Jane Burrows noted not much relief available even for Schools due to the current conditions. Alison Bardsley Agreed.

Andy Felton asked about Furlough for Maintained Nursery – to be covered later in the Agenda.

Action: Neill Butler to discuss Early Years underspend with the Early Years Working Group.

5. DSG Deficit Recovery Plan

Duane Chappell presented the report.

Overspend on the HN Block requires a DSG recovery plan.

Recovery plan has been completed with the help of a working group which included members of Schools Forum.

One important area of note is the growth in high needs spending over recent years has been 16% which is significantly above our statistical neighbours.

Duane informed Schools Forum that whilst we can recover the current overspend over 3 years we are not sustainable and will continue to create further deficits each year.

Significant changes will be required to become sustainable including the Government recognising that overall grant funding is inadequate to meet current increases in need.

Alison Bardsley questioned whether it was for Schools Forum to approve the DSG recovery plan?

Martin Davis stated that demand increasing greater than supply and we need to lobby for further funding with the DFE. Suspects that it will be mission unachievable.

Jane Burrows agreed, but is adamant that we need to make fundamental changes and evolve regardless in order to make efficiencies

Philip Johnson noted that there are a number of concerns in schools about some of the proposals particularly in the need to act more effectively in the Nursery sector to address problems before the children arrive in mainstream school. More liaison is needed between special and mainstream settings. Recognition that more Early intervention is also needed and flexibility to move between sectors.

Mary Anne Burrows agreed that much more needs to be done at nursery level, however, more support for training and from the specialist services is needed. Duane Chappell noted that we need to make capacity in the settings. Matthew Bown noted that it goes back to strengthening the links between special and mainstream.

Andy Felton said lots of work on the Strategy to take this forward needs to be done by WCC in order to strengthen the plan and accelerate the plan. Concern however on the post COVID position that may impact on our ability to lobby. Andy went on to say that 2 other things need to be done in parallel:

- A decision on the 0.5% disapplication
- WCC reserve to use for bridging finance in the short/medium term.

Nick Wylie asked about the implications of failing to address the overspend in the next 2-3 years. Andy Felton suspects it will ultimately be a 5 year plan to fully turn the tanker around based on experiences in other authorities. If we can break the back in 3 years though we may be able to support the gap.

Nick Wylie also mentioned that he does not agree that there is conflict between the Local Authority and Schools Forum as mentioned in the report.

Matthew Bown reiterated that the links between special and mainstream is crucial. Ian Budd mentioned that training may be needed in this area. Andy Felton said that Duane and he also have experience of this change in other authorities and know the complexity and difficulties ahead to get this moving. In Staffordshire the school's engagement and willingness to change was brilliant, the bigger issue was shifting the culture in County Council services.

Becky Harrison praised the working group but was still wary regarding a 0.5% disapplication which could be used for sparsity funding.

Nicci Burton noted the usefulness of the DSG recovery working group. Jane Burrows stated that going forward this will be opened up to further members. Emails to be sent to Neill Butler to ask to join.

Martin Davis said that management teams in primary schools are stretched, support needs to be available here. Duane Chappell agreed that support is key but mainstream schools do need to take further children to stop them going into ISPs

Nick Wylie said that he is still keen to see more measurable success criteria which we can review at future meetings.

Jane Burrows noted the updates on the recovery plan will become a standing item on the SF agenda.

All schools Forum members supported the work that has been done of the DSG deficit recover plan.

6. Assistant Directors Update

Ian Budd covered the following issue.

Thanked DSG deficit recovery plan working group and others are welcome to join going forward.

COVID-19

Initial response reset and recovery.

No headteacher should be working through issues in isolation – twice weekly meetings which have influenced what time and effort has gone into.

Guidance to update on DFE, OFFSTED, Public Health England etc.

Updates with Trade unions and Support Staff unions

Huge work done with Primary colleagues on a risk assessment framework. Progression has been made to wider working by most primaries this week.

Refresh to the Early Years Strategy

Education refresh strategy, E-learning strategy, Wellbeing offer etc.

Matthew Brown raised an issue of E-learning in schools and is there going to be more support from the LA? Ian Budd confirmed this was something that needed to be seriously considered going forward.

7. Chair's Business

None

Time and Date of the Next School's Forum

2:00 pm – 5:00 pm, Thursday 1th October 2020, Meeting venue to be confirmed

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Schools Forum

1 October 2020

Update on Matters Arising

This report relates to all members of the Schools Forum

Recommendations

The Schools Forum is asked to note the update on the matters arising following the 4 June 2020 meeting of the Schools Forum.

1. Purpose of the Report

- 1.1. The purpose of the report is to outline for the Schools Forum any matters arising from the minutes of the last Forum meeting that are not already being considered elsewhere on today's agenda.

2. Sparsity Funding

- 2.1. Sparsity funding has been allocated to Warwickshire's 14 small rural schools.

3. Admissions

- 3.1. This outstanding issue will be brought back to a future meeting (December 2020). It is recommended that the AD for Education Services identifies a Service Manager to work with legal services to assess if a rebate is due, and if so, the value to each Academy.

4. Early Years Ring-fenced Carry Forward

- 4.1. The early Years Working Group has met twice, June and September, to discuss how the early years ring fenced carry forward could be used to support all early years providers.

4.2. Guidance from the ESFA sets out the following:

- LAs should continue to fund early years providers who are open and offering their usual entitlements places at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus outbreak.
- In addition, LAs should continue to fund providers which have been advised to close, or left with no option to close, for public health reasons.
- But, LAs should not fund providers who are closed in the autumn term for non-public health reasons.
- Normally we would use the January 2021 census data for funding allocations for the 2020 autumn term. By exception, we will use the January 2020 census data for funding allocations to LAs for the autumn term 2020.
- We expect local authorities to pass that support onto providers who are open, but may not be as full as usual.
- We intend to return to the normal early years funding process from the start of 2021. This means we intend to use the January 2021 census count to drive funding allocations for the 2021 spring term. It is also our expectation that local authorities' funding to childcare providers will return to the normal approach for all providers from 1 January 2021. However, we will keep this under review and confirm the approach in further guidance in the autumn

4.3. As there is significant uncertainty around the level of Early Years Block DSG the LA will receive in 2020-21 the Working Group would like to delay review the use of reserves until the Spring 2021 term when there may be more certainty around funding. Any allocation of the reserve needs to be distributed equitably to all providers and the Working Group is very mindful that it would not be prudent to allocate funding at this time as there is a real risk of some providers not being in a position to continue their businesses.

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Schools Forum

1 October 2020

Schools Forum Terms of Reference

This report relates to all members of the Schools Forum

Recommendations

The Schools Forum is asked to:

Approve the updated Terms of Reference for the Schools Forum attached at Appendix A.

1. Purpose of the Report

- 1.1 The Schools Forum is established to meet the requirements of the Schools Standards and Framework Act 1998 (as amended) and the Schools Forum (England) Regulations 2012. Its main purpose is to enable representations of the schools and education community to approve, discuss and be consulted to how the resources allocated to the local authority to fund the schools and pupils are used.
- 1.2 The Forum operates through agreed Terms of Reference that are reviewed and updated annually at the first Schools Forum meeting, usually in May. This 'delayed' (primarily due to the impact of Covid-19 on meetings and elections) report seeks approval to the Terms of Reference through which the Forum will operate between now and May 2022.

2. Proposed Changes

- 2.1 The proposed Terms of Reference are attached at **Appendix A** for approval.

2.2 There are three updates/changes compared to the Terms of Reference that the Forum has operated under for the term of office. These are as follows (highlighted in yellow in Appendix A):

- Due to delay in elections due to Covid-19, the new members of this schools forum will serve for a period of 30 months rather than 24 months.
- Due to delay in elections due to Covid-19, the new schools forum members elected to fill the roles of chair and vice-chair will serve for a period of 18 months rather than 12 months.
- Any member of the Forum may ask for items to be placed on the agenda of the Forum by writing to the Clerk Forum at least 10 working days before Forum are due to meet.

2.3 The Schools Forum is asked to note these changes when considering whether to approve the updated Terms of Reference.

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Schools Forum

1 October 2020

Section 48 – Scheme for the Financing of Schools

This report relates to Maintained Schools only.

Recommendations

1. The maintained school representatives of Schools Forum are recommended to agree the revised scheme for financing of schools which now reflects proposed changes by the DfE.
2. The maintained school representatives of Schools Forum agrees the timetable for consultation on the changes with maintained school.

1. Introduction

- 1.1. Warwickshire County Council is required to publish a **scheme for financing of schools** setting out the financial relationship between the authority and the schools it maintains. The proposed guidance is attached at **Appendix A**.
- 1.2. The guidance the local authority publishes covers the following legislation:
 - Section 48 of the Schools Standards and Framework Act 1998, and Schedule 14 to the Act;
 - Schools and Early Years Finance (England) Regulations 2018.
- 1.3. The Department for Education (DfE) periodically revise their guidance to Local Authorities and the last time the guidance changed was April 2019.
- 1.4. Once Schools Forum have approved amendments to the scheme the Local Authority will consult with all of its maintained schools. This consultation will last 4 weeks and will start on Monday 5 October 2020. The outcomes of this consultation will be reported back to the next meeting of the Schools Forum.

2. Amendments to the Scheme

2.1. 3-Year Budget Plans

- 2.1.1. From 2021-22 funding year, each maintained school must submit a three year budget forecast to the Local Authority by 1 May each year.
- 2.1.2. Local authorities should consider the extent to which such forecasts may be used for more than just confirming schools are undertaking effective financial planning or not. For instance, they could be used as evidence to support the local authority's assessment of schools financial value standards or used in support of the authority's assessment of schools in deficit or at risk of going into deficit.
- 2.1.3. Local authorities must inform schools of the purposes for which they intend to use these 3-year budget forecasts: such a forecast may be used in conjunction with an authority's assessment of schools in deficit or at risk of going into deficit.
- 2.1.4. Warwickshire has for a number of years required maintained schools to submit 3-year budget plans.
- 2.1.5. The LA requires this information as supporting evidence of the annual Schools Financial Value Standard returns and to assess the likelihood of individual schools going into deficit in future years.
- 2.1.6. This is covered in paragraph 2.9 of the scheme.

2.2. Planning for Deficit Budgets

- 2.2.1. Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year within the 3-year budget forecast. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.
- 2.2.2. Warwickshire recommends setting the limit at 5% and this is covered in paragraph 4.9.1 of the scheme.

2.3. Insurance

- 2.3.1. Instead of taking out insurance, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA.
- 2.3.2. The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires.
- 2.3.3. The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the schools forum to de-delegate funding.
- 2.3.4. This is covered in section 9 of the scheme.

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Scheme for the Financing of Schools

SECTION 48 of the
School Standards and Framework
Act 1998

September 2020
Draft

Produced by the Schools Funding and Strategy Team

THE OUTLINE SCHEME

The School and Early Years Finance (England) Regulations 2018 state that this scheme must deal with the following matters:

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools' budget shares.
2. Amounts which may be charged against schools' budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the authority for schools maintained by them.
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school's budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.
8. The virement between budget heads within the delegated budget.
9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority's non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.
10. The use of delegated budgets and of sums made available to a governing body by the local authority which does not form part of delegated budgets.
11. Borrowing by governing bodies.
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools' budget shares having regard to section 50(7) of the 1998 Act.
14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act.
15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.

21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

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1. INTRODUCTION

1.1 The Fair Funding Framework: Main Features

- 1.1.1. The funding framework which replaces Local Management of Schools is set out in the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998.
- 1.1.2. Under this legislation, local authorities (LA's) determine for themselves the size of their schools budget and their non-schools education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items.
- 1.1.3. LA's may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their School Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB).
- 1.1.4. Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.5. LA's 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.
- 1.1.6. 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 proposals to revise the scheme must be approved by the Schools Forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.
- 1.1.7. Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (*Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education

Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

- 1.1.8. A LA may suspend a school's right to a delegated budget if the provisions of the authority's financial 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 to the Act).
- 1.1.9. Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.1.10. The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.
- 1.1.11. Regulations also require a local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.2 The Scheme for Financing Schools

- 1.2.1. This Scheme sets out the financial relationship that exists between Warwickshire County Council, referred to as the LA, and the maintained schools that it funds. The Scheme contains requirements relating to financial management that are binding on both the LA and its schools.

1.3 Application of the Scheme to the LA and its Schools

- 1.3.1. The scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and pupil referral units (PRU's) maintained by the authority, whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to Academies. The names of the schools to which this Scheme applies are contained in Annex A to this Scheme.

1.4 Publication of the Scheme

- 1.4.1. The scheme will be published on the LA's website and any revised versions will be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.5 Revision of the Scheme

- 1.5.1. All proposed revisions must be submitted to the Schools Forum for approval by members of the forum representing maintained schools. Where the

Schools Forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

1.6 Delegation of Powers to the Head teacher

1.6.1. The governing body of each school is required to consider the extent to which it wishes to delegate its financial powers to the head teacher and to record its decisions and any revisions in the minutes of the governing body.

1.6.2. It is the responsibility of the head teacher and the governing body to draw up the first formal budget plan of each financial year and for this to be approved by the governing body, or by a committee of the governing body.

1.7 Maintenance of Schools

1.7.1. The LA is responsible for maintaining the schools covered by the Scheme. This includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the governing body; and in the case of foundation schools where there is a power but not a duty to meet capital expenditure). Part of the way an authority maintains schools is through the funding system put in place under sections 45 to 53 of the Schools Standards and Framework Act 1998.

2. FINANCIAL CONTROLS

2.1 Application of Financial Controls to Schools

3.1.1. In the management of their delegated budgets, schools must abide by the LA's requirements on financial controls and monitoring contained in this Scheme, the Financial Policy and Procedures Manual, the County Council's Financial Standing Orders and Contract Standing Orders and in any other documentation produced by the LA on matters of financial administration. These are binding on Schools in so far as they are consistent with the provisions of this scheme.

2.2 Provision of Financial Information and Reports

2.2.1. Schools are required to provide the LA with forecasted details of the anticipated income and expenditure on a termly basis and for schools supported by the Education Finance Service this will be in line with school visits. For schools not supported by the Education Finance Services reporting dates will be issued to schools at the start of each financial year.

2.3 Payment of Salaries and Bills

2.3.1. The schools governing body can decide to have its own bank account and payroll provider or to purchase these services from the LA. The Financial Policy and Procedures Manual details the arrangements applying in both cases.

2.4 Control of Assets

- 2.4.1. Each school must maintain an inventory of its moveable non-capital assets and follow proper procedures for the disposal of assets. Details are set out in the Financial Policy and Procedures Manual. Schools may determine their own arrangements for keeping a register of assets worth less than £1,000. However, they must keep a register in some form.

2.5 Accounting Policies (including year-end procedures)

- 2.5.1. Schools are required to follow procedures set out in the Financial Policy and Procedures Manual and any year end instructions issued by the Education Finance Service.

2.6 Writing off Debts

- 2.6.1. The LA will support schools seeking the recovery of any debt. If recovery proves impossible governing bodies are authorised to write off debts up to £500. Debts in excess of this must be referred to the LA and dealt with in line with the County Council's Financial Standing Orders.

2.7 Basis of Accounting

- 2.7.1. Reports and annual accounts prepared by the school for the LA will be on an accruals basis i.e. on the basis of income and expenditure. This means that where the school has provided goods and services during the financial year, the income will be recorded in the accounts, whether or not the cash has actually been received. Similarly, where the school has received goods or services during the financial year, these will be charged in the accounts as expenditure, whether or not the supplier has been paid.

2.8 Submission of Budget Plans

- 2.8.1. Each school must submit an initial budget plan to the LA by May 1st showing its intentions for the expenditure in the current financial year and the assumptions underpinning the budget plan, including the use of estimated balances. The governing body must approve the initial budget plan. The LA may require schools to submit revisions to a budget plan but no more than once each term. The LA will ensure that all information relevant to school budget planning is issued in a timely manner, in accordance with the published annual timetable.

2.9 Submission of Financial Forecasts

- 2.9.1. The authority requires schools to submit a financial forecast covering each year of a 3 year budget forecast for which schools have been notified of indicative budget shares beyond the current year. The LA requires this information as supporting evidence of the annual Schools Financial Value Standard returns and to assess the likelihood of individual schools going into deficit in future years.

2.10 Efficiency and Value for Money

- 2.10.1. Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.
- 2.10.2. It is for head teachers and Governing Bodies to determine at school level how to secure appropriate value for money.
- 2.10.3. *Schools may want to refer to the DfE website for further information at <http://www.education.gov.uk/schools/adminandfinance/financialmanagement/b0069984/vfm/>.*

2.11 Virement

- 2.11.1. Schools are allowed to freely transfer allocations between budget heads in the expenditure of their budget shares.

2.12 Audit: General

- 2.12.1. Schools are required to operate co-operatively within both the internal and external audit regime determined by the LA. Schools should provide access to school records for both internal and external auditors.

2.13 Separate External Audits

- 2.13.1. If schools wish to seek an additional source of assurance, at their own expense, they may use funds from their budget share to obtain external audit certification of accounts separate from any LA internal or external audit processes.

2.14 Audit of Voluntary and Private Funds

- 2.14.1. Schools are required to provide the LA with audit certificates in respect of voluntary and private funds held by the school or trading organisations controlled by the school.

2.15 Register of Business Interests

- 2.15.1. The governing body of each school is required to maintain a register that lists for each member of the governing body, the head teacher and any member of school staff with budget management responsibility, any business interests held by them or by any member of their immediate family and register any relationships between school staff and members of the governing body. This register must be kept up to date with notification of changes and through annual review of entries. The register must be available for inspection by governors, staff, parents and the LA. Further guidance is provided in the Financial Policy and Procedures Manual.

2.16 Purchasing, Tendering and Contracting Requirements

- 2.16.1. Advice and guidance in matters relating to purchasing, tendering and contracting are given in the Financial Policy and Procedures Manual. There is

a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking into account LA's policies and procedures. In these matters schools are required to follow the County Council's Financial Standing Orders and Contract Standing Orders except where these would require schools:

- To do anything incompatible with any of the provisions of this Scheme, or any statutory provision, or any EU Procurement Directive
- To seek LA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year
- To select suppliers only from a County approved list
- To seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

2.16.2. *If* these 4 conditions above existed in County Regulations, then the schools in this Scheme are not required to follow them. It should be noted, nevertheless, that County Council Financial Standing Orders and Contract Standing Orders are regularly revised in order to keep abreast of English and European Statute. The intention is to promote the effectiveness of delegated management responsibility within the context of the proper and prudent expenditure of the public's money. (In many cases Schools enter into contracts on behalf of the LA as the maintainer of Schools and the owner of funds in the budget share. However, other contracts will be made on behalf solely of the governing body where the statutory obligations rest with the Governing body, for example in respect of staff employment in respect of aided or foundation schools.)

2.17 Procurement Cards

2.17.1. Schools are encouraged to use procurement cards as a means of payment to reduce transaction costs and increase the opportunity to gain discounts on goods or services.

2.18 Application of Contracts to Schools

2.18.1. Schools can opt out of LA arranged contracts. However, where schools have entered into contracts arranged by the LA they are bound by the terms of the contractual agreement.

2.19 Central Funds and Earmarking

2.19.1. The LA is authorised to, and in some cases will be required to, make sums available to schools from central funds in the form of allocations which are additional and separate from the school's formula budget share.

2.19.2. Such allocations will be subject to conditions setting out the purpose or purposes for which these funds will be used, and will not be subject to clawback in respect of interest foregone by the LA.

- 2.19.3. Earmarked funding from centrally retained LA funds must be spent only on the purposes for which it has been given. Earmarked funds may be vired to the extent permitted by the earmarking arrangement but must not be vired into the school's budget share. Schools are required to maintain accounting procedures that demonstrate this condition has been complied with.
- 2.19.4. Such allocations might, for example, be sums for initiatives funded from the central expenditure of a LA's Schools Budget or other LA budget.

2.20 Spending for the Purposes of the School

- 2.20.1. School budget shares must be spent for the educational purposes of the school as defined by prevailing statute. By virtue of section 50(3A), which came into force on April 1st 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. In addition, the Secretary of State also allows schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.

2.21 Capital Spending from Budget Shares

- 2.21.1. Governing bodies are permitted to spend budget shares to meet the cost of capital expenditure on the school premises providing that, if the amount allocated to capital expenditure from the budget share exceeds £3,000 for primary schools and £6,000 for secondary schools in any one year,
- The governing body notifies the LA of its plans
 - The governing body takes into account any advice from the Assistant Director, Strategy Education Services as to the merits of the proposed expenditure
 - The governing body obtains consent from the owner of the premises.
- 2.21.2. Permission also extends to governing bodies of voluntary aided and special agreement schools where such work is their responsibility under paragraph 3 of Schedule 3 of the School Standards and Framework Act. In voluntary aided and special agreement schools, the grant aid returned to governors for projects financed from delegated funds must be transferred back to the budget share.
- 2.21.3. Any such expenditure would not affect any formula capital allocations that may be provided by the LA to schools outside of the delegated budget.

2.22 Schools Financial Value Standard (SVFS)

- 2.22.1. All local authority maintained schools (including nursery schools and Pupil Referral Units 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.

- 2.22.2. 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 specific deadlines.***
- 2.22.3. All maintained schools with a delegated budget must submit the form to the local authority before 31st March each year.

2.23 Fraud

- 2.23.1. All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.
- 2.23.2. The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in the induction for new school staff and governors.

2.24 Notice of Concern

- 2.24.1. The authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Assistant Director, Finance and the Assistant Director, Strategy Education Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the LA or the school.
- 2.24.2. 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.
- 2.24.3. These may include:
- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
 - insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
 - placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the local authority;
 - insisting on regular financial monitoring meetings at the school attended by local authority officers;
 - requiring a governing body to buy into a local authority's financial management systems; and
 - imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated

budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

3. INSTALMENTS OF BUDGET SHARE AND BANKING ARRANGEMENTS

- 3.1 For the purpose of this section, budget share includes any place-led funding for special schools.

3.2 Bank and Building Society Accounts

- 3.2.1. All maintained schools may have external bank accounts into which the budget share instalments are paid. Where schools have such accounts all interest payable on balances in that account shall be retained by the school and all bank charges incurred sustained by the school.

- 3.2.2. Schools may only make new bank account arrangements:

- At the start of a financial year
- Where there is no deficit balance with the LA

- 3.2.3. Where the balance is currently held by the LA, then an immediate transfer of the estimated balance will be made to the new account.

3.3 Restrictions on Accounts

- 3.3.1. Annex B shows the WCC approved investment institutions as stated in the 2019/20 Treasury Management Policy. The list of specifically approved banks and building societies is constantly being amended; if a school wishes to change their existing bank or building society account, they should contact the Treasury Management Team. Any money paid to the school by the LA should only be invested in one of these approved institutions.

- 3.3.2. Money paid by the LA and held in such accounts remains LA property until spent. (Section 49(5) of the Act). However, accounts may be held by the school in the name of the school, rather than the LA, if it so chooses.

- 3.3.3. The LA is entitled to receive bank statements and is able to take control of School Bank Accounts in the event of the suspension of the School's Delegated Budget

3.4 Frequency and Size of Instalments

- 3.4.1. There will be a single payment to bank account schools of 4% of the total budget share on the first banking day of April. All non-bank account schools will be deemed to have received this payment on this date for the purposes of crediting interest. The remainder of the budget share will be made available in

twelve equal monthly amounts, each equivalent to 8% of the school's budget share, six days from the end of each calendar month.

- 3.4.2. Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.
- 3.4.3. The LA will pay interest on late payments of school budget shares at the current Bank of England base rate, providing that the late payment is the result of a LA error.

3.5 Budget Shares for Closing Schools

- 3.5.1. The budget shares of schools for which approval for discontinuation has been secured will be made available until closure on a monthly basis net of estimated salary costs even where some different basis was previously used.

3.6 Borrowing by Schools

- 3.6.1. Except in the case of loan schemes operated by the LA, schools may only borrow with the written permission of the Secretary of State. This includes the use of finance leases; however, Salix loans are allowed without the approval of the Secretary of State.

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

4.1 The Right to Carry Forward Surplus Balances

- 4.1.1. Any shortfall in expenditure relative to the school's budget share for the year, plus or minus any balances brought forward from previous years may be carried forward from one financial year to the next.

4.2 Reporting on and Control of the Use of Surplus Balances

- 4.2.1. For 2013/14 the Balances Control Mechanism Policy has been frozen and will no longer be applied. This is in line with the deletion of such an approach by the Department for Education with academy schools. The position will be reviewed as and when there is a change in the national position.

4.3 Interest on Surplus Balances

- 4.3.1. The LA will pay interest on balances held by it on behalf of individual schools. The arrangements made for the payment of interest will ensure that the funds held on behalf of schools attract the most beneficial rate.

4.4 Obligation to Carry Forward Deficit Balances

- 4.4.1. Schools must carry forward deficit balances. Deficits will be deducted from the following year's budget share. The LA will not charge interest on deficit balances.

4.5 Charging of Interest on Loans to Academy Schools

- 4.5.1. Any loans that were previously agreed between the LA and a maintained school at a zero rate of interest will have interest added to the remained of the life of the loan upon transfer of the school to Academy status. A new agreement will be entered into with the Academy Trust and the interest charged will be that of the current Public Works Loans Board rate at the time of the new agreement.

4.6 Writing off Deficits

- 4.6.1. The LA cannot write off the deficit balance of any school.
- 4.6.2. If the LA wishes to give assistance towards elimination of a deficit balance then for:
- Special schools it will from a centrally held specific budget;
 - Or, for mainstream maintained schools from a de-delegated contingency budget which has been approved by Schools Forum.
- 4.6.3. The LA does not currently hold any budgets to assist schools in eliminating deficits.

4.7 Balances of Closing and Amalgamating Schools

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

4.8 Support for School Budgets

- 4.8.1. Schools are not permitted to borrow, or to plan for a deficit budget, except by means of a LA Licensed Deficit Agreement.

4.9 Licensed Deficit Agreement

- 4.9.1. Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.
- 4.9.2. The LA will operate a Licensed Deficit Agreement to support schools' budgets by allowing the planning of a deficit budget.
- 4.9.3. The following criteria must be met:
- i) The purpose of the deficit and the period of repayment are agreed with the LA in advance and in writing and is clearly set out and included in the minutes of the Governing body.
 - ii) Planning for a deficit will only be agreed either:

- to address a short term, non-systemic problem in the context of an otherwise soundly managed budget
- to enable a significant purchase to be made.
- iii) The maximum length over which the school will repay the deficit (i.e. achieving a year-end zero balance) is no more than three years.
- iv) The maximum allowed planned deficit is 5% of the school's budget.
- v) The maximum amount available for use by all schools will be no more than 40% of the collective net balances held by the LA in the Scheme.
- vi) The Governing body is required to report half termly to the LA on performance against the agreed Deficit Recovery Plan.
- vii) The Assistant Director, Education Services, will be informed of all Licensed Deficit Agreements.

4.9.4. The LA does not have any loans schemes with schools.

4.9.5. More information can be found in the LA's Schools in Deficit Protocol.

5 INCOME

5.1 Income from Lettings

5.1.1. All schools will retain income from lettings. Schools are allowed to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share as permitted under the School Standards and Framework Act 1988 for various categories of school. The governing body must also be 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. In all matters related to lettings, schools are required to have regard to directions issued by the LA. These are included in the Financial Policy and Procedures Manual.

5.2 Income from Fees and Charges

5.2.1. Schools will retain income from fees and charges except where a service is provided by the LA from centrally retained funds.

5.2.2. Schools are required to have regard to any policy statements on charging produced by the LA.

5.3 Income from Fund-raising Activities

5.3.1. Schools will retain income from fund-raising activities.

5.4 Income from the Sale of Assets

- 5.4.1. Where an asset was purchased with non-delegated public funds, or where the asset concerned is land or premises owned by the LA, the LA will decide if the school may retain the proceeds or what proportion it may retain.
- 5.4.2. In all other cases the school will retain proceeds from the sale of other assets.
- 5.4.3. When selling an asset surplus to requirements the governing body should maximise sale proceeds.

5.5. Administrative Procedures for the Collection of Income

- 5.5.1. Schools must apply the rules relating to the collection of income, which are contained in the Financial Policy and Procedures Manual which includes details of the County's VAT .

5.6 Purposes for which Income may be used

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

6. THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

- 6.1.1. The LA will charge salaries of school-based staff to the school budget share at actual cost. The budget share of a school may be charged by the LA without the consent of the governing body of the school only in circumstances expressly permitted by the Scheme. The LA will consult as to its intention so to charge and will notify schools when a charge has been made.
- 6.1.2. For the avoidance of doubt, the LA may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

6.2 Circumstances in which charges will be made

- 6.2.1. Where premature retirement costs have been incurred these will be met by the school.
- 6.2.2. Other expenditure incurred to secure resignations where the school has not followed LA advice.
- 6.2.3. Awards by courts and industrial tribunals or out of court settlements against the LA, or jointly against the LA and the governing body, or against the governing body directly, arising from action or inaction by the governing body contrary to the LA's advice or where the governing body failed to take advice which in the LA's reasonable opinion would have avoided an award or out of court settlement.
- 6.2.4. Expenditure by the LA in carrying out health and safety work or capital expenditure for which the LA is liable, where funds have been delegated to the governing body for such work, but the governing body has failed to carry

out such work. The maximum which may be charged being no more than the amount originally delegated plus any additional cost incurred as a result of the work not being undertaken promptly.

- 6.2.5 Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the LA owns the premises.
- 6.2.6 Expenditure incurred by the LA in ensuring its own interests in a school where specific funding has been delegated to the school but the school has failed to demonstrate that it has arranged cover at least as good as that which is arranged by the LA.
- 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 the monies are owed by the school to the LA.
- 6.2.8 Recovery of penalties imposed on the LA by HM Revenues and Customs, Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence.
- 6.2.9 Corrections of errors in charges to a budget share. Correction of errors in excess of £500 may be phased over five years.
- 6.2.10 Additional transport costs incurred by the LA arising from:
- Failure to give the LA at least six calendar months notice of a decision by the governing body on the length of the school day.
 - Failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
- 6.2.11 Legal costs which are incurred by the LA because the governing body did not accept the written advice of the LA.
- 6.2.12 Costs of necessary health and safety training for staff employed by the LA, where specific funding for training has been delegated but the necessary training has not been 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-LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
- 6.2.15 Costs incurred by the LA in securing provision specified in an Education Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and /or specific funding for a pupil with High Needs;

- 6.2.16 Costs incurred by the LA due to submission by the school of incorrect data;
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;
- 6.2.18 Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract.
- 6.2.19 Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

7. TAXATION AND PENSIONS

7.1 Value Added Tax (VAT)

- 7.1.1 Except for grant-aided projects, schools are required to follow procedures that enable them to utilise the LA's ability to reclaim VAT on expenditure relating to non-business activity. All funds recovered will be passed to the school. The procedures are detailed in the Financial Policy and Procedures Manual and ensure that amounts reclaimed are passed back to the school.

7.2 Construction Industry Taxation Scheme

- 7.2.1 Details in the Financial Policy and Procedures Manual must be followed.

7.3 Duty to supply information in respect of Teachers Pensions

- 7.3.1. In order to ensure that the performance of the duty on the authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.
- 7.3.2. The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the authority to provide payroll services.
- 7.3.3. A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the authority which the authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.
- 7.3.4. A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the authority which

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

8. THE PROVISION OF SERVICES AND FACILITIES BY THE LA

8.1 Provision of Service from Centrally Retained Budgets

8.1.1. The LA has the right to determine the basis on which services from centrally retained funds will be offered to schools.

8.1.2. The LA will not discriminate in its provision of services offered to schools on the basis of categories of schools except where:

- funding has been delegated to some schools only.
- discrimination is justified by differences in statutory duties.

8.2 Provision of Services Bought Back from the LA using Delegated Budgets

8.2.1. The term of any arrangements between a school and the LA service provider will be no longer than three years from the date of the agreement and periods not exceeding five years for any subsequent agreement relating to the same service. However, The LA may offer arrangements for shorter periods.

8.3 Packaging

8.3.1. The LA will provide all services for which funding has been delegated and will offer these to schools in a way which does not unreasonably restrict schools' freedom of choice among the services available.

8.3.2. Services will be offered on the basis of the recovery of total cost from the total income received from purchasers of the services.

8.4 Service Level Agreements

8.4.1. Where services or facilities are provided under a service level agreement – whether free or on a buy-back basis – the terms of such an agreement starting on or after the inception of the Scheme will be reviewed at least every three years if the agreement lasts longer than that. Short term and ad hoc agreements are possible and may attract charges at a different rate compared to those on an extended basis. Schools will be provided with at least one month to consider the terms of such agreements.

8.5 Exclusions

- 8.5.1. The provisions in sections 8.2 to 8.4 do not apply to any centrally arranged premises and liability insurance as they may be impractical for insurance purposes.

8.6 Teachers Pensions

- 8.6.1. In order to ensure the performance of the duty on the LA to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the conditions set out below are imposed on the LA and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares
- 8.6.2. The conditions only apply to governing bodies of maintained schools who have not entered into an arrangement with the LA to provide payroll services.
- 8.6.3. A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the LA 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 LA which the LA requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The LA will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.
- 8.6.4. A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the LA which the LA requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The LA will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

9. INSURANCE

9.1 Insurance Cover

- 9.1.1. Where funds for insurance are delegated to a school, the school must demonstrate that the cover it has arranged, relevant to the LA's insurable interests, is at least as good as the minimum cover arranged by the LA. The LA will have regard to actual risks in the assessment of insurance cover arranged by individual schools. Further regulations relating to insurance are contained in the Financial Policy and Procedures Manual.

- 9.1.2. Instead of taking out insurance, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA.
- 9.1.3. The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires.
- 9.1.4. The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the schools forum to de-delegate funding.
- 9.1.5. Maintained schools will be consulted on collectively joining the scheme the same time as they are consulted on the other de-delegated functions.

10 MISCELLANEOUS

10.1 Right of Access to Information

- 10.2.1. In addition to specific requirements made elsewhere in this Scheme, governing bodies are required to supply all financial information that might reasonably be required to enable the LA to satisfy itself as to:
- The school's management of its delegated budget share
 - The use made of any central expenditure by the LA (e.g. earmarked funds) on the school.

10.2 Liability of Governors

- 10.2.1. As a corporate body and because of the specific provision made in Section 50 (7) of the Standards and Framework Act 1998, governors will not incur personal liability in the exercise of their power to spend the delegated budget share **provided they act in good faith**.
- 10.2.2. In this context, "good faith" refers to arrangements entered into honestly and with no ulterior motive. Breaches of the Scheme or the rejection of the LA's advice on matters of financial management are not in themselves necessarily examples of lack of good faith. However, governing bodies should seek the LA's advice on any matter where they may be uncertain about a legal or financial position.

10.3 Governors' Expenses

- 10.3.1. The LA will have the power to delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses. Under section 50(5) of the Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a schools delegated budget share. Payment of any other allowances is expressly forbidden.
- 10.3.2. Schools are also forbidden from paying expenses to governors that duplicate those paid by the Secretary of State to governors appointed by him to schools under special measures.

10.4 Responsibility for Legal Costs

- 10.4.1. Legal costs of action against the LA, due to actions of the governing body, will be charged to the school's budget share, unless the governing body acted in accordance with the advice of the LA, in which event the LA will take responsibility for the cost. In the event of a conflict of interest between the school governing body and LA, then new procedures may have to be established in the future. The Law and Governance Unit will be asked, in such circumstances, to establish an appropriate mechanism by which schools may gain legal advice

10.5 Health and Safety

- 10.5.1. In the management of the school's budget share, governing bodies must have due regard to the duties placed on the LA and its policy in relation to health and safety matters.

10.6 Right of Attendance for Assistant Director, Finance

- 10.6.1. Governing bodies are required to permit the Chief Finance Officer or nominee to attend meetings of the governing body at which any agenda items are relevant to the exercise of his or her responsibilities, e.g. issues of probity or overall financial management.

10.7 Delegation to New Schools

- 10.7.1. The LA may delegate optionally and selectively to the governing bodies of schools that have yet to receive their delegated budgets.

10.8 Special Educational Needs

- 10.8.1. Schools are required to use their best endeavours in spending their budget share to secure the special educational needs of their pupils. Whilst schools have a statutory responsibility to act in such a way, if the LA considers that provision to support these children generally is inadequate, this could result in the LA withdrawing delegated budget responsibility.

10.9 "Whistleblowing"

- 10.9.1. The procedures to be followed by school staff or governors in respect of complaints about financial management or propriety are set out in the County Council's "Whistleblowing Policy".

10.10 Child Protection

- 10.10.1. Schools must release staff to attend case conferences and other events in respect of Child Protection responsibilities. The School will meet the costs of such attendance.

10.11 Redundancy / Early Retirement costs

- 10.11.1. The LA does not fund any redundancy or early retirement costs associated with any redundancies taking place in maintained schools.

11. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

11.1 Categories of Work

- 11.1.1. The responsibility and funding for all day to day repairs and maintenance is a revenue cost and delegated to schools

- 11.1.2. It is extremely important that building related expenditure is correctly classified as either capital or revenue because of the way they are funded. Some DfE grants and borrowing can only be used for capital purposes and may have to be repaid if it is spent on revenue items. Similarly, receipts from selling assets can only be used to fund capital expenditure.

- 11.1.3. Revenue repairs and maintenance will broadly be as follows:

- Minor routine repairs, day to day repairs, reactive (as opposed to planned) maintenance, purchase of books or training materials/services
- Re-decoration (no matter what the cost)
- Projects where the cost is less than £3,000 (primary) and £6,000 (secondary)
- Operating leases for equipment or facilities or hire of temporary classrooms
- Maintenance contracts or general running costs
- Any periodic PFI charge or service contract
- Warranties, leases, IT Support or broadband charges

- 11.1.4. Expenditure for capital purposes is broadly defined as:

- Acquisition of land, buildings, plant, machinery and vehicles
- Construction of roads and buildings
- Enhancement of land, roads and buildings

- 11.1.5. 'Enhancement' involves either a substantial increase in

- the useful life,
- the value of the asset
- the extent to which it can be used (typically to enable access for disabled people or pushchairs)
- other adaptations for disabled people

- the thermal insulation of a building
- the reduction in fire risk of a building.

- 11.1.6. 'Enhancement' **excludes** small scale repairs and maintenance. For example, re-roofing a building is normally treated as capital expenditure whereas replacing a few roof tiles is not.
- 11.1.7. Capital spending is defined by accounting standards. If any item of expenditure doesn't meet these definitions then the spending must be treated as revenue.
- 11.1.8. In order to prevent lots of small items of equipment being charged to capital the Council has set a 'de minimis' level of £3,000 for primary schools and £6,000 for secondary schools. This means that any single item of spending or piece of equipment must be above that amount to be charged to capital. If it is less it must be charged to revenue. For example, purchase of a piece of equipment for £2,000 would be treated as revenue and a piece of equipment costing £10,000 would be treated as capital.
- 11.1.9. There may be a few exceptional circumstances where the purchase of small items of equipment may be chargeable to capital. These are likely to be where the fitting out is an integral part of a major building refurbishment.

11.2 Structural Maintenance and the Property Indemnity Scheme

- 11.2.1. A "Property Indemnity Scheme" is available whereby LA maintained and Voluntary Aided schools can buy into the scheme using their delegated budget. This allows the school to use the LA as its agent on matters of *any structural maintenance work*.
- 11.2.2. If the school does **not** buy back into the "Property Indemnity Scheme", then it will be liable for the first £6,000 (secondary schools), £3,000 (primary and special schools) or £2,000 (VA schools) *of any structural maintenance work as defined as a school responsibility*. Work above these de minimis limits for each item of repair will be classified as capital in the LA's accounts and the excess amounts above the limits may be funded by the LA from its capital programme if the funding is available. It should be noted that capital funding is limited and capital projects are prioritised according to the limit of capital funding available. This capital funding does not apply to the responsibility of Trustees of voluntary aided schools who must support financially the work for which they are responsible. The school is responsible for routine maintenance, no matter its cost.

11.3 Capital Expenditure and Voluntary Aided Schools

- 11.3.1. For voluntary aided schools, the liability of the Authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the *de minimis* limit applied by DfE to categorise such work, not the *de minimis* limit used by the Authority.

12. POWERS OF SCHOOLS TO PROVIDE COMMUNITY FACILITIES

12.1 Powers to Operate Community Facilities

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

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

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

12.1.3. Schools are therefore subject to all of the prohibitions, restrictions and limitations in the scheme for financing schools in respect of their use of the community facilities powers. This includes, in accordance with the powers of the LA set out in Section 1 of this scheme, that the mismanagement of community facilities funds constitutes grounds for the LA to suspend the Governing body's right to a delegated budget.

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

12.2 Consultation with the LA – Financial Aspects

12.2.1. Under Section 28(4) of the Education Act 2002, Governing Bodies must consult the local authority, and have regard to advice given to them by their LA, **before** exercising the community facilities power.

12.2.2. Schools are required to notify the LA of the action that has been taken following the advice given by the LA. This notification must be supplied by the Governing body in writing within 10 days of the meeting of the Governing body.

12.2.3. The LA will not charge for advice given under this power in respect of the establishment of Community Facilities by a Governing body.

12.3 Funding Agreements – LA Powers

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

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

- 12.3.2. All such funding agreements must be submitted to the LA for its comments. However, the LA does not have a right of veto on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires LA consent to the agreement for it to proceed, such a requirement and the method by which LA consent is to be signified is a matter for that third party, not for the scheme.
- 12.3.3. However, schools should be aware that if an agreement, has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

12.4 Other Prohibitions, Restrictions and Limitations

- 12.4.1. Although the LA has no right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power, the LA may require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned shall make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the LA.
- 12.4.2. The LA will only impose such a requirement only where it has good reason to believe that the proposed project carries significant financial risks.

12.5 Audit

- 12.5.1. Schools must grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.
- 12.5.2. Schools, in concluding funding agreements with other parties pursuant to the exercise of the community facilities power, must ensure that such agreements contain adequate provision for access by the LA and its Auditors to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the LA to satisfy itself as to the propriety of expenditure on the facilities in question.

12.6 Treatment of Income and Surpluses

- 12.6.1. Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person.
- 12.6.2. Schools may carry any such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the

agreement of the LA at the end of each financial year, transfer all or part of it to the budget share balance.

12.7 Health and Safety Matters

- 12.7.1. The provisions set out elsewhere in the Scheme for the Financing of Schools in respect of health and safety responsibilities apply equally to activities provided under the community facilities power.
- 12.7.2. The governing body is responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies are free to pass on such costs to a funding partner as part of an agreement with that partner.

12.8 Insurance

- 12.8.1. It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. The school should seek the Authority's advice before finalising any insurance arrangement for community facilities.
- 12.8.2. A school proposing to provide community facilities must, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary.
- 12.8.3. The LA will 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. Any such costs would be charged to the school.

12.9 Taxation

- 12.9.1. Schools should seek the advice of the LA and the local VAT office on any issues relating to the possible imposition of VAT on expenditure in connection with community facilities; including the use of the local authority VAT reclaim facility.
- 12.9.2. Where a member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not), the school is likely to be held liable for payment of income tax and National Insurance, in line with HM Revenues and Customs rules.
- 12.9.3. Schools must follow LA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power

12.10 Banking

- 12.10.1. The provisions in sections 3.1 and 3.2 of the scheme for the financing of schools relating to the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar

matters will apply to banking arrangements in respect of the use of the Community Facilities powers.

- 12.10.2. Schools may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining LA.

Annex A – List of Maintained Schools

Warwickshire County Council Maintained Schools (as at 1 May 2019)

Maintained Nursery Schools

Atherstone Nursery
Bedworth Heath Nursery & Children's Centre
Kenilworth Children's Centre & Nursery School
Stockingford Early Years Centre
Warwick Children's Centre & Nursery School
Whitnash Nursery

Maintained Primary Schools

Abbey C of E Infant
Abbots Farm Infant
Abbots Farm Junior
All Saint's C of E Primary, Bedworth
All Saint's C of E Junior, Warwick
All Saint's C of E Primary, Nuneaton
Alveston C of E Primary
Arden Forest Infant
Arley Primary
Barford St Peter's C of E Primary
Bawnmore Infant
Bidford C of E Primary
Bilton Infant
Bilton Cof E Junior
Binley Woods Primary
Bishops Tachbrook C of E Primary
Bishopton Primary
Boughton Leigh Infant
Boughton Leigh Junior
Bournebrook C of E Primary
Brailes C of E Primary
Briar Hill Infant
Bridgetown Primary
Brookhurst Primary
Brownsover Community Infant
Camp Hill Primary
Chetwynd Junior
Chilver's Coton Infant
Clapham Terrace Primary
Claverdon Primary
Clifton Primary
Clinton Primary
Coten End Primary
Croft Junior
Cubbington C of E Primary
Dunchurch Boughton C of E Junior
Dunchurch Infant School
Dunnington C of E Primary

Eastlands Primary
Emscote Infant
English Martyr's Catholic Primary
Ettington C of E Primary
Exhall Cedars Infant
Galley Common Infant
Glendale Infant
Goodyers End Primary
Great Alne Primary
Hampton Lucy C of E Primary
Harbury C of E Primary
High Meadow Infant School
Hillmorton Primary
Hurley Primary School
Ilmington C of E Primary
Kineton C of E Primary
Kingsbury Primary
Kingsway Primary
Knightlow C of E Primary
Lapworth C of E Primary
Lighthorne Heath Primary
Lillington Primary
Long Lawford Primary
Loxley C of E Primary
Mappleborough Green C of E Primary
Michael Drayton Junior
Middlemarch School
Milby Primary
Milverton Primary
Moreton Morrell C of E Primary School
Nathaniel Newton Infant
Newbold & Tredington C of E Primary
Newburgh Primary
Newdigate Primary
Northlands Primary
Nursery Hill Primary
Our Lady & St. Teresa's Catholic Primary
Our Lady's Catholic Primary, Princethorpe
Outwoods Primary
Paddox Primary
Park Hill Junior
Priors Field Primary
Provost Williams C of E Primary
Quinton Primary
Race Leys Infant
Radford Semele C of E Primary
Shottery St. Andrews C of E Primary
Shrubland Street Community Primary
Shustoke C of E Primary School
Snitterfield Primary
St Andrew's Benn C of E Primary

St Anthony's Catholic Primary
St Augustine's Catholic Primary
St Edwards Catholic Primary
St Giles Junior
St John's Primary
St Joseph's Catholic Primary, Whitnash
St Lawrence's C of E Primary
St Margaret's C of E Junior, Whitnash
St Marie's Catholic Primary
St Mary Immaculate Catholic Primary
St Mary's Catholic Primary, Southam
St Mary's Catholic Primary, Studley
St Matthew's Bloxam C of E Primary
St Nicholas C of E Primary, Kenilworth
St Patrick's Catholic Primary
St Paul's C of E Primary, Leamington
St Paul's C of E Primary, Nuneaton
St Peter's Catholic Primary
Stockingford Primary
Studley Community Infant
Sydenham Primary
Telford Infant
Telford Junior
The Canons C of E Primary
The Dasset C of E Primary
The Ferncumbe C of E Primary
The Revel C of E Primary
The Willows C of E Primary
Thomas Jolyffe Primary
Thorns Community Infant
Tysoe C of E Primary
Water Orton Primary School
Weddington Primary
Welford On Avon Primary
Wellesbourne C of E Primary
Wembrook Primary
Westgate Primary
Wheelwright Lane Primary
Whitstone Infant
Whitnash Primary
Wilmcote C of E Primary
Wolston St Margaret's C of E Primary
Wolverton Primary School
Wolvey C of E Primary
Wootton Wawen C of E Primary

Maintained Secondary Schools

The Avon Valley School & Performing Arts College
Trinity Catholic School - A Specialist Arts and Technology College

Maintained Special Schools

Everygreen School
Exhall Grange School and Science College

Annex B – Treasury Management Strategy 2020/21

Warwickshire County Council Treasury Management Strategy 2020/21

Specified Investments

All such investments will be sterling denominated, with maturities up to maximum of one year, meeting the minimum 'high' rating criteria where applicable.

	Minimum 'High' Credit Criteria	Use
DMA Deposit Facility	--	In-house
Term deposits: Local Authorities	--	In-house
Fully Nationalised Banks	Short-term F1, Support 1	In-house and External Manager
Term deposits: UK Banks and Building Societies	Short-term F1, Long-term A, Viability a, Support 3	In-house and External Manager
Term deposits: Overseas Banks	Short-term F1+, Long-term AA, Viability aa, Support 1	In-house and External Manager
Certificates of deposits issued by UK banks and building societies	Short-term F1, Long-term A, Viability a, Support 3	External Manager
Money Market Funds	AAA	In-house and External Manager
UK Government Gilts	AAA	External Manager
Gilt Funds and Bond Funds	Long-term A	External Manager
Treasury Bills	--	External Manager

Non-Specified Investments

	* Minimum Credit Criteria	Use
Term deposits: UK banks and building societies with maturities in excess of one year with a maximum of three years allowed for in-house deposits	Short-term F1, Long-term A, Viability a, Support 3	In-house and External Manager
Fixed Term Deposit with Variable Rates and Variable Maturities	Short-term F1, Long-term A, Viability a+, Support 3	In-house and External Manager
Certificates of Deposits issued by UK banks and building societies	Short-term F1, Long-term A, Viability a, Support 3	External Manager
UK Government Gilts with maturities in excess of 1 year	AAA	External Manager
Local Authority Mortgage Scheme	As per scheme conditions	In-house

The maximum sum that can be deposited with a single organisation (with the exception of the Debt Management Agency Deposit Facility and Local Authorities) is £20m. Investments can be made to other Local Authorities with a maximum of £10m per individual authority.

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Schools Forum

1st October 2020

2020/21 Dedicated Schools Grant Financial Monitoring Report

This report relates to both maintained and academy schools and all members of the Schools Forum.

Recommendation(s) / Decision(s)

The Schools Forum is recommended to:

- Note the DSG forecast financial outturn position for 2020/21.
- Note the remaining Schools Block contingency underspend and the recommendation that it is retained within the Growth Fund for now.

1. Introduction

1.1. This report provides an update on the 2020/21 forecast outturn position of the Dedicated Schools Grant (DSG).

1.2. The total 2020/21 DSG allocation for Warwickshire, reported to Schools Forum in March, was £442.156m, split across the funding blocks as follows:

Table 1: 2020/21 DSG Allocations	2020/21
	£m
Schools Block	349.680
<i>Total High Needs</i>	<i>68.073</i>
<i>Less: recoupment</i>	<i>(12.770)</i>
High Needs Block	55.303
Early Years Block	33.112
Central School Services Block	4.061
Total DSG Allocation	442.156

1.3. Since then the DSG allocation has been updated to reflect the Academy and High Needs recoupment. Table 2 and Appendix A show the latest allocations to reflect this change.

Table 2: 2020/21 Revised DSG Allocations	Original Allocation	Change	Latest Allocation	Reason for Change
	£m	£m	£m	
Schools Block	349.680	(207.401)	142.279	Academy recoupment
<i>Total High Needs</i>	<i>68.073</i>		<i>68.073</i>	<i>High Needs recoupment</i>
<i>Less: recoupment</i>	<i>(12.770)</i>	<i>(0.565)</i>	<i>(13.335)</i>	
High Needs Block	55.303	(0.565)	54.738	
Early Years Block	33.112		33.112	
Central School Services Block	4.061		4.061	
Total DSG Allocation	442.156	-207.966	234.190	

2. 2020/21 Forecasts

2.1. Table 3 summarises the 2020/21 forecast position by Block, as at 7th September 2020, and Appendix A provides a detailed breakdown:

Table 3: 2020/21 Forecasts	Latest Allocation	Forecast @ 7-Sept-20	Variance
	£m	£m	£m
Schools Block	142.279	139.912	(2.367)
High Needs Block	54.738	66.416	11.678
Early Years Block	33.112	32.364	(0.748)
Central School Services Block	4.061	4.028	(0.033)
Total DSG Allocation	234.190	242.720	8.530

2.2. It should be noted that the ESFA has indicated that any local authorities overspending their DSG by more than 1% in 2020/21 will be expected to submit a recovery plan. At present, Warwickshire is forecasting an overspend of 1.88%¹. If the schools block contingency is fully allocated, and forecast to be fully spent, the overall DSG overspend would increase to £10.913m (2.40%).

2.3. Although the Total 'net' DSG position is used to calculate whether the DSG overspend is above the 1% threshold, in reality, we are not able to move funding between blocks without secretary of state approval (disapplication process); so the key financial risk to be highlighted in Table 3 is the £11.678m overspend in the High Needs Block.

¹ Calculation of overspend is based on DSG allocation of £454.926m, i.e. the allocation prior to recoupments and adjustments for pupil numbers.

2.4. The DfE have recently published the revised format and guidance for required DSG recovery plans, where local authorities overspent their DSG by more than 1% in 2019/20. Warwickshire were included within this category with an overspend of 1.19%.

2.5. The DfE guidance states the following regarding the revised DSG recovery plans:

“We expect the plan to be updated and presented at schools forum meetings and any high needs subgroups regularly and at least on a termly basis. The LA should aim to present the first version of the plan to the schools forum in time for budget planning discussions for 2021 to 2022 and before the deadline for block movement requests, if it is submitting one. We realise that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some LAs. We have developed the template in such a way that it is intended to be a live document.”

2.6. Based on this guidance, it is proposed that the DfE recovery plan is presented (in the new DfE format) at the December Schools Forum meeting, in time for 2021-22 budget planning discussions. To fulfil the termly requirement, it is proposed that updates are presented in the March (spring term), June (summer term) and October/December (autumn term) meetings thereafter.

3. Explanations for Variances

The sections below explain the main reasons for the variances across the blocks. A detailed breakdown of variances is shown in Appendix A.

Schools Block (£2.367 million underspend)

3.1. There is an underspend of £2.367 million on the Schools block which comprises:

- Schools Block Contingency of £2.383 million (after the sparsity allocation has been made)
- An overspend on School Performance of £0.010 million.
- An overspend on Ethnic Minority & Traveller Achievement Service of £0.005 million.

High Needs Block (£11.678 million overspend)

3.2. High Needs is forecasting an overspend of £11.678 million. This overspend is comprised of the £5.240 million deficit from 2019/20 that, as per DfE guidance, has been carried forward to 2020/21.

3.3. The remaining overspend is made up as follows:

- £6.348 million on top ups based on the projected growth and savings within the DSG recovery plan. This will be updated to take into consideration actual delivery this year for the next monitoring report.
- £0.117 million for Alternative provision
- £0.022 million that reflects the updated budget for vision support service
- £0.049 million underspends in IDS Early Years due to a reduction in the number of attendees

3.4. Proposals for closing the overspend are being developed as part of the DSG recovery plan and the SEND change programme.

Early Years Block (£0.748 million underspend)

3.5. Overall, Early Years is forecasting to underspend by £0.748 million.

- Universal funding for 3 & 4 year olds is forecasting an underspend of £0.550 million
- Additional 15 hours for 3 & 4 year olds is forecasting an underspend of £0.062 million
- The Maintained Nursery supplement is forecasting an underspend of £0.041 million
- Funding for 2 year olds is forecasting an underspend of £0.135 million
- IDS TL Early Years is forecasting an overspend of £0.074 million
- Early Years - Sufficiency & Business Support is forecasting an overspend of £0.034 million which is due to staffing vacancies that were due to be filled from September.

Schools Forum are asked to note that the Early Years forecast variance will change to reflect the updated allocation following the January 2021 census data. In addition, there has been a recent DSG allocation update which shows an increase in the Early Years Block funding of £0.557m. Due to timing, this has not currently been reflected in the budget figures in this report.

Central Schools Services Block- CSSB (£0.034 million underspend)

3.6. There is a small forecast underspend of £0.034 million, due to forecast underspends in Child Protection.

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Schools Block	Latest Budget	Latest Forecast @ 7th Sept	Forecast Variance
	£m	£m	£m
Mainstream Individual School Budgets	136.693	136.693	0.000
Rates Adjustments	0.000	0.000	0.000
Rates Benefit from Academy Conversions	0.000	0.000	0.000
Loss on Delegation from Conversions	0.000	0.000	0.000
Growth Fund (exceptional pupil numbers)	2.149	2.149	0.000
Schools Block Contingency	2.631	0.248	(2.383)
De-delegated budgets			
School Performance	0.195	0.205	0.010
Early Intervention Service	0.031	0.031	0.000
Ethnic Minority & Traveller Achievement Service	0.245	0.250	0.005
Free School Meals	0.020	0.020	0.000
Teaching Union Cover	0.065	0.066	0.000
Non-Teaching Union Cover	0.016	0.016	0.000
HR – Occupational Health (Primary Only)	0.013	0.013	0.000
Central Establishment Charges	0.039	0.039	0.000
Education Functions - DBS	0.182	0.182	0.000
Total Schools Allocations	142.279	139.912	(2.367)

High Needs Block	Latest Budget	Latest Forecast @ 7th Sept	Forecast Variance
	£m	£m	£m
SEN – Place Funding for Maintained Mainstream, Special and Resourced Provision	5.495	5.495	0.000
SEN Top up – Mainstream Schools & Academies	8.859	8.859	0.000
SEN Top up – WCC Special Schools & Academies	15.718	15.718	0.000
SEN Top up – Independent & OLA Special Schools	17.689	17.689	0.000
Tier 4 Hospital Education	0.180	0.180	0.000
Resourced Provision – SEN Support	2.587	2.587	0.000
SEND Speech & Language	0.191	0.191	0.000
Post 16 Funding	7.065	7.065	0.000
SEND Commissions	0.067	0.067	0.000
SEND Integrated Services (Low incidence SEND)	1.303	1.325	0.022
SEND Integrated Services (Flexible Learning)	0.457	0.457	(0.000)
Area Behaviour Partnerships (Primary and Secondary Exclusions)	2.757	2.874	0.117
Contribution to Early Intervention Behaviour Panels	0.063	0.063	0.000
SEND Integrated Services (Specialist Teaching Service)	0.784	0.784	0.000
Integrated Disability Service SEN Inclusion Grant (EY)	0.452	0.403	(0.049)
Special Nurseries (Universal Hours)	0.000	0.000	0.000
High Needs Contingency/ (Shortfall)	(10.358)	1.229	11.588
Central Establishment Charges	1.428	1.428	0.000
High Needs Allocations	54.738	66.416	11.678

Early Years Block	Latest Budget	Latest Forecast @ 7th Sept	Forecast Variance
	£m	£m	£m
Nursery schools (Universal Hours)	1.586	1.586	0.000
Special nurseries (Universal Hours)	0.000	0.000	0.000
Nursery Funding 3&4 year olds (Universal funding - Independent Providers & Nursery Classes)	18.278	17.728	(0.550)
Nursery Funding 3&4 year Olds (Additional 15 hours)	7.701	7.639	(0.062)
Maintained Nursery Supplement	0.668	0.627	(0.041)
DSG Pupil Premium	0.160	0.160	0.000
Funded 2 year olds	3.061	2.926	(0.135)
Disability Access Fund	0.119	0.119	0.000
IDS TL Early Years	0.830	0.904	0.074
Early Years - Sufficiency & Business Support	0.271	0.237	(0.034)
Early Years Quality & Development	0.040	0.040	0.000
Early Years Contingency/ (Shortfall)	0.083	0.083	0.000
EYB Central Establishment Charges	0.314	0.314	0.000
Early Years Allocations	33.112	32.364	(0.748)

Central Schools Services Block	Latest Budget	Latest Forecast @ 7th Sept	Forecast Variance
	£m	£m	£m
Taking Care	0.000	0.000	0.000
Child Protection	0.175	0.141	(0.034)
Children's Mental health	0.150	0.150	0.000
Admissions	0.718	0.718	0.000
Heads Termly / SACRE	0.018	0.018	0.000
DSG SF Allocation - Historic Pension Contribution	0.737	0.737	0.000
DSG SF Allocation - North Leamington School Prudential Borrowing	0.266	0.266	0.000
DSG SF Allocation - Copyright Licences	0.435	0.435	0.000
Employers Liability Insurance	0.045	0.045	0.000
CSSB Central Establishment Charges	0.727	0.727	0.000
Education functions for all schools:			
Planning for the education service as a whole (Sch 2, 15b)	0.262	0.262	0.000
Formulation and review of local authority schools funding formula (Sch 2, 15d)	0.033	0.033	0.000
School attendance (Sch 2, 16)	0.261	0.261	0.000
Responsibilities regarding the employment of children (Sch 2, 18)	0.048	0.048	0.000
Admissions (Sch 2, 9)	0.060	0.060	0.000
Contribution to Services funded corporately by WCC	0.127	0.127	0.000
Central Schools Services Allocations	4.061	4.028	(0.034)
2019/20 DSG Total	234.191	242.720	8.529

* Note that there may be rounding differences between the figures presented in this Appendix compared to the Tables in the body of the report.

Schools Forum

1 October 2020

De-Delegation of Schools Block Budget for 2021-22

This report relates to representatives of maintained schools only.

Recommendations

Representatives of maintained schools agree the timetable for the consultation of De-Delegation for services in 2021-22

1. Purpose of the Report

- 1.1. De-delegation is an option that enables some services to maintained schools to be provided centrally and the funding to do so be retained by the local authority. If de-delegation stops then the centrally retained funding would be delegated in the main school budget and the local authority would either stop providing or charge for the service.
- 1.2. The purpose of the report is for the Forum to agree the timetable for de-delegation of a range of services for 2021-22. De-delegation is a series of decisions which the Schools Forum is required to take on an annual basis.
- 1.3. If any information is released which suggests a revised approach is needed prior to the December meeting of the Schools Forum a note and revised timetable will be circulated to Forum members.

2. De-Delegated Services

2.1. The services which were de-delegated to schools by school phase in 2020-21 were as follows:

Service	Primary	Secondary
Free Schools Meal Eligibility	✓	✓
English as an Additional Language	✓	✓
Trade Union Facility Time Funding	✓	✓
School Improvement	✓	x
Gypsy and Romany Travellers	✓	x
Behaviour Support Services	✓	x
Medical Referrals for Employees	✓	x

A brief description and proposed cost of the services in 2021/22 is as follows:

2.2. Free School Meals Eligibility - £0.63 per pupil

This funds the administration process of free school meals. Services are also traded through WES. If de-delegation is not continued, as with academy schools where Warwickshire's service is not purchased, schools will need to develop their own systems for receiving applications, checking eligibility on a regular basis and responding to any queries or complaints from parents. Parents will no longer be able to apply for Free School Meals via Warwickshire County Council's Customer Service Centre or website and schools will not have access to real-time eligibility data or the dedicated Department for Work and Pensions helpline (only available to Local Authorities)

2.3. English as an Additional Language (EAL) - £4.35 per pupil

Support includes initial language assessment and reports, meetings with parents, guidance on admission and induction arrangements, short term targeted intervention and advice on EAL pedagogy, at no cost to the school. Services are also traded through WES.

2.4. Trade Union Facility Time - £2.60 per pupil

The Trade Union and Labour Relations (Consolidation) Act 1992 creates a statutory right for Union Representatives of recognised unions to reasonable paid time off from employment to carry out trade union duties and to undertake trade union training. In order to comply with these Regulations, WCC operates a county wide “pool” arrangement covering all maintained schools, whereby appointed union representatives of each of the recognised unions attend consultative meetings (e.g. policy implementation) on a county basis and are also called upon to represent members in individual schools. This pool arrangement avoids schools needing to establish individual bargaining arrangements.

Where appointed representatives are absent from the classroom to attend to their union duties, the school where they are employed are reimbursed from this centrally held budget, for the cost of a supply/cover teacher. The implications of this budget being delegated to schools would be that there would be no further reimbursement of supply cover arrangements which would have a disproportionate effect on the schools that employ union representatives leaving these schools financially disadvantaged.

2.5. School Improvement - £6.55 per pupil

This funding buys in support for schools where some intervention or assistance may be required. It does not support staffing but without the funding, the staff employed by the local authority to carry out statutory intervention work would have no resources to offer practical support to schools, such as training and development, support for maintained school inspections or ad hoc advice and assistance. Whilst there is a risk to vulnerable schools if this funding is delegated, the authority would still be able to carry out its statutory functions.

2.6. Gypsy and Romany Travellers - £3.63 per pupil

This service provides four locally based education support officers who work in partnership with schools and other services to support the needs of children from the Traveller community. Services are also traded through WES. If this service was not provided centrally, then schools may well see an increase in costs with these children attending less and having lower attainment. Someone from the school would need to contact/visit these families to get the pupil back into school and it would mean that the relationships and understanding of the culture of these families would need to be available in many schools.

2.7. Behaviour Support Services - £1.04 per pupil

This money goes directly into primary schools for non-statement pupils at risk of permanent exclusion or following a managed transfer. The pupils will have met the criteria for commissioned support. The money has, for the schools concerned, been a key part of the transitional planning and provision prior to a statement being finalised. Often the pupils concerned are unexpected arrivals with very complex home circumstances and it has been crucial to ensure the child, school and family get appropriate support rapidly. Supported children have been located in all parts of the county including small rural schools and the need is felt most keenly in schools that are unused to meeting such needs.

2.8. Medical Referrals for Employees - £0.45

The County Council manages a contract for the provision of Occupational Health Services. Schools access this service and a budget is held centrally to which the costs of the medical referral of school based staff are charged. This relates to both the costs of pre-employment medical checks and the referral for medical advice in the management of short term and long term medically related absences from the workplace. The referral process is accessed by all school based staff. Should the budget be delegated then schools would be invoiced separately for their usage of the service.

3. De-Delegation Timetable 2021/22

3.1. The consultation timetable is as follows:

Date	Action
Monday, 12 October 2020	Consultation sent to all maintained Primary and Secondary Schools (Headteachers and Chairs of Governors)
Friday, 13 November 2019	Deadline for Schools response to consultation
Thursday 3, December 2019	Schools Forum agree de-delegation for 2021/22

4. De-Delegation beyond 2021/22

4.1. In July 2020 the ESFA announced the national funding formula for schools and high needs. At the same time the government announced that it will shortly put forward proposals to move to a 'hard' National Funding Formula (NFF) in the future, which will determine schools' budgets directly, rather than through local formulae set independently by each local authority.

- 4.2. Government believes that moving to the 'hard' NFF will level up the school funding system so that all schools across the country are funded on a comparable basis. Government will consult wider with local authorities, schools and others to make this transition carefully.
- 4.3. One consequence of moving to the 'hard' NFF could be the end of de-delegation which will mean services will have to review the way they charge schools in the future.

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Schools Forum

1 October 2020

2021-22 National Funding Formula and Budget Setting Timetable

This report relates to all members of Schools Forum.

Recommendations

Schools Forum is asked to:

- Note the timetable for agreeing allocations for DSG funded services for 2021-22 as set out in Appendix A.

1. Purpose of the Report

- 1.1. The purpose of the report is to outline for Schools Forum the planned timetable for approving the use of Dedicated Schools Grant in Warwickshire in 2021-22. In noting the timetable the Forum should note that this is based on a 'steady state' approach given the significant move towards the implementation of the hard National Funding Formula made in 2018-19.
- 1.2. Schools Forum are reminded that it agreed, with councillor's approval, to move to the 'hard' National Funding Formula as soon as sufficient funding allowed.
- 1.3. If any information is released which suggests a revised approach is needed prior to the December meeting of the Schools Forum a note and revised timetable will be circulated to Forum members.

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2021-22 National Funding Formula and Budget Setting Timetable

Date	Responsibility	Process
2020		
1 October	Schools	Schools Census date.
12 October	WCC Finance	Send out consultation to schools on any changes to our National Funding Formula and de-delegation. Consultation will run for 5 weeks.
28 October		Final day for census data sent to the ESFA of numbers on roll in individual schools.
20 November	WCC Finance	Deadline for submitting any disapplication to the ESFA to move up to 0.5% of funding from the schools block to the high needs block. A disapplication was submitted for 2020-21 but was not supported by Schools Forum. The Secretary of State subsequently rejected the disapplication.
3 December	Schools Forum	Takes decisions needed on: <ul style="list-style-type: none"> • 2021-22 de-delegation • 2021-22 Schools Funding Formula • 2021-22 Formula Proposal from the Early Years Working Group
Mid December	ESFA	Authority Pro-forma Tool (APT) is sent to Local Authorities with October 2019 census data and indicative schools block DSG. At this point WCC Finance models the funding for individual schools.
2021		
18 January (To be confirmed)	WCC Finance	APT is sent back to ESFA outlining our proposed funding formula for 2019/20.
19 January	WCC Cabinet	Approves: <ul style="list-style-type: none"> • 2021-22 Schools Funding Formula • 2021-22 Early Years Funding Formula
End January	ESFA	Confirm our funding formula meets ESFA validation checks.
4 February	WCC Council	Agree the County Council's budget for 2021-22
Early February	WCC Finance	Send out individual mainstream schools budgets for 2021-22 together with indicative budget allocations for 2022-23 and 2023-24
18 March	Schools Forum	Agree detail of DSG Central Services Block allocations for 2021-22

Dedicated Schools Grant – A Quick Guide to the Blocks

	Schools Block	Early Years Block	High Needs Block
2020/21 Grant (Before Academy Recoupment)	£349.680 million	£33.112 million	£69.071 million
Basis of Calculation	Moving to the ‘hard’ National Funding Formula subject to sufficient grant	Pay all providers £4.09 for universal hours and £0.53 for eligible deprivation hours for 3 and 4 year olds Pay all providers £5.37 per hour for eligible 2 year olds	Based on a high needs funding matrix which is currently being phased in.
Delegated Budget pay for	Funding in mainstream schools, excluding mainstream nursery schools, and £6,000 towards special provision if the place has been allocated to a child	Early education for all 3 and 4 year olds for basic 15 hours entitlement plus additional 15 hours for eligible children Early education for vulnerable 2 year olds	Education Health and Care Plans in nursery, primary, and secondary schools. Funding for Special Schools
Academy Budgets	Same formula as maintained schools	Same basis for all early year providers	ESFA funds academy places directly. Top ups are always payable by the LA responsible for the pupil
Central Budget Allocations	Growth fund for meeting pre-16 basic need in terms of additional classes needed to meet infant class size regulations and to meet the cost of new schools	Commissioning Sufficiency & Business Support Quality & Development Family & Parenting Support Family Support Workers	Various SEN services
Current Issues	£2.404 million surplus held against future Growth Fund pressures	Sustainability of Maintained Nursery Schools if their supplement disappears £1.848 million rein-fenced surplus held against any future funding clawbacks	Increased number of places and children with more complex needs means deficit of £5.240 million at end of March 2020. This is being addressed through a DSG Deficit Recovery Plan

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Schools Forum

1 October 2020

SEND Funding Overview

This report is for information

1. Purpose

1.1 This report provides a brief summary of funding for SEND in Warwickshire.

2. Funding for mainstream settings

2.1 Currently 42% of school age learners with an Education & Health Care Plan (EHCP) attend mainstream schools. The funding is based on three elements:

Element 1: Schools receive Age Weighted Pupil Unit (AWPU) funding for every pupil in their school

Element 2: Schools are expected to spend up to £6,000 on each child at SEN School Support. This is funded through a formula, which is shown on each school budget as 'SEN Notional Funding'. The funding is not-ringfenced and it is a point of debate whether it is sufficient. In Warwickshire, there are 10,878 children at SEN School Support level (11.9% of the school population; 12.1% is national comparator).

Element 3: Top-up funding via an EHCP (High Needs Block, held by local authority). There are two bands of funding for mainstream learners with EHCP's.

- Band C: £3,613
- Band D: £8,415

Other than these two bands, a costed individual education plan (IEP) can be submitted. This is reviewed each year. It is considered by the High Needs Panel if it is above £20,000 in total.

2.2 In Warwickshire, there are 3,100 school age children with EHCP's (3.4% of the school population; 3.3% is national comparator).

- 2.3 Baselineing the DSG Recovery Plan found that due to additional payments, the average top-up received by mainstream school was approximately £9,000 (£15,000 in total).
- 2.4 The SEND & Inclusion Change Programme is to trial arrangements with schools to 'change the conversation' and developed child-centred pathways. In particular these focus on trialling arrangements to mitigate the barrier of traded services to early intervention. The programme also includes projects on workforce development and peer to peer support (for example, special schools and mainstream schools working together).

3. Funding for special schools

- 3.1 Currently 44% of school age learners with EHCP's attend state-funded special schools.
- 3.2 Learners in resourced provision and special schools receiving place funding of £10,000 (effectively replacing elements 1 and 2).
- 3.3 Places in a resourced provision are currently funded at Band D.
- 3.4 For learners in generic special schools there is a 4x4 funding matrix for EHCP top-ups with values from £0 to £17,600. Again a costed IEP can be submitted above this. The average top up is £9,000 (£19,000 in total).
- 3.5 The new Autism Spectrum Disorder (ASD) and Social, Emotional and Mental Health (SEMH) special schools are funded at a flat rate top-up of £23k per place.
- 3.6 A review of the special school funding matrix is included as project within the SEND & Inclusion Change Programme.
- 3.7 Establishing additional resourced provision and a new special school on the Pears Centre for Specialist Learning site in Ash Green are also key projects within the SEND & Inclusion Change Programme.

4. Independent specialist provision and alternative provision

- 4.1 Currently 8% of school age learners with EHCP's attend independent specialist provision. This has reduced from 10% in 2016.
- 4.2 Places in independent specialist provision do not receive place funding. They are fully funded from the High Needs Block based on a market rate. Each plan and placement is costed and approved by the High Needs Panel. The average cost is £53,000.

- 4.3 Warwickshire has established a contractual framework to limit inflation to 1%.
- 4.4 Numbers in alternative provision are more difficult to quantify as many learners remain on the school roll. Approximately 6% of learners with an EHCP currently attend alternative arrangements. The cost of alternative provision is increasing. For a child to be placed full time in alternative provision, the setting must be registered with Ofsted.
- 4.5 Reducing the use of both independent specialist provision and alternative provision are key objectives of the SEND & Inclusion Change Programme.

5. Post 16 provision

- 5.1 Warwickshire support a further 883 EHCP's for learners aged 16-19 and 701 EHCP's for learners aged 19-25.

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Schools Forum

1 October 2020

Early Years Funding Overview

This report is for information

1. Introduction

1.1. There are four distinct providers of early years provision and they account for approximately the following number of pupils in percentage terms:

- Private, Voluntary and Independent (PVI) providers – 78.7%
- Childminders – 2.9%
- Infant and Primary Schools with nursery classes – 13.5%
- Maintained Nursery Schools – 4.7%

1.2. The Early Years DSG Block funds the following provision:

- Up to 15 hours a week for disadvantaged 2 year olds
- Up to 15 hours a week for all 3 and 4 year olds (the universal entitlement)
- A further 15 hours a week (giving a maximum of 30 hours per week) for children of eligible working parents (the additional entitlement)
- Funding for early years pupil premium
- Funding from the disability access fund
- Supplementary funding for our 6 Maintained Nursery Schools

2. 2 year old provision

2.1. Up to 15 hours a week of provision is available for children of eligible working parents.

2.2. Local authorities are not required to establish a special educational needs inclusion fund (SENI) for 2-year-olds. However, they may wish to do so as part of their provision for children with special educational needs (SEN).

2.3. Funding for 2 year old provision is on a flat hourly rate which for Warwickshire is £5.37 per hour.

2.4. Warwickshire does not retain any 2 year old funding to support central costs.

3. 3 and 4 year old provision

3.1. All 3 and 4 year olds are entitled to a minimum of 15 hours provision per week. Also children of eligible parents are entitled to an additional 15 hours per week.

3.2. Warwickshire is permitted to retain 5% of 3 and 4 year old funding which it does to support the following service:

- Support pupils with SEN (59%)
- Year Years Team who ensure all providers receive funding in a timely way (18%)
- Support early years safeguarding (3%)
- Cost of back office functions including finance, HR, legal and IT (20%)

3.3. At least 95% of funding must be passported to all providers on the same basis. Funding must be allocated as a universal rate and up to 4 supplements:

- Deprivation (mandatory) - used to recognise deprivation
- Sparsity (discretionary) - support providers serving rural areas less likely to benefit from economies of scale
- Flexibility (discretionary) - support providers in offering flexible provision for parents
- Quality (discretionary) - support workforce qualifications or system leadership

3.4. A maximum of 10% of passported funding can be allocated through supplements.

3.5. An Early Years Working Group has undertaken significant analysis of the appropriateness of supplements and recommended, supported by councillors and Schools Forum, to only use the mandatory depreciation supplement. The deprivation rate was set at 53p per eligible child and is the same rate as the early years pupil premium.

- 3.6. Warwickshire was allocated £4.38 per hour in 2020-21 for 3 and 4 year old provision. This is distributed as follows:

Factor	£
Centrally Provided Services (5%)	0.22
Universal Rate	4.09
Deprivation Rate	0.07
Total for 3 and 4 Year Olds	4.38

Note: It is estimated that 13% of 3 and 4 year olds are eligible for deprivation funding and therefore 13% of the deprivation rate of 53p equates to 7p.

4. Early Years Pupil Premium (EYPP)

- 4.1. The EYPP gives providers additional funding to support disadvantaged 3- and 4-year-old pupils.
- 4.2. EYPP is payable only on the universal 15 hours entitlement and not on the additional 15 hours entitlement for working parents.
- 4.3. Local authorities must fund all eligible early years providers in their area at the national rate of 53 pence per hour per eligible pupil up to a maximum of 570 hours (£302.10 per year).

5. Disability Access Fund (DAF)

- 5.1. The DAF was introduced to support disabled children's access to the entitlements for 3 and 4-year-olds.
- 5.2. Providers receive at least £615 per eligible child per year. The funds could be used, for example, to support providers in making reasonable adjustments to their settings and/or helping with building capacity, be that for the child in question or for the benefit of children attending the setting as a whole.
- 5.3. 3- and 4-year-olds will be eligible for the DAF if:
- the child is in receipt of Disability Living Allowance (DLA)
 - the child receives the universal 15 hours entitlement

6. Maintained Nursery School Supplementary Funding

- 6.1. Local authorities with Maintained Nursery Schools (MNS) receive additional supplementary funding.
- 6.2. This funding is provided in order to enable local authorities to protect their 2016-17 funding rates for the universal 15 hour entitlement for MNS (that is, the rates that existed before the EYNFF) and the government expects it to be used in this way.

7. Year End Adjustments

- 7.1. The annual DSG allocations for the early years block are adjusted each year to reflect changes in pupil numbers during the year, based on Census data. This is the only one of the four blocks this happens to as the other three blocks have their total allocation set in December each year with no further adjustment regardless of the actual number of pupils the budgets allocations need to support.
- 7.2. As an example, the provisional early years DSG settlement for 2020-21, which was announced in December 2019, is allocated on the basis of 5/12ths of the January 2018 census data and 7/12ths of the January 2019 census data.
- 7.3. This is then adjusted in July each year. Therefore in July 2021 the 2020-21 early years DSG settlement will be recalculated based on 5/12ths of the January 2019 census data and 7/12ths of the January 2020 census data. This means that depending on the final pupil numbers being higher or lower than the earlier census points we could receive more or less final early years DSG Settlement. This adjustment mechanism first came into force in July 2019 for financial year 2018-19.
- 7.4. Therefore, to smooth any peaks or troughs in funding allocations an early years ring-fenced reserve has been established.

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Schools Forum

1 October 2020

SEND & Inclusion Change Programme

This report is for information

Recommendations

That the Forum comments upon progress of the SEND & Inclusion Change Programme and national funding update

1. Purpose

1.1 The report provides an update on activity on the Special Educational Needs and Disabilities (SEND) & Inclusion Change Programme since previous reports to School Forum in July 2020 .

2. Financial position and levers for recovery and sustainability

2.1 As demonstrated in the table below, and presented to Schools Forum in July 2020, the forecast cumulative overspend on the High needs Block is significant and present significant financial risk to the local authority and funding for schools.

Table 1: Forecast High Needs Block						
£(000)						
<u>1. Baseline Model - "As is"</u>	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Annual Forecast Under/(Over) Spend	(£7,343.4)	(£7,379.3)	(£6,771.3)	(£11,352.4)	(£14,116.1)	(£16,942.5)
Cumulative Overspend	(£5,240.4)	(£12,619.7)	(£19,391.0)	(£30,743.4)	(£44,859.6)	(£61,802.0)

Note: The overspend figures presented in Table 1 are prior to any in-year interventions, which are detailed below in Table 2.

- 2.2 The crisis in SEND funding and services is a national issue facing all councils and has been reflected in a number of recent reviews including the [Public Accounts Committee](#), [National Audit Office](#), [County Council Network](#) and [Local Government Association](#). The National Audit Office concluded that: *'The system for supporting pupils with SEND is not, on current trends, financially sustainable.'*
- 2.3 There are four ways to mitigate the deficit:
- a) Introducing reform in the local SEND system through the DSG Recovery plan (see SEND & Inclusion Change Programme below)
 - b) Local authorities to write off overspend from own reserves with permission from Secretary of State (no precedent yet for allowing this)
 - c) Schools Forum can agree up to 0.5% movement from Schools Block to High Needs Block of Dedicated Schools Grant as part of the budget setting process
 - d) Lobbying to central government for additional funding (see national funding update below)

3. SEND & Inclusion Change Programme

- 3.1 The vision for SEND in Warwickshire is that all our children and young people lead a fulfilling life and are part of their community.
- 3.2 In June and July 2020, Cabinet approved the establishment of the SEND & Inclusion Change Programme to bring about required change to delivering statutory duties within allocated resources. There are 31 projects that underpin for the delivery of SEND transformation, financial recovery and sustainability, and the continuation of statutory duties (listed at appendix A).
- 3.3 We know that things need to change because outcomes for our children and young people with SEND have been getting worse and we are spending well above our allocated budget. Warwickshire needs to introduce a whole system change.
- 3.4 We must focus on 'promoting inclusion' in mainstream settings, giving schools the skills and resources to meet the needs of learners in their local schools, and building the confidence of parents and carers. Through the SEND & Inclusion Change Programme we will work together to:
- Improve outcomes for our children and young people with SEND
 - Take decisions in a clear, fair and transparent way
 - Ensure that systems are sustainable, so that we are working within our allocated funding
- 3.5 Children and young people with SEND are our children. We want to change the conversation in our local system so that we can focus on how we can support our children and young people where they are, enable them to progress and celebrate their achievements.
- 3.6 The SEND & Inclusion Change Programme consists of 31 projects. Seven of these projects have savings targets, costed and set out in the DSG Recovery Plan.

Table 2: DSG Recovery Plan Summary						
£(000)						
<u>2. Annual Intervention Savings</u>	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1. Resourced Provision	£0.0	£147.7	£357.6	£492.2	£484.9	£469.2
2. Special School & Pears	£0.0	£0.0	£849.8	£2,323.6	£3,600.0	£3,849.6
3. Increase EHCP in Early Years	£0.0	(£10.5)	(£199.5)	£29.5	£294.8	£618.3
4. Needs-focussed decision panels: Aligning growth of EHC plans in line with statistical neighbours	£0.0	£0.0	£279.0	£641.0	£1,163.5	£1,804.7
5. Inflation on ISP Res reduce at 1%	£0.0	£32.2	£64.0	£90.8	£107.3	£129.2
6. Reduce in the use of AP	£0.0	£0.0	£730.1	£733.3	£728.6	£728.9
7. Increase the number of internships	£0.0	£485.9	£626.9	£860.9	£1,136.9	£1,337.9
Annual Savings	£0.0	£655.3	£2,707.7	£5,171.3	£7,516.1	£8,937.7

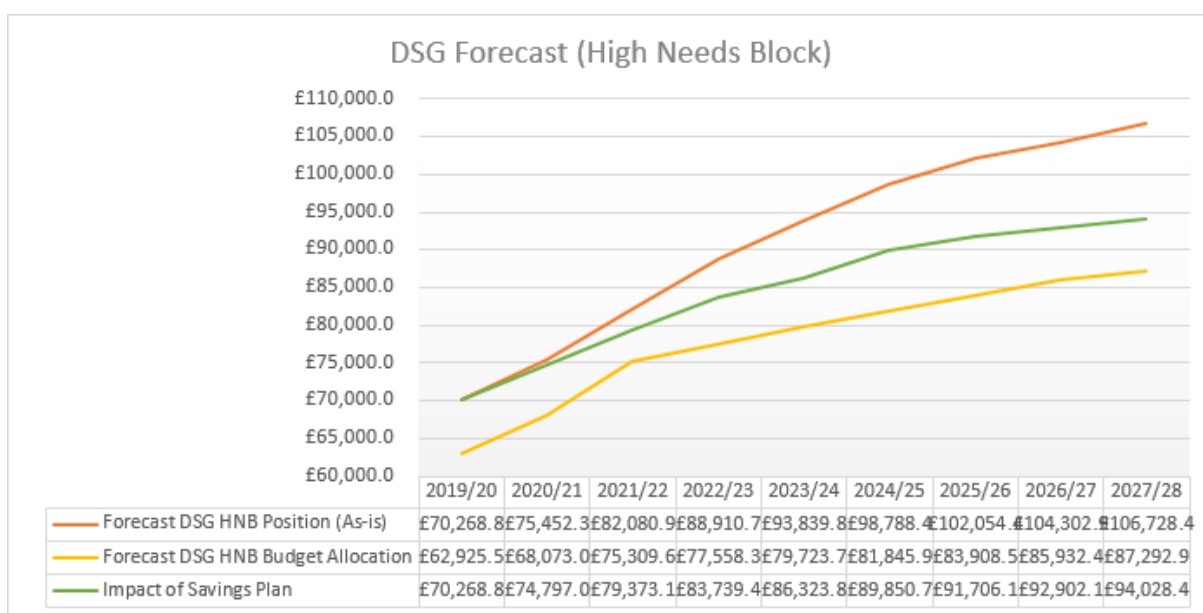
Note: In addition to the planned SEND and Inclusion Recovery Plan interventions in Table 2, P5 forecasts indicate that there are a further £287k of operational in year savings, taking the 2020/21 P5 HNB forecast to £11.678m overspend (as reflected in the DSG Financial Monitoring Report within this Schools Forum report pack).

- 3.7 Most activity over July to August has taken place at programme level establishing the framework for those projects. Of note are:
- 1 full business case approved (including full project plan and resources); 11 in draft following approval of Project Proposal Documents (PPDs)
 - Recruitment of an additional three project managers
 - Communications approach
 - Financial monitoring approach
 - Performance dashboard and baselining
 - First meeting of Programme Board
- 3.8 Most of the first cohort of projects are still in full business case stage, confirming the 'as-is' position and agreeing the 'to-be' plan, prior to implementation. Each plan is presented to the internal project management group for approval. Noteworthy, is the progress on the following projects:
- Establishing a new special school on the Pears site:* recommendation made to the DfE for appointing a sponsor for their meeting on 17th September, following a presumption competition. The plan remains on track to open the new school in September 2021.
 - Expanding resourced provision:* Recommendation to Cabinet on 10th September to approve plans for new resourced provision at Paddox Primary School approved; further discussion taking place with individual schools regarding new resourced provision over the period 202

- c) *Ensuring that learners receive their educational entitlement:* New processes drafted and in engagement stage to ensure children out of school are monitored and placed in a timely manner

4. National Funding update

4.1 The major update since the last meeting is that on 20th July 2020, the Department for Education (DfE) made an [announcement regarding high needs funding](#) for the financial year 2021-22. This follows lobbying by organisations such as the LGA and County Council Network (as well as letters sent by the Leader and Deputy Leader of Warwickshire County Council). As a result of this, the financial projections are being updated. Broadly speaking, Warwickshire Is now expecting to receive an additional £4m per year from 2021/22 onwards compared to the original forecast.



- 4.2 As shown in the graph above, the effect of the additional funding from central government is that the overall cumulative deficit forecast by the end of 2023/24 has reduced from approximately £58m to £45m prior to Change Programme activities.
- 4.3 Taking into account planned savings from the Change Programme the overall cumulative deficit forecast by the end of 2023/24 has reduced from approximately £42m to £29m.
- 4.4 The additional funding is clearly welcomed. The formula used to distribute additional resources does, as before, favour more urban areas, Therefore the continued case for sufficient funding for SEND & Inclusion is likely to led by councils in the f40 group (generally upper tier and rural local authorities).
- 4.5 The remaining gap between budget allocation and forecast expenditure reinforces the need for progressing the SEND & Inclusion Change Programme.

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APPENDIX A: SEND & INCLUSION CHANGE PROGRAMME PROJECTS

SEND & Inclusion Change Programme			
SEND Transformation A series of pilot projects focussed on changing behaviours in the system as recommended by the Impower review	DSG Recovery Plan A quantified plan to be submitted to DfE demonstrating how the local authority will recover the DSG overspend in 2020/21	DSG Sustainability Plan The medium to long-term financial plan to balance the DSG on a sustainable basis, based on High Needs Task & Finish Group review	SEND & Inclusion Strategy Implementation of actions following internal and peer review; continued delivery of the priorities identified in the SEND & Inclusion Strategy including statutory duties

Priority 1 Projects

Ref	Group	Project	Type
106	<i>SEND & Inclusion Strategy (Existing)</i>	New special school (Pears)	Invest to save
96	<i>SEND Transformation & DSG Recovery Plan</i>	Trial 1: Changing the conversation (Impower) - increasing support to mainstream schools	Service/system redesign
102	<i>DSG Recovery Plan</i>	Improve timeliness of EHC plans in early years - Ensure early identification	Invest to save
103	<i>SEND Transformation & DSG Recovery Plan</i>	Trial 2: Needs-focused panels (Impower) / Align increase in EHC plans with statistical neighbours - including review of SEND guidance, and admissions guidance to specialist settings	Clear, fair and transparent operating procedures
107	<i>DSG Recovery Plan</i>	Reduce the use of alternative provision (Value for money review; including medical needs policy)	Service/system redesign
109	<i>DSG Recovery Plan and SEND & Inclusion Strategy</i>	Supported internships (Building the infrastructure)	Invest to save

126	<i>SEND & Inclusion Strategy (Additional)</i>	Quality Assurance Framework (EHC Plans)	Clear, fair and transparent operating procedures
128	<i>DSG Sustainability Plan</i>	Finance Process (including Import/Export checks)	Clear, fair and transparent operating procedures
105	<i>DSG Recovery Plan</i>	Resourced Provision - full utilisation and increased capacity (Invest to save)	Invest to save
108	<i>DSG Sustainability Plan</i>	Review special schools funding matrix (including commissioning processes)	Clear, fair and transparent operating procedures
111	<i>DSG Recovery Plan</i>	Value for money reviews of integrated SEND and Inclusion services	Value for money review

Priority 2 Projects

Ref	Group	Project	Type
12	<i>SEND & Inclusion Strategy (Existing)</i>	Improving outcomes for SEND learners at each key stage (response to data trends)	Strategic planning
27	<i>SEND & Inclusion Strategy (Existing)</i>	Parenting Plan to support families (Early Help)	Building capacity
68	<i>SEND & Inclusion Strategy (Existing)</i>	Workforce development project (Developing skills in schools and support services)	Building capacity
98	<i>SEND Transformation</i>	Trial 3: Child centred inclusion pathways	Service/system redesign
99	<i>SEND Transformation</i>	Redesign of the Local Offer website (Impower)	Building capacity
100	<i>SEND Transformation</i>	Development of WCC Transitions guidance (Impower)	Clear, fair and transparent operating procedures
101	<i>SEND Transformation</i>	County-wide SEMH campaign (Impower)	Building capacity
6	<i>SEND & Inclusion Strategy (Existing)</i>	Review of children not receiving their educational entitlement	Service/system redesign
95	<i>SEND & Inclusion Strategy (Existing)</i>	Expanding representation on the Parent Carer Forum	Building capacity
129	<i>SEND & Inclusion Strategy (Existing)</i>	Updated Needs Assessment (JSNA)	Strategic planning

Priority 3 Projects

Ref	Group	Project	Type
66	<i>SEND & Inclusion Strategy (Existing)</i>	Working with schools to develop peer to peer support on SEND	Building capacity

46	<i>SEND & Inclusion Strategy (existing)</i>	Preparation for adulthood strategy (health and social care pathways)	Service/system redesign
110	<i>DSG Recovery Plan</i>	Contract management of Independent Specialist Provision to ensure maximum use of framework contract including residential (limit to 1% inflation) <i>NB. Framework contract in place</i>	Contract management
130	<i>SEND & Inclusion Strategy (additional)</i>	Tribunal pathway	Clear, fair and transparent operating procedures
131	<i>SEND & Inclusion Strategy (additional)</i>	Annual Reviews	Clear, fair and transparent operating procedures
132	<i>SEND & Inclusion Strategy (additional)</i>	Implementation of Ready reckoner	Clear, fair and transparent operating procedures
57	<i>SEND & Inclusion Strategy (existing)</i>	Independent Travel Training	Service/system redesign
61	<i>SEND & Inclusion Strategy (existing)</i>	SEND Transport Policy Review	Clear, fair and transparent operating procedures
32	<i>SEND & Inclusion Strategy (existing)</i>	Disability Register	Clear, fair and transparent operating procedures

Item 15

Schools Forum – Forward Plan 2020-21

The table below contains provisional items for the Schools Forum for the next year. This table will be updated and reported to each meeting of the Forum.

Date	For Decision	For Information / Comment
Thursday 3rd December 2020 2pm to 5pm Microsoft Teams	<ul style="list-style-type: none"> • 2021/22 Disapalications (if appropriate) • 2021/22 Growth Fund proposal • 2021/22 De-delegation consultation 	<ul style="list-style-type: none"> • Admissions • DSG Recovery Plan Monitoring • Central Services Block Funding Overview
Thursday 14 January 2021 2pm to 5pm Microsoft Teams	<ul style="list-style-type: none"> • 2021/22 National Funding Formula • 2021/22 De-delegation 	<ul style="list-style-type: none"> • DSG 2020/21 Forecast
Thursday 18th March 2021 2pm to 5pm Venue to be confirmed	<ul style="list-style-type: none"> • 2021/22 DSG Budget proposal 	<ul style="list-style-type: none"> • DSG 2020/21 Forecast • DSG Recover Plan Monitoring • Contracts
Thursday 3rd June 2021 2pm to 5pm Venue to be confirmed	<ul style="list-style-type: none"> • Section 48 – Scheme for Financing Schools • New DSG Recovery Plan 	<ul style="list-style-type: none"> • DSG 2020/21 Outturn • DSG 2021/22 Forecast
Thursday 30th September 2021 2pm to 5pm Venue to be confirmed	<ul style="list-style-type: none"> • 2022/23 National Funding Formula (year 5) Timetable and consultation 	<ul style="list-style-type: none"> • DSG 2021/22 Forecast • DSG Recover Plan Monitoring
Items where a date is still to be confirmed	<ul style="list-style-type: none"> • Schools Sufficiency Strategy 	<ul style="list-style-type: none"> • New Free Schools • Update on Early Years 30 hours free entitlement to sufficiency of places • Impact of Lagged Pupil Numbers on Funding • Identification of pupils eligible for free school meals

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