

Public Document Pack

Schools Forum Agenda

Thursday, 20 March 2014

4.30 pm – 6.30 pm

Committee Room 4 - Civic Suite

Civic Suite

Lewisham Town Hall

London SE6 4RU

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Item	Pages
1. Minutes of Last Meeting	1 - 5
2. Matters Arising	
3. Energy Policy	6 - 11
This Energy Policy sets a new target of a 20% reduction in carbon emissions over 5 years across corporate sites; this includes school. This paper looks at the policy.	
4. Catering	12 - 16
This item is split into two papers	
A) Catering contract - the report is not shown in these papers but will be sent separately as it contains commercially sensitive information. It is a copy of the Mayor and Cabinet Report of the 19 March which looks at the tendering arrangement for the catering contract.	
B) Universal Free Meals offer - this paper considers the announcements to date and the likely financial impact.	
5. Budget Monitoring	17 - 22
The purpose of this report is to consider the DSG budget monitoring position and the balances held on the Schools Forum mutual funds.	
6. Budget Setting	23 - 29
To update the Forum on the final budget settlement and to agree the approach to completing the individual school budget return required	

by the DFE.

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| 7. | Cash Advances | 30 |
| | This paper looks at paying more of the cash advance to schools at the start of the year. | |
| 8. | Scheme of Delegation & Schools Finance Manual | 31 - 100 |
| | This considers amendments to the Scheme in light of directed revisions from the Secretary of State as well as changes to purchasing limits contained in the Manual. | |
| 9. | Traded Services | 101 - 108 |
| | This paper looks at the report being considered by the Children and Young People Select Committee. | |
| 10. | Items For Information | 109 - 130 |
| | Annual Internal Audit Report
Health & Safety Report
Absence Report – guidance for schools absences reported with no reasons attached | |
| 11. | Any Other Business | |

Dates of Future Meetings

19 June 2014

25 September 2014

11 December 2014

15 January 2015 (Reserve date if needed to discuss budget)

19 March 2015

All meetings 4.30 to 6.30

LEWISHAM SCHOOLS FORUM

Minutes of the meeting held on Thursday 12th December 2013

Membership (Quorum = 40% i.e. 8)

✓ = present

✗ = absent

		Attendance
Primary School Headteachers		
Irene Cleaver	Athelney	✓
Steve Davies	Coopers Lane	✓
Liz Booth	Dalmain	✗
Paul Moriarty	Good Shepherd	✗
Lisa Pearson	Torridon Infants	✗
Michael Roach	John Ball	✓
Nursery School Headteacher		
Nikki Oldhams	Chelwood	✓
Secondary School Headteachers		
Anne Potter	Addey & Stanhope	✓
Bob Ellis	Conisborough College	✗
David Sheppard	Prendergast Federation	✓
Carolyn Unsted (Chair)	Sydenham	✓
Special School Headteacher		
Lynne Haines	Greenvale	✓
Pupil Referral Unit Headteacher		
Liz Jones	Abbey Manor	✓
Primary & Special School Governors		
Keith D'Wan	Athelney	✗
Erica Pienaar	John Ball	✓
Mark Simons	Coopers Lane	✗
Secondary & Secondary Special School Governors		
Simon Nundy	Trinity	✗
VACANT	Secondary School	
VACANT	Special School	
Academies		
Declan Jones	Haberdashers' Aske's	✓
14-19 Consortium Rep		
Theresa Williams	LeSoCo	Apologies
Early Years Rep		
Cathryn Kinsey	Clyde Nursery	✗
Diocesan Authorities		
Rev Richard Peers	Southwark Diocesan Board of Education	✗
Stephen Bryan	Education Commission	✗

Also Present	
Frankie Sulke	Executive Director
Alan Docksey	Head of Resources
Sue Tipler	Head of Standards and Achievement
Keith Martin	Service Manager – Children With Complex Needs
Dave Richards	CYP Group Finance Manager
Janita Aubun	Clerk
Kim Knappett	Teacher Unions (ALT)
Chris Threlfall	Head of Education Infrastructure
Beverley Pennekett	Education Funding Agency
Faustina Ofori	Education Funding Agency

Apologies for Absence

An apology was received from Theresa Williams.

1. Minutes of Meeting held on 26th September 2013

Budget monitoring Sedgehill has a balanced budget for 2013/14 .
Edmund Waller - Officers are working with the school regarding their deficit.

Efficiency review - 4 School Business Manager names were been put forward by members for the benchmarking club.

Trade Union Facilities Consultation – S251 form now includes a section for time off for trade union activities.

The minutes were agreed and signed by the Chair.

2. Matters Arising

Frankie Sulke raised the funding of level of schools Capital and agreed a paper would be brought to the next meeting.

3. High Needs Sub Group

Alan Docksey presented the initial report of the sub group and position of the High Needs budget for 2014/15.

Recommendations were agreed by Forum which included:

- agree to reduce the top-up level of matrix funding by £6,000 and then provide transitional protection in the form of an amount per statement.
- Agree to protect schools from the full loss by adding back £4,800
- Agree that the protection level is provisional and will change when the level of DSG is confirmed.

The following actions were agreed

Details to be provided of the SEN funding contained within the nursery schools budget.

That a review would take place of the 'smaller' schools and the impact of the top-up funding changes

Officers would could consider whether any school might be detrimentally effected by the top-up changes and how support could be given through the in year statement fund.

Officers would consider whether with the change from statements to Education, Health and Care plans the admission arrangements for pupils stayed the same

The forum endorsed the action plan in the sub group report

Chair asked if any further members wish to join the sub-group and checked that all the current members of the group wanted to continue. The chair on behalf the Forum thanked all sub-group members.

4. Budget Monitoring

Report presented by Dave Richards to provide Forum with information on the budget monitoring position of the central budgets within the DSG at end October, and the schools' budget monitoring returns at end September 2013.

Budget pressures – whilst this can be met this year from the contingency, this is only a short term solution to the problem.

School balances - 9 schools with excess balances of particular concern have been visited by finance. Their balances will be reviewed again at the end of the financial year and this will be brought back to Forum for discussion before a final decision was made on capping any schools. The position on Adamsrill was noted.

The graphs presented mapping performance and school carry forward balances was discussed and it was noted there was no correlation.

Recommendation that Forum note the report and this was upheld.

5. Budget Setting 2014/15

Report presented by Alan Docksey and Dave Richards for Forum members to agree the Dedicated Schools Grant budget for 2014/15

Settlement figures are to be received from the DFE by 18th December. Lewisham have to submit the return on the final school budgets to the DFE by 21 January 2014.

If the budget settlement was different from the forecasts the Forum decided to have a vote on any revised proposals before the 21 January

Forum approved the continuation of the headroom projects including the continuation of the funding for the pupil ambassador programme and LEN group

Forum voted within their phases and agreed the following budgets for 2014/15 will be de-delegated.

Ref	Heading	Primary £'000	Secondary £'000
A	De-delegation for mainstream schools for Contingencies	874	425
B	Extended schools contingency	1,078	411

	allocation		
B	Administration of free school meals	18	8
C	Staff costs – Supply Cover	468	206
D	Staff Costs – Trade Unions	109	47
E	Support for minority ethnic pupils/underachieving groups	112	48

- The Forum also agreed the following budgets for central spend.

A	Growth fund (to meet requirements for basic need and infant class size regulations)	1,800
B	Falling rolls fund for surplus places in good or outstanding schools where a population bulge is expected in 2-3 years	0
C	Admissions	604
D	Serving of Schools Forum	78
E	Capital Expenditure from Revenue	4,086
F	Contribution from combined budgets	903
G	Termination of employment costs	176

6. Any Other Business

Frankie Sulke discussed changing the way we are working with colleges to take on 14-16 year old students. For students going to college from year 10, the money will transfer with them but if they go from year 11, we may have to top slice from the DSG.

EFA funding – foreign students will qualify. Direct enrolment to college will attract EFA but we do not know amounts as yet.

Officers have been asked to come back to Forum with the figures.

Meeting closed 6.50pm

Date of next meeting 20 March 2014

SCHOOL FORUM ACTION SUMMARY – from School Forum held on 26th September 2013

ITEM	ACTION TO BE TAKEN	OFFICER(S) RESPONSIBLE FOR ACTION	OUTCOME / CURRENT POSITION
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<p>4. Absence Report</p>	<p>School absences reported with no reasons disclosed – guidance to be produced.</p> <p>Clarification amongst school staff regarding entitlements – guidance and advice</p>	<p>Diane Parkhouse</p> <p>Diane Parkhouse</p>	<p>to be reviewed at Forum 20/03/14</p> <p>pending</p>
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Lewisham Council Energy Policy

1. Purpose of the Report

- 1.1 To seek Schools Forum support for the Council's Energy Policy 2014-18, a draft of which has been circulated with this report.

2. Recommendation

- 1) The Forum is invited to comment on the draft Energy Policy
- 2) Subject to any views expressed, the Forum is invited to give its support for the Council's Energy Policy.

3. Energy Policy

- 3.1 A draft Energy Policy has been produced by the Council's corporate energy forum in liaison with officers in Children and Young People Directorate. The Schools Forum is invited to comment on the approach proposed ahead of the Policy's adoption.
- 3.2 The Energy Policy consists of two elements: a public document signalling our commitment to reduce energy consumption across the corporate estate and schools and a supporting action plan.
- 3.3 The Energy Policy includes the following proposed targets:
- A 20% reduction in annual carbon emissions from energy use in buildings across the Council's operational estate by March 2018 from a baseline of 2012/13
 - A 20% reduction in carbon emissions per pupil for schools by March 2018 from a baseline of 2012/13
- 3.4 The targets will be used to direct action and investment and to help communicate progress. The main strands of activity that will deliver the targets include:
- Monitoring and targeting
 - Staff engagement and better use of efficient buildings
 - Investment in energy efficiency improvements to the corporate estate and schools
- 3.5 Total spend by schools on energy £700,000 for gas and £750,000 for electricity a year. This excludes PFI-funded schools. In addition schools were collectively liable for the cost of £200,000 carbon allowances purchased to cover the period 2012-13 under the Government's Carbon Reduction Commitment.
- 3.6 Support provided by the Council to schools in relation to energy includes:

- access to corporate energy contracts for gas and electricity
- identification of and follow up on unexplained energy consumption
- an energy theme within the Cleaner Greener Schools programme that encourages staff and pupils to work on energy efficiency including switch-off programmes

3.7 There is also a wide-range of other activity that has an impact on energy, including in particular the schools places expansion programme.

4. Target setting

4.1 A target based on pupil numbers was considered a better measure than total emissions or emissions against gross internal floor space. This reflects the pressures on schools relating to rising pupil numbers.

4.2 There is limited benchmarking information relating to energy in schools. In 2003 the Department for Education published benchmarking information¹ and the table below shows how Lewisham schools relate to these benchmarks and the impact of a 20% reduction.

kg CO2 per pupil						
Type	Lewisham figures			DfE Benchmark high	DfE Benchmark low	20% reduction
	Average	Max	Min			
Special	1703	2712	720	616	356	1362
Secondary	677	932	437	616	356	542
Primary	321	493	185	458	231	257

4.3 Achieving a 20% reduction in per pupil numbers would be expected to bring secondary schools within the 'high' average and primary schools below the 'low' average. This would be expected to significantly reduce schools' exposure to rising energy costs.

5. Conclusion

5.1 The Council's Energy Policy and the proposed targets are intended to focus attention on energy consumption and help protect the Council and schools from the rising costs of energy. The Schools Forum is invited to support the Policy.

Martin O'Brien

Sustainable Resources Group Manager
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March 2014

¹<http://assets/sites/EcoDev/Sustainability/Energy%20Management/CAS%20Energy%20Forum%20ad min%20and%20policy/Energy%20Policy/DfE%20energy%20management%20guide%20for%20schools%202002.pdf>

LEWISHAM COUNCIL ENERGY POLICY 2014-2018

March 2014

Lewisham Council is committed to creating a borough that is clean, green and liveable. The use of energy is fundamental to the way the council works, and a proactive and efficient approach to energy management one of the most important ways the Council can cut its costs and lead the way in promoting a sustainable environment.

The Council needs to improve its budget position by £95m in the next 4 years. With a growing population and services already under pressure achieving this is going to be very challenging, particularly in relation to energy where costs have been rising significantly over a long period. Ensuring we understand and manage our energy use is an essential part of minimising our exposure to energy markets. The generation and supply of energy also offer potential opportunities for generating income.

This Energy Policy sets a new target of a 20% reduction in carbon emissions over 5 years across the Council's operational sites and identifies how the Council's management of energy will contribute to the council's corporate priorities through:

- Reducing exposure to rising energy costs and achieving value for money energy contracts
- Cutting waste and driving efficiency across operational buildings
- Enabling schools to meet increased pupil numbers while controlling energy costs
- Reducing the Council's carbon footprint and contributing to wider environmental objectives
- Minimising the risk of energy supply disruption and maintaining acceptable temperatures in buildings delivering services to service users and staff
- Ensuring the Council complies with legislation and statutory functions relating to energy supply and use in corporate buildings

The Council will also seek to take a strategic approach in the use of its assets across the borough, being ambitious in using our estate as a tool to unlock new opportunities for the generation and supply of energy. This includes work in partnership with others to promote district heating; the use of photovoltaics and other renewables to cut carbon emissions as well as create opportunities for further investment; and exploring the scope for energy supply as a means to deliver against wider social and environmental objectives and generate economic benefits.

Delivering on our commitment

Lewisham Council commits to delivering a 20% reduction in annual carbon emissions from energy use in buildings across the Council's operational estate by March 2018 from a baseline of 2012/13.

The baseline for 2012/13 is 8,548 tonnes per year. Achieving the reduction will result in annual carbon emissions of 6,838 tonnes in 2017/18. Based on 2012/13 energy prices this would be expected to translate into an annual financial saving of approximately £360,000 in 2017/18 compared to the energy spend in 2012/13.

The Council also commits to achieving a 20% reduction in carbon emissions per pupil averaged across our school's estate with a target of 260 kg CO₂ per pupil per year for primary schools and 540 kg CO₂ per pupil for secondary schools by March 2018.

We will achieve our commitments through improvements in

1) Monitoring and targeting

- Establishing an evidenced based approach to improving energy efficiency
- Benchmarking against best practice
- Identifying and responding to high consuming buildings

2) Staff engagement and better use of buildings and equipment

- Roles and responsibilities
- Updated protocols for heating standards

3) Investment in more energy efficient buildings

- Design for new build
- Standardised specifications for equipment across buildings
- Targeted maintenance programmes ensuring equipment runs efficiently
- Upgrading heating systems and plant where there is an economically viable case to do so

4) Delivery of a fit for purpose operational estate

- Taking a strategic approach to operational

Data and target setting explained

The council's operational estate covers 115 buildings that provide council services and are covered by corporate energy and maintenance contracts

Lewisham Council reports annually against the Government's Carbon Reduction Commitment (CRC) scheme and, separately, on greenhouse gas emissions using the Department of Energy and Climate Change methodology. The targets and baseline data used within Lewisham's Energy Policy draws on this data, with the following adjustments

- Energy use in schools is likely to be under greater pressure due to increased pupil places and achieving a 20% reduction in total emissions would be impractical so a per pupil target has been substituted
- The operational estate does not include hostels although these are covered by the council's greenhouse gas reporting
- There are a small number of other buildings not included in the operational estate which are very small and significant reductions in energy use are likely to be difficult to achieve

The data used for the baseline is based on data submitted for the council's Carbon Reduction Commitment report for the financial year 2012-13, which is the most accurate data available.

The council's current energy spend is approximately £1.8m per year on the operational sites

<p>sites; getting more out of the buildings we use</p> <ul style="list-style-type: none">• Enabling schools to meet the demands of today and the future while managing energy consumption	<p>covered by the target.</p> <p>Details of Lewisham Council's reporting on Greenhouse Gas Emissions can be found in our annual use of resources statement</p> <p>http://www.lewisham.gov.uk/get-involved/environment/energyefficiency/taking-the-lead/Pages/default.aspx</p>
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Roles and responsibility

- All Council services are responsible for ensuring the effective use of resources in the delivery of their functions
- Corporate Asset Services has overall responsibility for delivering the Energy Policy and achieving the target of a 20% reduction in energy consumption
- The Corporate Asset Services Energy Forum will lead on development and delivery of the action plan underpinning the Energy Policy
- Building managers and staff in posts that involves management of sites are responsible for conforming with corporate policies and procedures in relation to energy use and the maintenance of plant and equipment
- All staff should take responsibility for the energy they use including switching off unnecessary equipment

Energy Policy monitoring and reporting

- Lewisham Council's Energy Policy was agreed on [date] and forms part of the Council's Strategic Asset Management Plan
- The Energy Policy will be monitored and delivered through Corporate Asset Services Energy Forum working closely with a range of Council services.
- An annual report on progress will be provided to the Cabinet Member for Resources and Regeneration and published on the Council's website.

This Energy Policy is part of the Council's wider commitment to delivering services as efficiently as possible and targeting our resources where they are needed most.

Through this Energy Policy the Council is setting itself a new target of a 20% reduction in carbon emissions across our operational estate over 5 years. This will protect the Council against the continuing rise in costs of gas and electricity and ensure we get value for money from the services we run.

Improving efficiency in Council buildings and schools will be an important priority, but this Energy Policy will also be used to drive energy efficiency across the Council's vehicle fleet, street-lighting and the services we deliver with and through other organisations including leisure centres, the management of parks and open spaces and community centres.

With local authorities continuing to face rising financial pressures there is no time to lose or energy to waste in getting this Energy Policy implemented and I look forward to seeing the results.

Cllr Maslin
Cabinet Member for Resources and Regeneration

Universal Free School Meals Offer and Paid Meals Prices

1. Purpose of this Report

The purpose of this report is to update Forum members on the universal free schools meals offer to reception and Key Stage 1 pupils made by the Government and to consider both the revenue and capital financial impact. It seeks the Forum's view on the planned price increase of paid meals to other pupils.

2. Recommendations

The Forum note the position.

3. Summary position

In the coming academic year (starting September 2014) schools will be paid £2.30 for each school meal taken. Please note this funding is for those pupils not entitled to a free meal under the current arrangement's eligibility criteria. The rate is standard across the country and does not take into account London weightings. Indicative allocations will be made to schools based on an estimate of national take-up and then adjusted to the actual number of meals taken in individual schools. This will require a robust performance model to be implemented and maintained to ensure the meal uptake is monitored and schools receive representative funding.

Additional one-off funding will be provided in the 2014 to 2015 financial year to small schools (those with fewer than 150 pupils in total) to help with transitional costs. None of Lewisham's schools qualify for this support.

The government is providing £150 million of capital funding in the 2014 to 2015 financial year to support the rollout of UIFSM. In Lewisham we will receive £837k next year. Of this, £664k relates to maintained schools and the remaining £173k is for voluntary aided schools.

Existing entitlements to free school meals for disadvantaged pupils in nursery classes and at key stages 2-4 will continue, based on the existing free school meals eligibility criteria.

Schools will be expected to offer FSMs to all infant pupils, but will not be expected to make take-up of meals by infant pupils mandatory, although take up should be encouraged. Schools will still have the freedom to set their own policies in relation to packed lunches.

4. Revenue funding

Revenue funding will be based on a rate of £2.30 for each meal taken by pupils who will become newly eligible for a FSM as a result of the UIFSM policy. Schools will be expected to continue to fund meals for pupils eligible for FSMs under the existing criteria in the same way that they do currently. The Schools Census will be amended so that schools can state how many newly eligible infants (i.e. infants not eligible for free school meals under the existing criteria) are taking a FSM. This new indicator will be introduced from October 2014.

Schools will be notified of their provisional full year revenue funding allocation for the 2014 to 2015 academic year in June 2014. Local authorities will receive the first 2014 to 2015 payment for maintained schools at the end of June 2014, with payments for academies and free schools following shortly after in their next scheduled payment in early July, and newly opening academies and free schools receiving payments in early September.

This payment will provide funding for the first two terms of the academic year (which represents the remainder of the 2014 to 2015 financial year).

This allocation will be based on pupil data from the January 2014 Schools Census as well as planning assumptions that (i) 87% of newly eligible pupils will take meals, and (ii) those pupils will take 190 school meals in the course of a full academic year. This provisional allocation will be revised later in the academic year based on actual take-up data derived from an average of the October 2014 and January 2015 Schools Censuses, and the payment for the third term of the 2014 to 2015 academic year will be adjusted accordingly.

Schools with an actual take-up rate above the assumed take-up rate of 87% will have an increased payment in the third term, whilst those below this take up rate will have it adjusted downwards. Those schools with low levels of take-up may in fact receive no extra payment in the third term.

The exact allocation methodology for the 2015 to 2016 academic year will be confirmed by the DFE in due course. The Government's policy beyond the 2015 to 2016 financial year will be considered as part of the next Spending Review, along with all other government expenditure.

The DFE are expected to provide detailed terms and conditions and further advice on issues such as closing schools and the year-end accounting treatment for an academic year grant.

The basis on which pupil premium funding is calculated will not be affected by the introduction of UFSM. However it is acknowledged that the introduction of a universal free school meal offer may compromise the registration of Pupil Premium. As a result local authorities have lobbied the DFE and they are expected to introduce a standard form for parents to complete to enable “eligibility” for pupil premium to be determined.

5. Capital Funding

As noted above the Government has allocated £150 million in capital to facilitate the implementation of the Universal Free School Meal offer for key stage one. Lewisham’s allocation is £837k. Of this, £664k relates to maintained schools and the remaining £173k is for voluntary aided schools. It is acknowledged that this is not a large sum of money, so its likely funding will be utilised to purchase equipment rather than any extensive capital improvements to kitchen or dining facilities

However, since the announcement in September 2013 the Council have been considering the implications with our catering contractor Chartwells and seeking good practice through networking with other boroughs, such as Southwark, who have already implemented a universal free school meal offer.

In order to harness the full potential of this scheme and ensure our schools are prepared for the September 2014 commencement, the Council has procured the services of the Health Education Partnership who advised and supported Southwark Council with the implementation of their universal free school meal offer. The scope of their commission includes an audit of our school kitchens, dining facilities and management approach of each school with a view to recommending investment and management practices in order to implement the service effectively.

The preparation for this commission has commenced with Chartwells having met with a number of schools already, in order to obtain baseline information. However further requests for more detailed information maybe made in the next few weeks. It is hoped the final report and recommendations will be completed by mid March in order that we can share the findings in April and plan to implement recommendations, procure works and/or equipment where identified, during the May half term or Summer Holidays, thus ensuring we are prepared for the Autumn term.

6. Impact of funding government grant being set at £2.30.

For those schools within the current contract operated by Chartwells it will mean schools will see a reduction in the charge per meal for catering provision. Although the information on meals for reception and Key stage 1 children is not currently collected, we estimate the following position will exist in the coming September.

Total Meals In Reception And Key Stage 1

Total Potential Meals	1,551,000
Current Free Meals	386,000
Bought Meals	664,000
Packed Lunch Or No Meal	451,000

The charge for a school meal is currently £1.80 instead of this £2.30 will be received. This provides an increase in income of 0.50p per meal for schools for this age group. In total this amounts to an extra £332,000 (664,000 meals per above table multiplied by 0.50p).

The net charge for a meal to a school is £1.50 the extra income will reduce this to £1.40.

Under the guidance it appears that for those schools within the contract, the £2.30 will have to be passed to them but a subsequent charge will return this to the Local Authority to be applied against the contract cost. (If the regulations allows we propose to offset the income against the contract without passing it through the schools account).

For those schools not in the central catering contract the full £2.30 will be passed to them.

Some schools may find that there are other increased costs which will offset the reduced charge. For example, there may be a need for extra meal time assistants time or rent for extra dinning room space.

7. School Meals price increase

Over the past few years a policy of increasing school meal prices has been adopted. It is planned to increase these again from May 2014 by 10p. This will bring the cost of a primary school meal to £1.90.

Due to the UFSM offer this will only apply to children in Key stage 2 and above.

In making this proposal, consideration has been giving to benchmarking the cost of meals with other Local Authorities in London. This shows that we still have one of the lowest charges, despite the recent increases.

Discussions have taken place with the catering contractors. As with any price increase there is a potential to reduce the demand for meals taken. While a price increase should increase income, overall it can have a negligible or even an detrimental impact on income levels. The contractors believe that there will not be a material drop off in demand until the price goes above the £2.00 barrier.

8. Conclusion

The Universal Free Schools Meals initiative is welcome, however there are still some practical problems with its introduction to overcome. It is hoped future guidance will clarify the exact mechanics of how the funding will work.

Dave Richards

Group Finance Manager – Children and Young People

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Agenda Item 5

Schools Forum
20 March 2014
Item 5

Budget Monitoring Report

1. Purpose of the Report

- 1.1 This report provides Forum with information on the budget monitoring position of the central budgets within the Dedicated Schools Grant at the end of January and the schools' budget monitoring returns at the end of December 2013.

2. Recommendation

- 1) That Forum note the report.
- 2) That Forum agree to transfer the new funding of £362k for the delivery of the 2 year old entitlement to the early years block.

3. Dedicated Schools Grant (DSG)

- 3.1 The current budget is as follows

	Gross Expenditure	Govt Grants	Other Income	Internal Income	Net Budget
	£'000	£'000	£'000	£'000	£'000
Total funding allocated to schools	224,368	-224,368	0	0	0
Central expenditure on education of children under 5s	17,068	-13,507	-381	-114	3,066
Provision for pupils with SEN (including assigned resources)	12,417	-20,439	0	0	-8,022
Education out of school	1,502	0	0	-60	1,442
Capital Expenditure from Revenue (CERA) (Schools)	36,908	-24,174	-1,378	-5,999	5,357
School-specific contingencies	4,219	-9,639	0	-1,633	-7,053
Other	5,031	0	0	-1,147	3,884
Academy Recoupment	-6,189	6,189	0	0	0
Total	295,324	-285,938	-1,759	-8,953	-1,326

- 3.2 The government grants shown in table under 3.1 total £285.9m. The difference between this and the total dedicated school grant is shown below

	£m	£m
Dedicated Schools Grant		250.4
Less Academy Recoupment		6.2
DSG after recoupment		244.2
Additional Grants		
Post 16 funding	6.6	
Pupil Premium	11.0	
Private Finance Initiative*	24.2	
Total		41.8
		286.0

* This funding will cover the unitary charges for the PFI / BSF Schools

- 3.3 Additional funding was notified to us on the 12 December 2013 to cover the delivery of the early years education entitlement for two-year olds and the expansion of school nurseries from 8am to 6pm (this is not included in the above tables). There was an additional £8million of funding made available to local authorities in London, Lewisham received £362k. Local authorities are being asked to ensure providers are making best use of capacity and attracting high quality providers to their area for early learning for two-year olds, which the Government announced earlier this year, and to expand overall provision for two, three and four-year olds.
- 3.4 It is proposed to add this funding to the early years block but the reality is that it will not be spent and be added to the carry forward on the DSG. This will allow it to be available for next year. It will be used to develop the Child Minder Support network.

4. Budget Pressures

- 4.1 Currently there are 104 fte pupils with SEN in independent provision. When the budget was set in December 2012 it provided for 86 fte pupils. The average cost of placements is £55k and the average cost of the most recent cases is £46k. There has been one pupil that changed setting, which is now costing an extra £195k.
- 4.2 Currently the charge for the Carbon Reduction Commitment (CRC) has exceeded the budget by £67k. This is levied by the Environment Agency. In 2014/15 schools will be exempted from the CRC.
- 4.3 These pressures can be met from the contingency funds built up by the Schools Forum over the past few years.

5 School Balances

- 5.1 As at 31 March 2013 balances held by schools were £15.7m in aggregate, £2.3m higher than the equivalent figure a year before. At this stage last year, schools forecasts indicated that their final outturn in total would be £12m; it turned out to be £15m. From the current returns and assuming that the schools who have not made a return will be forecasting a carry forward at a similar level to their budget plan, the total forecast shows a carry forward of £11m. This would indicate that at the end of the year the carry forward will be around £14m
- 5.2 There are two schools that are likely to have a licensed deficit this year; Trinity and Edmund Waller. The licensed deficit at Trinity was agreed by the Mayor and Cabinet on 4 December 2013. Work continues with Edmund Waller to secure a long term viable position. here is one primary school, Fairlawn, forecasting a deficit in their budget monitoring at the end of year. This is expected to be recovered next year.
- 5.3 Schools were due to return their December budget monitoring reports by the 31 January. At the time of writing this report there are 11 schools who have yet to make a return.
- 5.4 Some of the schools who had excess balances last year are reporting difficulties in bringing the balance below the capping limit. These are for good reasons for example, contractors have not been able to undertake building works as the ground has been saturated with rainwater and some schools' negotiations with contractors have not been concluded. It is proposed once the final carry forwards are known a report will be brought to the May meeting of the forum to discuss the individual school's circumstances.

6. Schools Financial Value Standard

- 6.1 From April 2012 onwards, all LA maintained schools need to complete the SFVS by 31 March of each year, unless they met one of the reasons for exemption listed below:
- i. School has opened in this financial year
 - ii. School has closed in this financial year
 - iii. School will be closing by 1 September 2013
 - iv. School suffered fire/flood/natural disaster in this financial year
 - v. School has been issued with an Academy order
 - vi. Schools have merged in this financial year or entered into a hard federation with a new governing body
 - vii Financial delegation has been withdrawn/suspended in this financial year
 - viii. Governing body has been suspended and so cannot complete the SFVS in this financial year.

- 6.2 The Local Authority have to provide a return to the Department for Education by the 31 May each year, detailing the number of schools that have not met or not completed the School Financial Value Standard.
- 6.3 Last year despite a number of reminders, there were 13 schools that did not undertake the standard or failed to notify us by the deadline. This was challenged by the DFE who asked what steps we took taken to help and remind schools to complete the necessary questionnaires.
- 6.4 Whilst the deadline for the return to the DfE is not until the 31 May 2014, school governing bodies should ensure the standard is returned by 31 March. Currently we only have returns from 22 schools, which represent around 25% of our schools. Reminders have been sent to schools and clerks to governors have been encouraged to make sure that the standard is complete
- 6.5 Forum members are asked to remind all the bodies they represent that the SFVS should be completed

7. Mutual Funds

- 7.1 The Schools Forum has a number of mutual funds that it manages on behalf of schools. At the end of the year, any balances are returned to schools or rolled forward to the next year. The current position of the funds is described below.

Fund	Budget	Spent or committed to date	Balance
	£000	£000	£000
Growth Fund	2,161	2,291	-130
Contingency	1,222	89	1,133
Maternity Fund	823	684	139

7.2 Growth Fund

Currently a total of £2,291k of the growth fund has been allocated to schools.

The expenditure to date covers

- bulge classes in 15 schools (with schools taking between 15 and 60 additional places),
- permanent expansions in 14 schools (some new, some continuing) and
- continuing funding for resources in 45 schools (funding is paid each year as the new places move through the school).

7.3 Contingency

No further bids have been made since the last meeting of the Forum.

7.4 Maternity Fund

The Non-Sickness Supply scheme operated by the Schools HR team has paid out £327k of claims for the Summer Term and £188k for the Autumn Term. This Autumn Term amount indicates a lower level of spend for the year than previously reported, with a potential underspend of £139k. It is possible that the lower Autumn Term figure is the result of claims not being submitted, which could lead to Spring Term expenditure that returns the spend figure to the budget level of £823k. The Spring Term claims are not processed until the end of term.

7.5 Special schools, who are not able to de-delegate collectively via Schools Forum, have all bought back into the scheme.

7.6 The claims for the year so far breakdown as shown in the table below.

Phase	Claim Type	Number	Amount	Average
Primary	Adoption	1	£2k	£2k
	Jury Service	1	£1k	£1k
	Maternity	47	£309k	£7k
	Paternity	5	£8k	£2k
	Suspension	6	£37k	£6k
		60	£357k	£6k
Secondary*	Jury Service	5	£5k	£1k
	Maternity	13	£100k	£8k
	Paternity	8	£12k	£2k
	Suspension	3	£9k	£3k
		29	£126k	£4k
Special	Maternity	4	£32k	£8k
		4	£32k	£8k
		93	£515k	£6

* includes all-through schools

8 Conclusion

The budget monitoring position looks on the surface to be satisfactory but is not. There are undoubted pressures in the high needs pupils costs. While we have been setting aside resources over the last few years, this has only bought us time; the critical point when these funds are no longer available is fast approaching. At the last Forum we agreed to reduce the matrix funding next year but there the budget

pressures will still continue to grow as the pupil numbers across the authority increase. It is important the High Needs sub-group continue their work if the Dedicated Schools Grant is to balance in the future.

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Budget 2014/15

1. Purpose Of This Report

The purpose of this report is to update Forum members on the Dedicated Schools Grant settlement, to look at the outstanding issues and to consider the impact on the Schools Budget of the latest financial decisions. The paper also considers the capital allocations announcements.

2. Recommendations

The Forum

1. Agree that the data used by the DFE in error should continue to be used.
2. Note the intention to use of £200k in the early years block to support the early intervention in the Better Start Lottery bid.
3. Agree the support for LeSoCo of £50k for Key Stage 4 pupils educated by the college under the local commercial agreement.

3. Schools Block

- 3.1 On 18 December 2013 the Education Funding Agency (EFA) announced details of the Schools Revenue Funding Settlement for 2014 to 2015. The High Needs Block allocations announced were provisional and the actual High Needs block allocation has now been provided on the day of publication of these paper. The details of the announcement will be provided at the meeting. The Early Years block will be adjusted for pupil numbers as they become known during the year.
- 3.2 It was expected that a consultation on the new national funding formula would be received at the same time as the settlement but this has not happened.
- 3.3 The settlement details are as follows

	Per Pupil Rate £	£m
Schools block (£million)	5950.43	201.464
Early years block (£million)	5814.37	16.984
High needs block		42.379
Total additions and deductions *		6.780
Total DSG allocation		267.607

*This mainly relates to the funding of 2 years old.

3.4 The schools budget is allocated in the following way

SCHOOLS BUDGET	£'000
Individual Schools Budget	191,472
De-Delegated Items	
Contingencies *1	2,788
Support To UPEG And Bilingual Learners	160
Free School Meals Eligibility	26
Non-Sickness Supply Cover	831
Central Provision Within Schools Budget	
Contribution To Combined Budgets *2	903
School Admissions	604
Servicing Of Schools Forums	78
Capital Expenditure From Revenue (CERA) *3	4,086
Pupil Growth/ Infant Class Sizes	1,740
TOTAL	202,688

*1 Contingencies includes the Former Standards Funds Collaborative Budget (£1.5m), which is passed to schools via their Collaboratives.

*2 This contribution relates to funds passed to New Woodlands for the outreach service and funding for partnership development.

*3 The CERA budget covers support to the Schools Asset Management programme (£1.2m), Group Schools PFI contribution (£0.7m), BSF Programme contribution (£0.7m), Capital projects support (£0.8m) and maintenance contribution (£0.7m).

3.5 Broadly the settlement was in line with expectations and the schools budget were issued with the funding rates fixed at the same level as the 2013/14 funding rates. The was as agreed at the Schools Forum meeting on 12 December 2013.

4. Notification of School budgets

4.1 The DFE were notified of schools indicative budgets by the set date 21 January 2014. The DFE asked for clarification regarding the terms of reference for the growth fund but were otherwise satisfied with the information provided. Schools received their indicative budgets on February 4th

4.2 The final submission of the budgets were published on 28 February 2014. The budget are not fixed of course. The early years funding is based on an estimate of children and will change to actual numbers and funding will change for statement children if the leave or join the school.

5. Education Funding Agency data

5.1 All Local Authorities are obliged to use the data provided by the Education Funding Agency(EFA). The dataset released to authorities

on secondary prior attainment included teacher assessment scores on English reading as well as for English writing. This is different from the regulations, which state that only test scores for English reading should be used. To ensure that local authorities are fully compliant with the regulations in calculating school budgets, Ministers agreed to issue a general disapplication to this regulation so that the teacher assessment scores for this measure can be used. In the allocations to our schools we used the data as supplied. The DFE believe that any changes are immaterial but we do not have access to the corrected data to model it.

- 5.2 Schools with Post 16 provision have also found that there has been a number of errors with their students numbers as notified by the EFA. It is important that schools careful check the 6th form data they receive from the EFA.

6. Big Lottery – Fulfilling Lives : A Better Start bid

- 6.1 A bid is being made to the Big Lottery which if successful, could mean extra funding of between £30 - £50million over the next 10 years. The bid is led by the Children’s Society supported by the Council and CYP partners
- 6.2 To be successful it needs to be demonstrated that we will make a step change in outcomes for 0-3 year olds and their families with a commensurate reduction in the need for reactive or remedial interventions from statutory organisations specifically in the areas of:
- Diet and nutrition
 - Speech and communication
 - Social and emotional wellbeing
- 6.3 Lewisham’s bid is through to the final 15 local authorities. It proposes intensive activity in four wards: Bellingham, Downham, Evelyn and New Cross. With these activities extending across the Lewisham area later in the project. It has the potential to provide schools with savings in the long term. As part of the bid, Lewisham and it partners had to demonstrate their willingness to contribute an extra £2m over the 10 year life the project to the proposed intervention packages. It was agreed under the authority of the chair to offer £200k out of the Early Years block to support the bid. This will only happen if the bid is successful.

7. Education Services Grant (ESG)

There are a range of activities that LAs are required to do, some of which are regulatory and some of which you could not reasonably

expect a school to pay for from their budget. The following are examples

- Attendance and Welfare prosecutions;
- School budget and quarterly monitoring returns;
- Strategic leadership of the LA;
- Co-ordination of school and staff census returns;
- Schools Asset Management Planning;

These LA responsibilities are funded through the Education Services Grant. Lewisham receives £113 per pupil or £4.2m in total. The funding is not ring-fenced.

8. One Off Payment Of £250 To Staff

The current position on the national pay award (for NJC staff) is still uncertain. In the past two years the Mayor of Lewisham has agreed that a one off payment of £250 should be made to staff earning less than £21,000. This matched the past commitment to do this by central government to all public sector workers. However Local Government Staff were excluded from this as their pay negotiation body was different. The Mayor has indicated that he is minded to make the payment again this year to staff who are in the service as at 1 April 2014. The funding for this will be provided by the council.

9. Year 10 And 11 Transfer To Colleges

Under a Local Commercial Agreement and strategic partnership with LeSoCo a number of Key Stage 4 learners are being educated full time by the college. These learners are some of Lewisham's most vulnerable who are struggling to remain in mainstream education. The programme at LeSoCo is designed to support the learners and ensure appropriate progression at post-16.

Currently there are 40 students, most of them are Year 11 students but 10 are Year 10 learners. If these pupils were in school, they would be included in the census and funding for them would be included in the schools block of the DSG. However, whilst at the college these pupils are not included on a school roll and will consequently not be funded in the schools block. In order to fund these learners at the college, it is proposed take the funding from the high needs block. It is estimated that this will be £50k.

10. Capital Funding

10.1 Devolved Formula Capital And Maintenance Allocations

The Department for Education have confirmed the devolved formula funding rates. They are as follows

	Per Pupil	Lump Sum
Nursery / Primary	£11.25	£4,000
Secondary	£16.88	£4,000
Special	£33.75	£4,000

10.2 The total allocation available to Lewisham schools is £800k exactly. The overall maintenance budget is split across various sectors using weighted pupil numbers, in a similar fashion to the Devolved Formula Capital. Maintenance is calculated for academies, non-maintained special schools, sixth form colleges and independent specialist providers and allocated as separate budgets. The remaining budget for maintenance is then allocated to local authority and VA schools.

10.3 The allocation for each local authority and VA school is based on the relative proportion of DFC paid to the schools in the respective local authority. For example, if a local authority receives 1% of the national DFC budget, then it will receive 1% of the maintenance budget. The proportions of the local authority and voluntary aided pots are adjusted using a location factor to reflect the relative costs of building in different regions across the country. The allocation also includes a lower weighting for schools which have been modernised, as reported in the Schools Building Survey in October 2011.

Devolved Formula Capital		Maintenance		Total
Local Authority	Voluntary Aided	Local Authority	Voluntary Aided	
£'000	£'000	£'000	£'000	£'000
590	210	3,090	1,082	4,972

10.4 Basic Need

The basic need allocation supports the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies, and by establishing new schools.

10.5 Nationally £1.6bn was allocated to local authorities for the financial years 2013 to 2014 and 2014 to 2015. The DFE then provided an extra £800m allocation for the second of these two years which has now been confirmed.

- 10.6 A further amount of £2.35bn is available nationally for 2015 to 2016 and 2016 to 2017 financial years, split £1.1bn in the first year and £1.25bn in the second. The DFE has set aside top slices of £100 million and £200 million, in order to be able to provide additional funding to local authorities which face significant and unexpected increases to pupil numbers during these years (or other exceptional and unexpected circumstances), leaving £2.05b to be allocated to local authorities for the two years.
- 10.7 As with the 2013-15 allocations, the DFE have allocated the funds using planning area data. The funding to support the capital works to Kitchens to ensure there is sufficient capacity to deliver the universal free school meals offer has also been notified.

Year	Basic Need	Universal Free Meals	
	Basic Need	Local Authority	Voluntary Aided
	£'000	£'000	£'000
2014-15	9,777	664	173
2015-16	8,917	Not yet announced	
2016-17	9,363		
Total	28,057	664	173

- 10.8 The most recent update (January 2014) indicates that the demand for places will remain high and measures continue to be required to increase the supply of places through a mixture of permanent and temporary enlargements tailored to meet the needs of each area. Overall figures are set out in the following table.

Year	Planned Admission Number	Forecast Reception demand	Shortfall
2014/15	3634	3930	296 (10FE)
2015/16	3724	3915	191 (6.5 FE)
2016/17	3754	3863	109 (3.5FE)
2017/18	3754	3964	210 (7FE)

- 10.9 Overall, with the new announcements, and allowing for existing approvals for September 2014 and September 2015 projects, there is £28m to cover future primary and secondary place demands which are currently projected at £55m to September 2016.
- 10.10 For completeness the following table summarises the additional places that have been opened since 2008:

Year	Permanent Places opened	Temporary Places opened
2008/09		60 (2FE)
2009/10		255 (8.5FE)
2010/11		555 (18.5FE)
2011/12		564 (19FE)
2012/13	180 (6FE)	564 (19FE)
2013/14	90 (3FE)	375 (12.5FE)

10.11 The DFE have also announced the capital funding available for 2014-15 to address 16-19 demographic needs through the Demographic Growth Capital Fund. We have been allocated £938k for the expansion of Drumbeat post 16 provision.

10.12 Funding has been obtained through the Priority School Building programme to rebuild and enlarge Sir Francis Drake from one form of entry to two. The scheme is now to be delivered without a PFI. The Education Funding Agency will project manage the procurement and construction of the building but requires the LA to undertake the statutory process to enlarge the school.

11. Conclusion

There are still a number of issues to be resolved around the Dedicated Schools Grant before the final figures are known. There are no new risks that have come to our attention since the Forum set the budget last month but of course the high needs budget and the capital allocations still are areas of concern.

1. Purpose Of This Report

To enable members to consider the proposed re-profiling of cash advances to schools from 2014/15 onwards.

2. Recommendations

That Forum agree to the re-profiling of cash advances to schools such that the majority of a school's cash requirements are advanced in the April cash advance.

3. Current Cash Advance Method

At present there are four scheduled cash advances at the start of April, July, October and January. At each of these points, schools receive an amount that raises their bank balance to a level that equals a quarter of the previous year's expenditure from their bank account, plus a safety margin of 50% (25% for salary expenditure from the bank account).

Schools are able to request additional advances where they feel that their bank balance is not sufficient to cover the spend that they will be making. In the 2013/14 financial year, additional advances have been made on eight occasions.

4. Proposed Change To Method

The aim of the method will still be to ensure that schools have sufficient cash to cover the expenditure from their bank account.

The intention of the revised process is to reduce the total number of cash advances (both scheduled and ad hoc) by providing more cash at the start of the year.

The April 2014 cash advance would be equivalent to the level of spend from the school's bank account in the whole of the 2013/14 financial year.

The bank balances would be investigated in January 2015, taking into account spend patterns in the new year as well as the potential spending of school balances, and any additional advances required would be made. The intention would be to provide sufficient cash to cover all schools until the April 2015 cash advance.

Schools would still have a responsibility for managing their cash flow and would still be able to request additional cash advances to cover projected shortfalls. Although the need for such advances is not anticipated, cash flow monitoring remains important as it is illegal for schools to be overdrawn.

Scheme Of Delegation & Schools Finance Manual

1. Purpose Of This Report

To enable members to consider the directed revisions to the Scheme Of Delegation published by the DfE and the proposed changes to purchasing thresholds in the Schools Finance Manual

2. Recommendations

The Forum

1. Agree to adopt the directed changes to the Scheme Of Delegation published by the DfE
2. Agree to raise the purchasing thresholds which determine both the number of quotes a school must obtain and when a tender process is required as follows-

Required For Best Value	Proposed
No Quotes Required	£0 – £10,000
3 Quotes Required	£10,001 - £25,000
4 Quotes Required	£25,001 – £50,000
Tender	£50,001 – £100,000
Tender With LA Approval	over £100,000

3. Scheme Of Delegation

The DfE publishes statutory guidance containing directed changes to Local Authorities' Schemes Of Delegation on an ad hoc basis. The Scheme of Delegation governs the relationship between the LA and it's maintained schools. There are a number of changes that it is required that we now make as a consequence of such publications.

There are numerous changes to the guidance, many of which merely change references to dates, or only amend the guidance not what is required in the scheme, or make changes already covered in the Lewisham scheme (e.g. SFVS replacing FMSIS) or simply do not apply to Lewisham (e.g. rules that apply where catering funding is not delegated).

These changes will not be included in this paper, however a copy of the amended Scheme Of Delegation with changes highlighted forms an Appendix to this report.

The most noteworthy amendments are as follows (underlined wording denotes the change) -

Scheme Of Delegation & Schools Finance Manual

- 1.4 Only forum members representing maintained schools have a role in approval of scheme changes
- 2.13 Schools can spend their budgets on pupils who are on the roll of other maintained schools including academies
- 6.2.15 The LA can Charge costs to a school's budget where support has not been made for a low need or high need SEN pupil
- 2.17 Insertion of duty to maintain robust anti-fraud measures
- 2.4 Insertion of duty to seek efficiency and value for money
- 1.2.1 Inclusion of PRU's in remit of Scheme
- 11.7 Removal of LA options regarding delegation to new schools

These amendments are all directed by the Secretary of State and as such have not been subject to change by Lewisham officers.

4. Schools Finance Manual

The Schools Finance Manual contains thresholds which determine whether schools need to obtain quotes before completing a purchase, how many quotes should be obtained and whether a tender is required.

These thresholds have been in place for some time and the wisdom of these levels has been questioned by schools, internal audit staff and the LA procurement team.

Schools report difficulties in getting contractors to provide quotes as the charge for the work is not sufficient to justify their submitting a quote, especially when they may not get the work at all. This is reducing the pool of potential suppliers and actually working against best value.

Schools also report that the amount of staff time required is not justified by the level of risk that these small amounts pose.

The table below shows both the current and the proposed thresholds and the steps that schools should be taking with regard to the purchase value ranges.

Quotes/Tender Requirement	Current	Proposed
No Quotes Required	£0 – £2,999	£0 – £10,000
3 Quotes Required	£3,000 - £5,000	£10,001 - £25,000
4 Quotes Required	£5,001 – £10,000	£25,001 – £50,000
Tender	£10,000 – £100,000	£50,001 – £100,000
Tender With LA Approval	over £100,000	over £100,000

It is believed that these revised thresholds will mean that school staff time is only invested in best value practices where the potential gain is greater than the cost and that the pool of potential suppliers will increase as suppliers re-

Scheme Of Delegation & Schools Finance Manual

enter the school market, without any significant increase in the risk of schools not obtaining best value.

The Contracts and Purchasing chapter of the Schools Finance Manual is included as an appendix to this report, with the necessary amendments highlighted.

THE FUNDING FRAMEWORK

SCHEME OF DELEGATION TO SCHOOLS

LONDON BOROUGH OF LEWISHAM

Effective from 1 April 2014



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THE OUTLINE SCHEME

SECTION 1: INTRODUCTION

1.1 The Funding Framework

The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998.

Under this legislation, Local Authorities determine for themselves the size of their Schools Budget and their non-schools education budget- although at a minimum the full amount of the Dedicated Schools Grant must be appropriated to the schools budget.

The categories of expenditure that 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.

The LA may retain funding for certain purposes¹. The amounts to be retained centrally are decided by the LA 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 Local School Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB).

Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

LAs must distribute amounts from their 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 concerned².

The Act³ requires the financial controls within which delegation works to be set out in a scheme made by the LA and approved by the Schools Forum. All revisions to the scheme must also 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.. This document forms the required scheme for this LA

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

¹ These purposes are defined in regulations made by the Secretary of State under s.45A of the School Standards and Framework Act 1998.

² 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 School Standards and Framework Act 1998 Act.

³ S.48 of the School Standards and Framework Act 1998.

additional purposes prescribed by the Secretary of State⁴.

An LA may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.⁵

The LA 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 LA must publish a statement showing outturn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements and for schemes are set out in directions issued by the Secretary of State, but each school must have access to each year's budget and out-turn statements so far as they relate to that school or central expenditure.

Regulations also require a local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.2 The role of the scheme

This scheme sets out the financial relationship between the LA and the maintained schools which it funds. It contains requirements relating to financial management and associated issues, which are binding on both the LA and on the schools.

1.2.1 Application of the scheme to the LA and maintained schools

From 1 April 2007 this scheme applies to all community, nursery, voluntary, foundation (including trust), community special and foundation special schools (including trust) and PRU's maintained by the LA. (as listed in Annex A). The scheme will also apply to any new maintained schools which open after 1 April 2007.

1.3 Publication of the scheme

The LA will publish the scheme and any amendments to it in a manner they determine appropriate.

⁴ In regulations made under s.50 of the School Standards and Framework Act 1998. 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.

⁵ A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998).

1.4 Revision of the scheme

Any proposed revisions to the scheme will be the subject of consultation with the Schools Forum for approval by those forum members representing maintained schools.

1.5 Delegation of powers to the Headteacher

Subject to the requirement that the first formal budget plan of each financial year must be approved by the Governing Body or a committee of the Governing Body, each Governing body is asked to consider the extent to which it wishes to delegate its financial powers to the Headteacher, and to record its decision (and any revisions) in the minutes of the Governing Body.

The LA has no wish to impose uniformity on schools but considers that the following level of delegation to Headteachers is desirable:

Governors adopt a scheme of delegation devolving defined responsibilities for day to day financial decisions to the Headteacher.

Any virement should either be authorised by the Head or Chair of Governors. It is recommended that all transfers valued at £1,000 or more are made by the Chair of Governors and any others by the Head. The Head however, must report to governors, if he/she makes a budget virement because the overall responsibility for managing the school's budget ultimately rests with the Governing Body.

Other guidance is included in the Schools Finance Manual.

1.6 Maintenance of Schools

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

SECTION 2: FINANCIAL CONTROLS & AUDIT

2.1.1 Application of financial controls to schools

In managing their delegated budgets schools must abide by the LA's requirements on financial controls and monitoring.

Certain of these are directly referred to in this scheme while others are included in the following documents already sent to schools as part of the existing LMS scheme:

Schools Finance Manual
Council's Standing Orders,
Council's Financial Regulations

As far as is possible schools will be given freedom to exercise choice which is compatible with exercising management autonomy over their budgets. Lewisham will seek only to impose regulations which are consistent with the need for accountability and control over expenditure of public funds.

The Council's Standing Orders, financial regulations and financial procedures ensure the control of expenditure within a framework of devolved management and fully delegated budgets. The School Finance Manual sets out detailed guidance for schools in all financial matters and will be updated as necessary.

Schools will be required to

- a) ensure that there are appropriate controls in place authorising expenditure and obtaining value for money,
- b) maintain accurate records of all income and expenditure transactions,
- c) provide the LA with copies of accounts, records, information and other relevant documents as required (this includes provision of information to Internal and External Audit, HM Revenue and Customs, etc).

Under Section 151 of the Local Government Act 1972, the Executive Director for Resources is responsible for the probity and regularity of Lewisham's financial activities. The Head of Resources has authority to act on their behalf in most instances relating to the financial affairs of the Directorate of Children and Young People. The Head of Resources will have the right to intervene in the financial affairs of schools where there are concerns about compliance with financial regulations or other guidance set out in the Schools Finance Manual.

2.1.2 Provision of financial information and reports

Schools are required to provide the LA with details of forecast and actual expenditure and income, in a form and at times determined by the LA. During each year, schools will be required to submit financial and other returns to the LA on a regular basis (e.g. monthly, termly or annually) as set out in the Schools Finance Manual.

2.1.3 Payment of salaries; payment of bills

The procedures for these will vary according to the choices schools make about the holding of bank accounts and the buying back of the LA's payroll system.

The procedures which apply to the different choices made by schools are as set out in the following documents:

- Schools Finance Manual
- Personnel Guide for Schools
- Guidance for Schools on Personnel and Payroll Documentation

2.1.4 Control of assets

Each school must maintain an inventory of its moveable non-capital assets, in a form determined by the LA, and setting out the basic authorisation procedures for disposal of assets.

The format of the required inventory for such assets with a value in excess of £1,000 and the basic authorisation procedures for disposal of assets is as set out in the Schools Finance Manual.

The format of the required inventory for such assets with a value of £1,000 or less shall be determined by the school.

2.1.5 Accounting Policies (including year-end procedures)

Schools must abide by procedures issued by the LA in relation to accounting policies and year-end procedures. These procedures are as set out in the Schools Finance Manual.

2.1.6 Writing off of debts

Governing bodies are only authorised to write off debts up to a level stipulated by the Chief Finance Officer. It is proposed that this level is £1,000. In the case of larger debts the school must carry out the following procedure:

The school must consult with the Head of Resources for Children and Young People and provide sufficient details of the debt and background to it as may be requested, to allow a decision to be taken.

1) The Head of Resources for Children and Young People shall have the power to write off debts not exceeding £5,000.

2) The Executive Director for Resources shall have the power to write off of debts exceeding £5,000.

NB Any debt written off will be charged to the school's budget share if appropriate. All non-delegated debt to be written off shall not be charged to delegated budgets.

2.2 Basis of accounting

Reports and Accounts furnished to the LA must be on an accruals basis for year end returns.

2.3 Submission of budget plans

Each school is required to submit a budget plan to the LA by a date in late May or early June each year. The date will be notified to the schools when the level of the budget is determined by the LA .

The budget plan must show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan.

When drawing up their budget plan, schools may take full account of estimated deficits/surpluses at the previous 31 March, or actuals where known.

The format of the budget plan should be as set out in the Schools Annual Budget Plan template which will be sent to schools with the annual notification of budget shares.

The LA may also require the submission of revised plans where the LA deems it necessary. Such revised plans shall not be required at intervals of less than three months.

The LA will supply schools with all school income and expenditure data which it holds and which is necessary to efficient planning by schools, and an annual statement detailing the times during the year when this information will be available.

2.3.1 Submission of Financial Forecasts

The LA will require schools to provide budgets for the years they have received funding. These budgets will be used by the LA in conjunction with its "balance control mechanism" (see 4.2), as well as used to identify potential deficits.

2.4 Efficiency and Value For Money

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

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

2.5 Virement

Schools are free to vire between budget heads in the expenditure of their budget shares as long as this does not impair the exercise of statutory duties. Governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required.

2.6 Audit: General

Schools are required to cooperate with, and provide access to all School records to, both auditors employed by the LA (internal audit) and auditors appointed to audit the LA itself (external audit).

In regard to internal audit, all schools come within the audit regime determined by the LA. Details of this are set out in the Schools Finance Manual.

In relation to external audit all schools come within the LA external audit.

2.7 Separate external audits

In instances where a school wishes to seek an additional source of assurance at its own expense, a Governing Body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process. Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also cooperate with the LA's internal and external auditors.

2.8 Audit of voluntary and private funds

In addition to the normal internal and external audits, schools must provide audit certificates in respect of any voluntary and private funds they hold and of the accounts

of any trading organisations controlled by the school.

The Consistent Financial Reporting framework requires that private funds under the control of the Governing Body be included.

The procedures for furnishing these audit certificates and advice on the handling of such voluntary and private funds is set out in the Schools Finance Manual

2.9 Register of business interests

The Governing Body of each school is required to establish a register which lists for each member of the Governing Body, the Headteacher and any staff with financial responsibilities any business interests they or any member of their immediate family have; to keep the register up to date with notification of changes and through annual review of entries, and to make the register available for inspection by governors, staff, parents and the LA.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the LA's financial regulations and standing orders in purchasing, tendering and contracting matters⁶. This should include a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures

2.11 Application of contracts to schools

Schools have the right to opt out of LA contracts.

2.12 Central funds and earmarking

The LA is authorised to make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares. Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used: and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the LA itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

Such earmarked funding from centrally retained funds is to be spent only on the

⁶However, any section of the LA's financial regulations and standing orders shall not apply if it requires 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 an approved list;
- to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.

purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share.

The LA may require earmarked funds to be returned to the LA if not spent within any period stipulated by the LA over which schools are allowed to use the funding.

In order that schools may demonstrate compliance with this requirement, procedures are set out in the Schools Finance Manual, together with guidance on specific schemes e.g. Literacy and Numeracy projects; National Grid for Learning.

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

2.13 Spending for the purposes of the school

Governing bodies are free⁷ to spend budget shares for the purposes of the school, subject to any provisions of this scheme. "Purposes of the school" includes spending on pupils at other maintained schools or academies and on community facilities.

2.14 Capital spending from budget shares

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises⁸.

If the expected capital expenditure from the budget share in any one year will exceed £15,000, the Governing Body must notify the LA and take into account any advice from the Executive Director for Children and Young People as to the merits of the proposed expenditure.

Where the premises are owned by the LA, or the school has voluntary controlled status, then the Governing Body shall seek the consent of the LA to the proposed works, however such consent can only be withheld on health and safety grounds

⁷ In accordance with s.50(3) of the School Standards and Framework Act 1998 (the SSAF Act 1998)

⁸ This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998.

2.15 Notice of Concern

Lewisham may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Chief Finance Officer and the Executive Director of Children and Young People, 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.

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

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee of the Governing Body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools;
- insisting on regular financial monitoring meetings at the school attended by LA officers;
- requiring a Governing Body to buy into the LA's finance SLA or any other recommended by the LA.
- requiring a Governing Body to buy into a LA's recommended financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

It should be noted that if a Notice of Concern is issued in relation to financial controls, this may affect the judgement of whether the School should be placed in LA category 4a (notice to improve)

2.16 Schools Financial Value Standard.

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

Governing bodies have formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors. Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors.

- The standard consists of questions which governing bodies should formally discuss annually with the head teacher and senior staff.
- The questions which form the standard are in sections A to D. Each question requires an answer of Yes, In Part, or No.
 - If the answer is Yes, the comments column can be used to indicate the main evidence on which the governing body based its answer.
 - If the answer is No or In Part, the column should contain a summary of the position and proposed remedial action.
- In Section E, governors should summarise remedial actions and the timetable for reporting back. Governors should ensure that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.
- The governing body may delegate the consideration of the questions to a finance or other relevant committee, but a detailed report should be provided to the full governing body and the chair of governors must sign the completed form.
- The school must send a copy of the signed standard to their local authority's finance department.
- There is no prescription of the level of evidence that the governing body should require. The important thing is that governors are confident about their responses.

2.17 Fraud

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

The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them and the

consequences of breaching those controls. This information must also be included in the induction for new school staff and governors.

SECTION 3: AVAILABILITY OF CASH FOR LOCAL EXPENDITURE; BANKING ARRANGEMENTS

3.1 Frequency of cash advances

The LA will make available to schools sufficient cash to cover their local expenditure (that amount of expenditure made from schools' bank accounts). Advances of cash will be considered and, where necessary, will be made into schools' bank accounts by the 18th of April and the 18th of January of each year.

3.2 Amount of cash advances

The amount of the cash advance will be calculated with the aim of providing sufficient cash to cover local expenditure and will be based primarily on the amount of local expenditure in the previous year, with increased regard given to the level of spend in the new year in the calculation of the January advance. Schools will receive the majority of their annual requirement in the April cash advance.

3.3 Ad hoc cash advances

Schools are not permitted credit without express permission from the Secretary of State. This includes overdrafts. All schools should be completing regular cash flow forecasts to assess whether their bank accounts contain sufficient cash to cover anticipated expenditure.

Any school which is forecasting that their school bank account will be overdrawn should contact the LA to request an additional cash advance. A cash flow forecast will be required.

3.4 Late cash advances

If a school incurs costs as a consequence of insufficient cash in its bank account that results from a late or erroneous cash advance, the LA shall meet those costs that it deems reasonable.

3.5 Bank and building society accounts

All schools may have an external bank account into which their budget share instalments (as determined by other provisions) are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account unless they choose to have an account within an LA contract which makes other provision.

New bank account arrangements may only be made with effect from the beginning of each financial year.

When a school opens an external bank account, the LA shall, upon request from the school, transfer immediately to the account an amount agreed by both school and LA as the estimated surplus balance held by the LA in respect of the schools budget share. This transfer is made on the basis that there shall be a subsequent correction when accounts for the relevant year are closed.

3.5.1 Restrictions on accounts

Accounts may only be held for the purpose of receiving budget share payments, at the following banks or building societies.

Santander UK plc (including Alliance and Leicester , Bradford and Bingley and Abbey National)
Lloyds (including TSB , Halifax, Cheltenham and Gloucester, Bank of Scotland, Scottish Widows)
Barclays (including Standard Life)
Co-operative (including Britannia Building Society, Smile and Unity Trust)
HSBC (including First Direct)
Royal Bank of Scotland (including National Westminster)

Any school closing an account used to receive its budget share and opening another must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list.

Schools having accounts with financial institutions other than those listed above prior to April 1st, 2007 are permitted to retain those accounts.

Schools are allowed to have accounts for budget share purposes which are in the name of the school rather than the LA⁹. However, the LA may require that the account mandate shows the LA to be the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended.

The LA will continue with the arrangements already negotiated whereby the accounts are in the name of the LA but specific to each school, for schools that wish to use such arrangements.

The LA may restrict the signatories for schools' bank accounts as per provisions in the Schools Finance Manual, however such approved signatories shall include at least LA employees and school employees.

The LA shall not restrict the use of direct debits or standing orders for a bank account operated by schools, except where the account is part of an LA contract.

3.6 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary

⁹ Money paid by the LA and held in such accounts remains LA property until spent (s.49(5) of the Act).

of State. See section 4.10 for the provisions for licensed deficits.

3.7 Other provisions

The LA has formulated separate detailed rules and guidance in respect of other aspects of banking arrangements which are included in the Schools Finance Manual.

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

4.1 The right to carry forward surplus balances

Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

4.2 Reporting on and control of the use of balances (Balance control mechanism)

The balance control mechanism will be used to enable schools to agree plans for surplus balances with the Authority or re-distribute funds to achieve this aim.

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2007:

- a. the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the revenue balance (excluding any ring fenced grants) as reported to each school in writing by the authority.
- b. the authority shall deduct from the calculated balance any amounts for which the school has an accrual which could not be included in the schools accounts.
- c. the authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes **agreed with the authority**. Amounts must not be retained beyond the agreed period without the consent of the authority. The authority must agree any changes to the assigned purpose. In doing so the authority will look at previous assignments and consider the needs of the school.

The Local Authority will only agree amounts for the following purposes unless exceptional circumstances occur

- Capital works.
- Savings made to make enhancements to new builds from the Building Schools for the Future programmes and Private Finance Initiatives.
- To cover funding shortfalls for future temporary drops in pupil numbers.
- Building up funds to dampen the effects of step increases in pupil numbers that occur in September but not funded until the next financial year.
- Single status.
- Holding the funds for joint schools collaboration project which run over more than one year.
- Accruals that should have taken place but it was not possible to action them in time for closing the accounts.
- Any administrative error in the accounts.

- d. if the result of steps a to c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, then the authority shall deduct from the current year's budget share an amount equal to the excess. This deduction will take place in a budget update in October of each year.

The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the Schools Budget of the authority.

If a school has excessive balance at the start of the year, provides plans to spend the sum, but still has an excess at the end of the year, this will be automatically capped. This is to be effective from 31st March 2010.

4.2.1 The right to appeal

There will be the right of appeal. An appeals panel of two School Forum members and the Executive Director for Children and Young People, or their representative will sit to consider appeals against the decision of School Forum. The decision of the appeals panel will be final.

In determining the deductions in 4.2 above the LA will expect to draw upon information in the School Improvement Plan, the asset management plan and any other planning documents that the School Forum might agree over time. The process will be undertaken jointly between Finance and School Improvement Officers.

4.2.2 Monitoring of approved plans

Schools will be required to provide progress reports on the planned use of the excess

balance. Schools may not vary the plan in terms of the use of funds or the agreed timetable without good and proper reason and the approval of the LA. If such approval is not given, the balance may be clawed back, subject to ratification by Schools Forum.

4.3 Interest on surplus balances

Balances held by the LA on behalf of schools will attract interest.

4.4 Obligation to carry forward deficit balances

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share (see also 4.10)

4.5 Planning for deficit budgets

Schools may only plan for a deficit budget in accordance with the terms of para 4.9 below.

4.6 Charging of interest on deficit balances

The LA shall charge interest on any unapproved deficit balances.

The basis of the calculation of interest shall be as follows:

- Deficit balance at start of year, multiplied by
- The rate of interest used by the LA in calculating the interest due to be paid will be interest rate given on schools' bank balances in credit + 1%.

4.7 Writing off deficits

The LA has no power to write off the deficit balance of any school.

4.8 Balances of closing and replacement schools

When a school closes, any balance (whether surplus or deficit) shall revert to the LA; it cannot be transferred as a balance to any other school, unless it is to convert to an Academy under the provisions of the Academies Act 2010 which requires the LA to pay over the schools surplus to the successor academy.

The LA may deduct any deficit balance from a closed school from any additional funding made available to a successor school, such as non-earmarked LA funding, but not from the ISB budget

4.9 Borrowing for agreed purposes

The general provision in para 3.6 above forbidding Governing bodies to borrow money

shall not apply to schemes run by the LA as set out in the following sections:

4.10 Licensed deficits

The LA will permit schools which have no deficit at 31 March 2007 to plan for a deficit budget in particular circumstances. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the LA on behalf of schools².

The detailed arrangements applying to this scheme are set in the "Licensed Deficit Scheme for Schools with Delegated Budgets" which is shown in Annex E.

NB The maximum proportion of the collective balances held by the LA which will be used to back the arrangement, shall not exceed 40%.

4.11 Innovation Fund

Background

The Innovation Fund seeks to change how major projects are implemented by allowing schools to incur the expenditure when a need is identified, then paying for the asset created. At present schools 'save up' for special projects and the impact is to create a high level of balances overall.

Schools may only borrow from the LA this is because any borrowing by a school counts as borrowing by the LA, which is regulated by government i.e. schools may not borrow independently from banks.

Scheme Overview

The Authority to operate a loan scheme for schools funded by the collective balances held by schools as per 4.9.

All schools maintained by the LA will be eligible to apply for a loan facility that can be for the:

- Purchase or replacement of equipment including computer equipment;
- Full or part funding of premises projects;
- Energy and environmental improvements;

The normal maximum loan will be up to 5% of the schools budget share, in 2008-09 terms this equates to £72,100 for an average primary school. However, subject to a detailed business plan, the Authority may approve a loan in excess of this limit, provided it is satisfied that the school can meet the ongoing commitment.

² although it is open to the LA, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant LA finance legislation.

It is generally assumed that the loans will be for expenditure that is capital in nature and will be between two and five years.

Equipment loans will normally be for a maximum period of three years. Only in exceptional cases will loans for equipment be extended to a maximum of five years.

Approval Arrangements

- Loans up to £100,000 will be approved by the Head of Resources, Children and Young People;
- Loans between £100,000 and £500,000 will be approved by the Executive Director, Children and Young People following consultation with the Schools Forum;
- Loans over £500,000 will be approved by the Mayor and Cabinet following consultation with the Schools Forum.

These arrangements are in line with those for the approval of licensed deficits.

- Loans will be advanced to the schools as revenue contingency budget allocations and repayments¹⁰ by deduction from budget share (after calculating minimum funding guarantee).
- Interest charges will be calculated at bank interest rate¹¹ + 1% upon commencement and will be fixed for the term of the loan and repayments will be calculated on a monthly basis.

There will be no charge for arranging the loan or for early repayment of the loan.

Loans to schools from the Innovation Fund will not exceed 20% of the collective balances held by schools of the total. In 2009/10 that would permit loans up to £1.8m to be made.

¹⁰ DfE rules do not allow Devolved Formula Capital (DFC) to be used to repay loans.

¹¹ The interest rate given on schools' bank balances in credit

SECTION 5: INCOME

Schools shall be able to retain income except in certain specified circumstances.

5.1 Income from lettings

Schools may retain income from lettings of the school premises which would otherwise accrue to the LA, subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share and that the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Schools whose premises are owned by the LA shall be required to have regard to directions issued by the LA as to the use of school premises as permitted under the School Standards and Framework Act 1998 for various categories of schools¹². Any such income should not be paid into a school's voluntary or private fund.

5.2 Income from fees and charges

Schools may retain income from fees and charges except where a service is provided by the LA from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the LA from time to time. A summary of the current policy is included in the Schools Finance Manual.

5.3 Income from fund-raising activities

Schools may retain income from fund-raising activities.

5.4 Income from the sale of assets

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it should be for the LA to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

5.5 Administrative procedures for the collection of income

Because of the potential VAT implications of providing services which lead to fees and charges, fund raising activities and the sale of assets, the LA has established

¹² The LA has limited powers to direct the use of Voluntary Aided schools premises, and no power to direct the use of Foundation Schools

administrative procedures for the collection of income which are set out in the Schools Finance Manual. These procedures shall apply only to income which accrues to the LA and may be varied from time to time in the light of advice from the VAT authorities.

5.6 Purposes for which income may be used

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

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The LA must charge the salaries of schools based staff to the budget share of a school at actual cost. Otherwise, the budget share of a school may be charged by the LA without the consent of the Governing Body only in circumstances set out in 6.2 below.

The LA shall consult a school as to the intention to so charge, and shall notify a school when it has been done.

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

The LA shall make arrangements for a disputes procedure for such charges.

6.1.1 Charging of salaries to schools budgets

The LA shall charge salaries to school budgets on the basis of actual cost.

6.2 Circumstances in which charges may be made

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

6.2.2 Other expenditure incurred to secure resignations where the school had not followed LA advice.

6.2.3 Awards by courts and industrial tribunals against the LA, or out of court settlements, arising from action or inaction by the Governing Body contrary to the LA's advice.

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 the required work.

6.2.5 Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has voluntary controlled status.

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

6.2.8 Recovery of penalties imposed on the LA by HM Revenue and Customs, Environment Agency, the Contributions Agency or Teachers Pensions as a result of school negligence.

6.2.9 Correction of LA errors in calculating charges to a budget share (e.g. pension deductions).

6.2.10 Additional transport costs incurred by the LA arising from decisions by the Governing Body on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs.

6.2.11 Legal costs which are incurred by the LA because the Governing Body did not accept the advice of the LA (see also section 11.4).

6.2.12 Costs of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not carried out.

6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.

6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the LA's compliance with its statutory obligations.

6.2.15 Costs incurred by the LA in securing provision specified in a statement of SEN 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 where the school has failed to return information required by the LA on time, or where the information has to be corrected.

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 LA or another school as a result of a schools withdrawal from a cluster arrangement into which they entered voluntarily; this is to remove disincentives to the employment of shared staff in clusters and partnerships. At present schools can agree to share the cost of a member of staff for, say, three years but one

school can then withdraw without notice putting extra costs on the school actually employing the member of staff.

6.2.20 Compensation for costs incurred by the LA if a school fails to pay a debt and which subsequently fall upon the LA to pay. This will include interest payments as per the Late Payment Of Commercial Debts Act 1998.

6.2.21 Sums outstanding for 30 days or more, where the school has entered into a service level agreement (SLA) with the LA, but has failed to pay an amount due under the SLA and has not disputed the payment through the relevant contracts dispute procedure; or has where the dispute procedure has held the school to be liable for a sum and it has not paid.

6.2.22 Sums outstanding for 30 days or more, where the school has entered into a contract managed by the LA, but has failed to pay an amount due under the contract and has not disputed the payment through the relevant contracts dispute procedure; or has where the dispute procedure has held the school to be liable for a sum and it has not paid.

6.2.23 Cost incurred by the LA in securing education outside of the school for a pupil where a school has not taken the advice of the Local Authority regarding the timely admission of a pupil including those with SEN.

6.2.24 Where the school has failed to notify the council of a change in circumstances of a member of staff and that this has resulted in an overpayment that is not recoverable the cost will be charged to the school. A debt recovery fee will also be charged if the employee has left the councils employment and a overpayment has been made.

6.2.25 Redundancy costs and support – see Annex E

6.3 Charges by schools to the LA

Losses incurred by a school where the LA has failed to provide a service agreed between the school and the LA on time and this causes a direct financial loss to the school, or where there is an error which has to be corrected which causes a direct financial loss to the school.

Examples of the circumstances which would be covered include:

- ❖ failure by the LA to arrange for payment of instalments of budget shares in accordance with the published timetable, causing a school to incur interest on an overdraft, but not failure by the bank to process such payments (in this case, redress should be sought from the bank). Compensation would cover the interest charge incurred.
- ❖ failure to stop payment of a salary by the payroll section, if the correct notification has been received by the payroll section before the published deadline and if

attempts to recover the overpayment of salary from the member of staff fail. It would not cover cases where the school had not sent in the correct notification, or where these were received after the published payroll deadline.

Only direct losses will be covered. Where a delay by the LA causes administrative inconvenience, or means that a deadline for return of information by a school is not achievable, that deadline should be extended.

Arrangements covering remedies and compensation for poor performance or non performance under service level agreements will be covered in those agreements. Where these overlap with this provision, only one compensation payment will be made.

Losses due to policy decisions by the LA will not be compensated.

SECTION 7: TAXATION

7.1 VALUE ADDED TAX

The LA has established procedures to enable schools to utilise the LA's ability to reclaim VAT on expenditure relating to non-business activity. These are set out in the Schools Finance Manual.

Amounts reclaimed through these procedures will be passed back to the school.

7.2 Payments to individuals claiming to be self-employed

Schools are required to abide by procedures issued by the LA in connection with payments to individuals claiming to be self-employed.

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

8.1: Provision of services from centrally retained budgets

The LA shall determine on what basis services from centrally retained funds (including those for premature retirement compensation and redundancy pay, but excluding centrally funded premises and liability insurance) will be provided to schools, but the LA is debarred from discriminating in its provision of services on the basis of categories of schools except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

8.2 Timescales for the provision of services bought back from the LA using delegated budgets

The term of any arrangement with a school starting on or after 1 April 2007 to buy services or facilities from the LA (excluding those dealing with centrally funded premises and liability insurance) shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services, or five and seven years respectively for contracts for supply of catering services.

Where a service is provided for which expenditure is not retainable centrally by the LA under the regulations made under section 45a of the Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

8.2.1 Packaging

The LA may provide any services for which funding has been delegated. But where the LA is offering the service on a buyback basis it must do so in a way which does not unreasonably restrict schools' freedom of choice among the services available.

8.3 Service level agreements

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

8.3.2 Services, if offered at all by the LA, shall be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements.

8.3.3 Service level agreements must be agreed one week before the beginning of a financial year to be effective for that financial year and schools shall have at least one month prior to the agreement date to consider the terms of the agreement.

8.4 Teachers' Pensions

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

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

A Governing Body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the 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 (A.V.C.'s) are passed to the LA within the time limit specified in the AVC scheme. The Governing Body shall meet any consequential costs from the school's budget share.

A Governing Body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the 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 LA within the time limit specified in the AVC scheme. The Governing Body shall meet any consequential costs from the school's budget share.

SECTION 9: PFI/PPP Clauses

The LA shall have the power to charge a school's budget share amounts agreed under a PFI/PPP agreement entered into by the Governing Body. Governing bodies will be asked to sign specific agreements for each PPP/PFI and these agreements will contain the contract terms, mechanisms for charging budget shares and other relevant details. Once agreements have been signed governing bodies will be bound by these and will be required to make contributions towards the cost of the contract.

SECTION 10: INSURANCE

If funds for insurance are delegated to any school, the LA may require the school to demonstrate that cover relevant to an LA's insurable interests, under a policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the LA if the LA makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets. Details of the minimum cover required will be circulated to schools and may be amended annually. When establishing the minimum cover required, the LA shall have regard to the actual risks which might reasonably be expected to arise at each individual school.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

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

11.2 Liability of governors

Because the Governing Body is a corporate body¹³, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

11.3 Governors' expenses

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

Only allowances in respect of purposes specified in regulations¹⁴ may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

11.4 Responsibility for legal costs

Legal costs incurred by the Governing Body, although the responsibility of the LA as part of the cost of maintaining the school - unless they relate to the statutory responsibility of aided school governors for buildings - may be charged to the school's budget share unless the Governing Body acts in accordance with the advice of the LA.

Where there is a conflict of interest between the LA and the Governing body, the Governing Body should seek their own independent legal advice. Governing bodies should be aware that the costs of such advice will be their responsibility.

¹³ and because of the terms of s.50(7) of the SSAF Act

¹⁴ schedule 11 of the School Standards and Framework Act 1998,

11.5 Health and Safety

Background

The Health & Safety at Work Act 1974 together with the specific supporting Regulations and associated Approved Codes of Practice, places overall responsibility for health & safety with the employer. Who the employer is, varies with the type of school i.e.:

- for community schools, voluntary controlled schools, pupil referral units and maintained nursery schools, the employer is usually the LA.
- for voluntary aided schools, foundation schools and independent schools the employer is usually the governing body.

Where relevant the governing body in all categories of school will also have health and safety responsibilities when exercising its role as the controller of school premises.

The Health & Safety Executive (HSE) is the organisation who enforces health & safety responsibilities imposed on LA's, School's and Governing Bodies. The HSE will usually take action against the employer for non-compliance but they may take action against employees who have failed to undertake their health & safety responsibilities.

Schools may take advice on health & safety from other bodies but must heed the advice and recommended policies of the LA.

Schools are also required to ensure, as far as is reasonably practical, that relevant Governors and staff attend appropriate health & safety training.

Health & Safety Responsibilities

The LA has delegated the responsibility for health & safety to schools: this includes the requirement for all schools to have a health & safety policy and associated protocols & practices in place & arrangements to implement this. The employer retains the ultimate responsibility for health & safety, and who the employer is, varies according to the school (see above).

In complying with its responsibilities and to assist governing bodies to comply with their responsibilities the LA will:

- undertake regular health and safety audits to confirm that these responsibilities are being undertaken.
- provide health & safety guidance
- provide training for various categories of staff on their health & safety responsibilities and in particular the roles & responsibilities of "Responsible, Nominated & Competent" persons within the meaning of the Act.

- direct schools to release staff for health & safety training as necessary, the cost of which can be recharged to schools.
- request Governing Bodies to supply financial & other information to ensure that the school is managing it's budget satisfactorily. This will include the use of both the school's Individual School Budget (ISB) and their Devolved Formula Capital (DFC) budget.
- require Governing Bodies to assess in advance the health & safety competence of contractors taking into account the LA's procurement policies.

Monitoring of Health & Safety responsibilities by the LA & financial implications for schools

The LA has a statutory duty to monitor robustly how schools are complying with their responsibilities & to take appropriate action where there is non compliance. This will include recharging schools the costs for health & safety work which have been delegated to them but which have not been undertaken eg: statutory maintenance costs; staff training. The LA can also withhold funds to cover the strategic management of health & safety ie: establishing policies; setting standards; providing competence at a strategic level; undertaking monitoring; reviewing policies & standards & advising schools.

Where the LA believes that the health & safety of anyone on-site or of anybody engaged on school activities off-site, is at risk, it will make a direction to the Governing Body & Head Teacher to remedy this as a matter of urgency.

Substantial or persistent non-compliance is a ground for suspending delegation, subject to the Governing Body's right of appeal.

LA intervention in Schools

The LA can & will give a warning notice to any school in its area where the safety (not health) of staff or pupils is threatened.

Reserve Power of Entry

LA's may need to obtain information in order to exercise their health & safety responsibilities & if necessary have a right of entry to any school maintained by them.

11.6 Right of attendance for Chief Finance Officer

Governing bodies are required to permit the Chief Finance Officer of the LA or any officer of the LA nominated by the Chief Finance Officer to attend meetings of the Governing Body at which any agenda items are relevant to the exercise of her or his responsibilities.

The Chief Finance Officer's attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine.

11.7 'Whistleblowing'

Persons working at a school or school governors who wish to complain about financial management or financial propriety at said school should consult the LA's whistleblowing policy contained in Annexe F.

11.8 Special Educational Needs

Schools should use their best endeavours in spending the budget share or any specific funding provided to secure the special educational needs of their pupils. Where collaborative funding is available for SEN provision, all schools must ensure that the funding is used in the most effective way for all pupils within the collaborative schools.

11.9 Child Protection

The LA acknowledges the need to release staff to attend child protection case conferences and other related events but shall not make specific payments to the schools to contribute towards the associated costs.

SECTION 12: COMMUNITY FACILITIES

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

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

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

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

12.2 The budget share of a school can be used to fund community facilities – either start-up costs or ongoing expenditure - or to meet deficits arising from such activities.

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

Consultation with the LA – Financial aspects

12.4 Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the LA, and have regard to advice given to them by their LA.

Schools should therefore adopt the following procedure before providing community facilities.

- a. Details of the proposal should be supplied to the LA. Which will include:
 - i. Nature of the facilities
 - ii. How they fit in with the extended schools agenda
 - iii. How they will benefit the pupils of the school or the community
 - iv. An income and expenditure statement indicating how the facilities will be funded.
- b. The school should allow 2 weeks for the LA to respond with any suggestions or comments before the facilities are adopted. In their response the LA will consider the benefits to the pupils/community and the financial viability of the facility.
- c. Schools should confirm the arrangements they have decided on following the advice given by the LA.

The LA may not charge the school for any advice given.

Funding Agreements - LA Powers

12.5. Schools must provide the LA with details of any third party funding agreements before they are signed. The LA must be given at least 2 weeks to comment on the agreement.

12.6 The LA does not have a right of veto over any such agreements. However if an agreement is signed against the wishes of the LA, which the LA considers is contrary to Financial standing orders or seriously prejudicial to the interests of the school or the LA, that may constitute grounds for suspension of the rights to a delegated budget.

Other Prohibitions, restrictions, and limitations

12.7. The LA may require that in the interests of the LA the Governing Body should carry out the facilities through a schools company or must obtain indemnity insurance. The LA will only impose this request if it considers that the project carries significant financial risk.

Supply of Financial Information

12.8 Where the LA has notified a school that they believe there is cause for concern with the schools management of the community facility, they may request detailed income and expenditure statements every three months. If necessary the LA may also request the submission of a recovery plan for the activity.

12.9 All income and expenditure on Community facility should be reported under the CFR Framework.

Audit

12.10 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.

12.11 Schools, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, must ensure that such agreements contain adequate provision for access by the LA 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.

Treatment of income and surpluses

12.12 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.

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

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

Health & Safety

12.15 The Health and Safety provision (11.5) is also applicable to Community Facilities.

12.16 Governing bodies will have responsibility for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies will be free to pass on such costs to a funding partner as part of an agreement with that partner.

Insurance

12.17 It is the responsibility of the Governing Body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance can not be funded from the school budget share. The school should seek the LA's advice before finalising any insurance arrangement for community facilities.

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

Taxation

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

12.20 Schools are reminded that if any 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 Inland Revenue rules.

Banking

12.21 Schools may maintain a separate bank account or use the schools main account for Community Facilities.

Where a separate bank account is used, transaction must be recorded under the CFR Framework and audited copies of the year end accounts must be submitted to the LA.

Where the schools main bank account is used separate identification of the Community Facilities funds from the Schools Budget share will be facilitated through the use of the CFR framework.

12.22 Restrictions on banking arrangements for Community Facilities are the same as

those for the schools main bank account (see section 3.5.1)

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

ANNEX A

LIST OF SCHOOLS TO WHICH THE SCHEME APPLIES

PRIMARY SCHOOLS

Adamsrill	Launcelot
All Saints	Lee Manor
Ashmead	Lucas Vale
Athelney	Marvels Lane
Baring	Myatt Garden
Brindishe Green	Our Lady & St Philip Neri
Brindishe Lee	Perrymount
Beecroft Garden	Rangefield
Childeric	Rathfern
Christchurch	Rushey Green
Coopers Lane	Sandhurst Infants
Dalmain	Sandhurst Junior
Deptford Park	Sir Francis Drake
Downderry	St. Augustine's
Edmund Waller	St. Bartholomew's
Elfrida	St. James Hatcham
Eliot Bank	St. John the Baptist
Fairlawn	St. Joseph's
Forster Park	St. Margaret's Lee C of E
Good Shepherd	St. Mary Magdalene's
Gordonbrock	St. Mary's
Grinling Gibbons	St. Michael's
Haseltine	St. Saviour's
Holbeach	St. Stephen's
Holy Cross	St. William of York
Holy Trinity	St. Winifred's Infants
Horniman	St. Winifred's Junior
John Ball	Stillness Infants
John Stainer	Stillness Junior
Kelvin Grove	Torridon Infants
Kender	Torridon Junior
Kilmorie	Turnham

SECONDARY SCHOOLS & ALL THROUGH SCHOOLS

Addey & Stanhope	Prendergast Hilly Fields
Bonus Pastor	Prendergast Ladywell Fields
Conisborough College	Prendergast Vale College
Deptford Green	Sedgehill
Forest Hill	Sydenham
	Trinity, Lewisham

SPECIAL SCHOOLS

Brent Knoll	New Woodlands
Drumbeat	Watergate
Greenvale	

NURSERY SCHOOLS

Chelwood	Clyde
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PUPIL REFERRAL UNIT

Abbey Manor College	
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ANNEX B

Deleted

ANNEX C

LICENSED DEFICIT SCHEME FOR SCHOOLS WITH DELEGATED BUDGETS

1 About the scheme

- 1.1 The licensed deficit scheme enables schools to apply to the LA for permission to end a financial year with a deficit, which will be eliminated in subsequent years. It is a way of carrying out works or making large purchases which some schools cannot fund out of their annual allocations and any budget surpluses they have set aside to date. The projects to be funded should make a demonstrable contribution to the achievement of the schools development plan.
- 1.2 A licensed deficit can also be granted where a school, has founds itself in a deficit position due to changes in circumstances e.g. significant fall in pupil numbers. The licensed deficit will be granted to reflect that cost reductions may not be possible immediately without detrimental impact on the curriculum.
- 1.3 The scheme means that governing bodies would be authorised by the LA to set a deficit budget. Governing bodies may not set a deficit budget unless they have the written permission of the LA.
- 1.4 Before a planned deficit is approved, the school will need to be able to demonstrate that they will be able to eliminate the deficit over the agreed timescale.

2 How the scheme is funded

- 2.1 The scheme is funded on the basis that there will be significant balances accumulated by schools. It is not likely that all the schools which have surpluses will spend them in the same financial year
- 2.2 The LA can use up to a maximum of 40% of the collective balances of all schools to fund the scheme. The LA will be responsible for monitoring the overall level of school balances and will not authorise deficits if the 40% limit would be exceeded

3 What the scheme can be used for

- 3.1 Where schools are in special measures the scheme is designed to ensure they can sustain a level of expenditure which will enable them to deliver the national curriculum.
- 3.2 Action plans which arise from OFSTED findings which require additional expenditure and where the school has no balances to fund the expenditure.

3.3. Schools that wish to invest in major equipment, projects or building works and who do not have sufficient balances to enable them to do this. These projects should be linked to either the School Development Plan or Asset Management Plan.

3.4 A licensed deficit can also be granted where a school, has found itself in a potential deficit position due to a change in circumstances e.g. significant fall in pupil numbers. The licensed deficit will be granted to reflect that cost reductions may not be possible immediately

4 **How the process will work**

4.1 As soon as the schools identifies the need for a Licensed Deficit they must formally notify the LA in writing and contact the Finance Team for the application forms.

4.2 The application forms will require the following information:

- a. The period of the deficit. This will be a maximum of 5 years for Secondary schools and 3 years for Primary schools.
- b. The amount of the deficit. This can be no higher than 10% of the schools ISB budget.
- c. A brief explanation of the purpose of the deficit.
- d. A recovery plan. This will consist of a number of specific actions being taken by the school to bring the budget into balance. The costed impact of each action must be shown for each year of the deficit.
- e. A summary budget plan for the period of the deficit with cross reference to the recovery plan.
- f. Be authorised and signed by both the Headteacher and Chair of Governors.

4.3 The completed application forms must be sent to the Finance Department. Finance Officers and School Improvement Officers will scrutinise the application before recommendation for approval is made.

4.4 The application will need the following authorisation

- a. Up to £100k the Head of Resources for Children and Young People
- b. Up to £500k Executive Director for Children and Young People
- c. Above £500k Mayor and Cabinet

4.5 Once approved a confirmation letter and copy of the authorised application will be sent to the school. **A Licensed Deficit is not approved until this letter is received by the school.**

4.6 The school must the produce revised budget plans, which must include a resolution of the Governing Body.

- 4.7 Both the school and the LA must continually monitor the schools budget to ensure the agreed amount of deficit is not exceeded.

5 LA Responsibilities

The LA will be responsible for ensuring that :-

the scheme is operated fairly

governors have satisfied themselves that the purpose for which the licensed deficit is sought is in the interest of the school and linked to the schools' development plans

the amount of the deficit will not exceed that which a school will be able to repay over the specified period

the medium and long term interests of the Council are safeguarded e.g. against over commitment

Requests for authorised deficits are accompanied by the appropriate forms and are checked for accuracy and compliance with guidance.

6 School Responsibilities

Governing bodies will be responsible for ensuring that :-

The Licensed Deficit will make a demonstrable contribution to the school

The proposals are consistent with the school's Development Plan

Background information and cost estimates are accurate to the best of their knowledge

Application forms are completed and signed by the Headteacher and chair of governors

Deficit funds are used for the specified purpose

7 Timing

- 7.1 Schools are required to submit budget plans to the LA before the end of the summer term and once their budget balance from the previous year has been verified. Applications for authorised deficits will need to be made and approved before the school sets a deficit budget by the end of May.
- 7.2 If a potential deficit is identified throughout the financial year, then the application must be made and approved before the end of the financial year.

ANNEX D

WHISTLEBLOWING POLICY

The Council is committed to the provision of the highest quality services for local people and to full accountability for the services it provides. The Council is also committed to the highest standards of conduct and has in place detailed rules, regulations, quality standards and procedures to ensure that these standards are observed. However, sometimes malpractice and wrongdoing may occur. Lewisham is not prepared to tolerate any such malpractice or wrongdoing in the performance of its services.

The Council acknowledges that the greatest deterrent to malpractice or wrongdoing is the probability that it will be discovered, reported and investigated thoroughly and that those responsible will be held to account. This policy is intended to be a clear and unequivocal statement that whenever any malpractice or wrongdoing by the Council, its employees, contractors or suppliers is identified or reported to the Council, it will be promptly and thoroughly investigated and rectified. The Council will also investigate means of ensuring that such malpractice or wrongdoing can be prevented for the future.

The scope of the whistleblowing policy

The principles

The policy is based upon the overriding principle that the public interest and the needs of service users must come first.

What's covered?

It is intended that any significant concern which a member of staff, service user, Councillor or member of the public has about

- any aspect of service provision
- the conduct of officers or Members of the Council, or
- the conduct of any other parties acting on behalf of the Council

which may be

- unlawful (including fraud or corruption)
- against the Council's Standing Orders or policies
- contrary to established professional or other standards, the Council's Member and Employee Code of Conduct or any other established Codes of Practice can be reported under this procedure.

It is not intended however, that this procedure should replace existing processes such as the grievance or disciplinary codes. Instead it may be that once the whistle has been blown, action under other processes (such as the disciplinary code) may ensue.

A supplement not a substitute

Anyone, including Councillors, employees, service users and members of the public are encouraged to raise complaints or matters of genuine concern with the Council. There are already in existence a number of channels available to raise such concerns. Where an appropriate avenue exists to deal with that concern, people are urged to use it. This whistleblowing policy is intended to supplement, rather than replace the existing procedures wherever practicable. These channels are:-

- **Service Managers/Directors**

Anyone with a complaint about Council services is encouraged to contact the manager directly responsible for that service or the relevant service Director. In most cases where there is concern this avenue will be the first point of reference. If a complaint relates to a Director, it should be referred to the Chief Executive.

- **The Council's Complaints Procedures**

The Council has a corporate complaints procedure by which it invites any person to raise a complaint they may have about Council Services. Information about this procedure is available from the Advice and Information Service.

- **Local Councillors**

Members of the public are encouraged to refer matters of concern to their local Councillor who can then either identify the best point of contact for them to report the matter or take up the issue on their behalf. Information about how to contact local Councillors is available from the Members Services at Lewisham Town Hall.

- **The Council's Grievance Procedure**

This deals with complaints relating to an individual employee's conditions of employment. The whistleblowing policy is not intended to replace the grievance procedure and should not be used to deal with matters which relate to an individual's contract of employment. If a concern is raised through the whistleblowing procedure which would be more properly dealt with through the grievance procedure, it will be referred to the Director of Personnel and Administration.

- **Anti-fraud Procedures**

The Council's Financial Regulations provide that any suspected fraud, corruption or other financial irregularity should be reported to the Head of Audit Services who will conduct an investigation and make recommendations for appropriate action. Information about this procedure can be obtained from Phil Adamson, the Head of Audit Services.

- **Housing Benefit Fraud**

The Council also has two anti-fraud teams to tackle housing benefit abuse. One deals with public sector housing benefit. Information about this team can be obtained from the Assistant Director of Housing.

A second team investigate housing benefit fraud in the private sector and are based in Finance and Support Services.

- The Council also runs a fraud hotline where anyone with information about possible fraud may raise concerns with the anti-fraud teams.

- **Social Services Whistleblowing Procedure**

This may be used where there is a reasonable suspicion of malpractice or abuse affecting the Social Services Directorate or service users.

In addition the Council also has senior officers who have particular responsibility for regulating the conduct of the Council and its activities. They are as follows:-

Director of Finance

The Council's officer with responsibility for the financial management, audit and financial probity of the Council.

Chief Executive

Head of the Paid Service and Monitoring Officer responsible for the overall management and direction of the Council and for ensuring that its services are satisfactorily resourced. He is also responsible for the overall legal probity of the Council's decision making.

In the First Place....

People are primarily encouraged to use any and all of the mechanisms for raising concerns as set out above. For Councillors, public and staff it is likely that the majority of concerns will be dealt with by bringing the matter to the attention of management in the relevant Directorate. Such references are positively welcomed by the Council and once the issue is brought to light the manager will treat the complaint seriously, investigate it promptly and inform the complainant of the outcome. The investigation officer will be expected to interview both the individual raising the complaint and the person complained against, as well as any other individuals as appropriate. If no further action is proposed, the complainant will be given an explanation. If further action is proposed under a separate Council procedure (such as the disciplinary code) the complainant will also be informed.

If a concern is raised by a member of staff, it would be normal for their first reference to be to their direct line manager. However, depending on the nature and sensitivity of the issue, or the identity of the alleged wrongdoer, the line manager may not be the appropriate manager. In such cases it may be more appropriate to raise the issue with an Assistant Director, Head of Service, or the Directorate's complaints officer. A member of staff may be accompanied by a friend when meeting management to raise a concern. In short, managers within Directorates will adopt a flexible and open approach so that those having concerns feel confident that they may raise them.

But if the usual channels aren't appropriate?

Circumstances may arise where none of the channels above are reasonably available. It may be that the whistleblower fears repercussions for example, or senior members of staff or Councillors may be implicated. Alternatively the whistleblower may have used those channels but still feel that there is real cause for concern. In such circumstances the whistleblower may refer their concern to the Chief Executive directly.

The Chief Executive will then ensure that the matter is dealt with either personally or by a whistleblowing officer operating under his supervision. The functions of the whistleblowing officer shall be performed by the Head of the Chief Executive's personal office, who currently also deals with complaints made to the Local Government Ombudsman.

How will the whistleblowing officer respond?

Acting under the supervision of the Chief Executive the whistleblowing officer will first receive and record the complaint in a register kept specially for the purpose. An initial assessment will then be made to decide what sort of investigation ought to take place.

In the most serious cases, it may be that a Police enquiry will ensue, or an independent investigation may be called for. In some cases the issue will be referred for a management investigation, possibly by the Chief Executive himself or by another senior officer nominated to act on his behalf. Allegations of fraud, corruption or financial irregularity will be referred to the Head of Audit Services for investigation.

In other cases however, it may not be appropriate to conduct any further enquiry at all. People are encouraged to raise genuine concerns and do not have to prove them. But understandably they do need to demonstrate that there is a sufficient basis for investigation. This initial consideration will allow the Council to decide on the appropriate method of enquiry and to ensure that resources are not wasted where investigation would be inappropriate.

Unless the issue is raised anonymously then the whistleblowing officer will interview the whistleblower as part of this initial assessment. If the whistleblower requests that his or her identity remains confidential then all possible steps will be taken to respect that wish.

If an investigation is to ensue then the whistleblower will be informed of the fact and given an estimate of the time by when the investigation will be completed. Normally the investigation will be conducted within 28 days, though the time taken to conduct an enquiry will depend on the nature of the concern and its complexity. The whistleblower will be informed of the outcome and this will be noted in the register.

In appropriate circumstances the Chief Executive and/or the whistleblowing officer will prepare a report for the Council and/or relevant Committee or Sub-Committee dealing with the outcome of a particular investigation, the action taken to rectify the situation and prevent a recurrence.

Each year the whistleblowing officer on behalf of the Chief Executive will prepare for the Policy and Resources Committee a report dealing with the application of the whistleblowing procedure in the previous year, and making suggestions where necessary for changes to improve its efficiency.

Issues raised by Members of the council or by the public shall be dealt with in a similar manner to those raised by employees, though serious concerns about the conduct of Councillors will in all cases be referred to the Chief Executive for investigation as appropriate.

Some General Safeguards

- No Victimisation

The Council recognises that the decision to blow the whistle can be a difficult one to make, not least because there is a fear of reprisal from those who may be perpetrating malpractice or others. The Council will not tolerate any victimisation of a person who raises a concern in good faith and will take appropriate steps to protect them, including where appropriate disciplinary action.

- Confidentiality and Anonymity

The Council will, wherever possible, protect the identity of the whistleblower who raises a concern and does not want his/her name to be disclosed. However this may not be possible in all circumstances as the very fact of the investigation may serve to reveal the source of the information and the statement of the whistleblower may be needed as part of evidence against the perpetrator.

- **False and Vexatious Complaints**

Just as the Council will seek to protect those who raise concerns in good faith, so it will seek to protect those against whom claims are made which turn out to be unfounded. A concern which is made in good faith and sincerely expressed may transpire to have no basis in reality. In addition it is possible that vexatious or malicious claims may be made. The Council will take disciplinary action against any employee who makes a vexatious claim. In either case, where it turns out that the claim was without foundation, the Council will use its best endeavours to ensure that any negative impact on the person complained of is minimised. However the Council acknowledges that it may not be able to prevent all such impact in every case.

Alternative methods of complaint

As well as the initial complaints and whistleblowing procedures set out in this policy, any member of the public who wishes to make a complaint about the Council may contact one of the following organisations:

- Local Government Ombudsman - who receives and investigates complaints of mal-administration against the Council. He can be contacted at 21 Queen Ann's Gate, London SW1H 9BU, telephone 020 7915 3210.
- The District Auditor - who investigates complaints of financial irregularity or unlawful expenditure leading to financial loss by the Council. To contact the District Auditor write to him at Millbank Tower, 4th Floor, Millbank Road, London SW1P 4QP. Telephone 020 7233 6400.

Further information about this whistleblowing procedure can be obtained from the Head Of The Chief Executives Office.

Annex E

Financial support for redundancy, premature retirement costs and severance payments in schools

Schools are responsible for managing their budget and with this comes the responsibility to manage their budget in the short term as well as the long term. This responsibility should include forecasting future levels of funding and developing plans to adjust expenditure in line. This will include avoiding redundancies by vacancy management wherever possible. On this basis schools are responsible for dismissal costs the relevant resources have been delegated to schools and the LA retains no central budget to meet such costs

In certain circumstances events may transpire that make it very difficult for schools to manage the budget and a fund exists to support schools with this. This provision is called Schools in difficulty.

In deciding whether funding support should be approved the following will be considered

- The circumstances are the result of an outcome in that the school could not have reasonably foreseen, e.g. a perverse decision at employment tribunal which is contrary to that expected from the HR advice provided.
- Where a fall in income is so great and requires additional redundancies that is disproportional to the annual budget and would create instability to the delivery of the curriculum and is in accordance with section 21 of the Education Act 2011

Any submission will be considered by the Head of School Improvement and the Head of Resources with the advice of the group finance manager and head of schools HR. This panel will decide the level of support.

There will be a right of appeal on any decisions to the Schools Forum in the case of dispute.

Any school receiving such support must agree to achieve a balanced budget and [meet the conditions expected of any school operating with a licensed deficit] submit budget monitoring plans in accordance with the standard timetable.

The Education Act 2002 states the position in relation to the funding of premature retirement costs or the costs associated with dismissal. For the purposes of this Act dismissal includes redundancy.

The position is as follows:

Section 37(4)– costs incurred by the Local Authority (LA) in respect of any premature retirement (PRC) of a staff member at a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing that they shall not be so met.

Section 37(5) – costs incurred by the LA in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from a school's budget share for any financial year except in so far as the authority have good reason for deducting

those costs, or any part of those costs from that share.

The default position is therefore that PRC costs are met from the school's delegated budget. In the case of redundancy there has to be a good case for it not to be centrally funded unless there is provision contained in the Scheme for Financing Schools

The above provisions are subject to the following:

Where the local authority incur costs -

- (a) in respect of any premature retirement of any member of staff of a maintained school who is employed for community purposes, or
- (b) in respect of the dismissal, or for the purpose of securing the resignation of any member of staff who is employed for community purposes,

the local authority shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing that they shall not be so recoverable.

Any amount payable by the governing body to the local authority may be met out of the school's budget share for any funding period if the governing body is satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by provisions specifically of section 21(2) Education Act 2002 (conduct the school with a view to promoting high standards of educational achievement) or any other provisions of the Education Acts.

Chapter Overview

Schools are required to abide by the LA's financial regulations and standing orders in purchasing, tendering and contracting matters .

However, any section of the LA's financial regulations and standing orders shall not apply if it requires 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 good or services for a value below £60,000 in any one year;
- to select suppliers only from an approved list;
- to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.

This should include a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures (*para 2.16 Scheme of Delegation*)

CONTRACTS

Introduction

School Governing Bodies are expected to seek value for money when exercising their powers to spend delegated budgets on supplies, works and services. To achieve this objective they are required to obtain competitive quotations or tenders in accordance with the procedures set out below.

No exception from any of the provisions of the LA's Standing Orders shall be made unless by a decision of the Council.

Definitions of terms used in this section are set out below.

Objective of these standing orders

The Orders set out the procedures that school governing bodies must follow when obtaining prices for the purchase of supplies, works and services within a range of estimated values as set out below.

For purchases estimated up to £10,000 there are no provisions set within these Standing Orders. It is for the school's governing body to decide whether any rules should be adopted for use by school itself.

For purchases estimated above £10,000 the Orders set out the procedures by which prices should be sought for the following range of estimated values:

Estimated value of purchase

£10,001 - £50,000	by quotations	<u>Type A Contracts</u>
£50,001 – £100,000	by tenders	<u>Type B Contracts</u>
over £100,000	by tenders following the LA's authorisation to invite	<u>Type C Contracts</u>

Contract Standing Orders **do not apply to:**

- Contracts for the sale, purchase, letting or renting of land
- Contracts of employment.

LA's In-house services

- For the purposes of these Standing Orders the LA's In-house services shall be regarded as a contractor
- The LA can be invited to offer a single price for supplies, works or services within the procedures for quotations and tendering set out in Section 5, 6 and 7 of these Orders and the price must be provided in competition with at least three other firms. Unless the work/service is to be invited through open tender

Exceptions to the following quotation and tender procedures

The procedures set out in Contract Types A-C below do not apply in the following circumstances:

- For the manufacture and or supply and or installation of goods, or maintenance of or repair to machinery, or equipment available from only one supplier.
- Urgent works or supplies necessary to avoid serious financial loss, danger, injury or serious hardship to users of the school. An oral quotation as set out in procedures included below should be followed. If there is damage to the structure of the building or a fault in plant or services which are the responsibility of the LA, a School Governing Body is entitled to spend up to £500 without prior reference to Lewisham Children and Young People in order to prevent further damage or risk. The School Governing Body must report its action to the LA within 24 hours to enable the management of repairs to be taken over. Provided the School Governing Body has acted reasonably, it will be reimbursed for any costs incurred.
- Where the School Governing Body has determined that it would be more economical to extend the scope of an existing contract to include additional works connected with the original order, providing that this is consistent with the terms and conditions contained in the original order and that additions do not exceed 10% of the amount of the original order up to £3,000. Schools may only extend contracts where budgetary provisions exists.

Type A Contracts

Procedures for obtaining quotations for supplies, works and services estimated to be between £10,001 and £50,000

Requirements for quotation

The School Governing Body shall arrange for quotations to be obtained before placing orders for supplies, works and or services (to include consultancy services) as set out below:

Estimated value of purchase	Minimum Number of Quotations
£0 – £10,000	None Required
£10,001 - £25,000	Three written
£25,001 – £50,000	Four written

For supplies, works and services estimated to cost in excess of £50,000 the tendering process/procedures referred to in Type B Contracts below must be followed.

The financial limits will be reviewed from time to time to take account of increases in price levels.

Recording quotations

Where quotations are initially obtained orally, the quotation must be recorded and then confirmed in writing by the supplier. A record/register must be kept and made available for audit purposes.

In the case of written quotations the School Governing Body shall arrange for quotations to be returned by a stated deadline. All written quotations received must be opened at the same time as soon as possible after the passing of the deadline by the Headteachers in the presence of a member of the School Governing Body. All quotations should be date stamped to indicate the date and time of receipt, initialled by those receiving quotations and recorded in a tender register kept for quotations and tenders.

Acceptance of quotations/order of goods

The Headteacher will have delegated authority from the School Governing Body to accept quotations up to the value set out above. The lowest quotation should normally be accepted. A higher quotation may only be accepted where the Governing Body is satisfied that it represents better value for money or where justified by special consideration in which case the Headteacher must report the matter to the next meeting of the School Governing Body and the full reasons given and the decision for accepting other than the lowest quotation be recorded in the minutes of the Governing Body's meeting.

Type B Contracts

Procedures for the tendering of supplies, works and services estimated above £50,000

Application of tender procedures

Formal tenders shall be sought for all cases where the estimated value of supplies works or services exceeds £50,000.

Estimate of Expense Involved

No tender for work in excess of £50,000 shall be invited unless an estimate of the cost of the works has been approved for inclusion within the school's delegated budget by the School Governing Body.

Before inviting tenders, the Headteacher shall compile a written estimate of the cost of the works for which the tender is to be invited and enter details of the estimate in a register.

Use of Council's Approved List of Contractors:

- Tenders shall be invited from firms on the Council's approved list and wherever possible at least one in four of the firms so invited shall be based in the borough.
- A School Governing Body may request the Council to vet a new contractor of their choice and if approved may ask the Council's Contracts Compliance Unit to add that contractor to the approved list.
- Where the Headteacher considers that the method outlined above is not appropriate, tenders shall be invited by open tender (public advertising see section below).
- No firm shall be invited to tender unless the firm can satisfy the Council of their ability to comply with its Code of Practice for Contractors and Suppliers
- The Mayor and Cabinet shall establish procedures to regulate the preparation, management and review of the Approved list and Code of Practice for Contractors and in particular (but not by way of limitation) formulate criteria relating to the admission of firms to and removal of firms from the list.

Open Tenders Advertisements

Where open tenders are to be sought an invitation to tender must be advertised in at least one trade journal and/or local newspaper. A trade journal should be used as the first option. The procedure for advertising the invitation to tender will be as follows:

Give at least 10 days public notice in one trade journal and or local newspaper.

The advertisement shall:-

- express the nature and purpose of the works, goods and/or services required
- state where further detailed specifications can be obtained
- invite tenders from all interested parties
- state the last date and time when tenders will be received
- state that no tenders will be received unless it is enclosed in a sealed envelope bearing the word 'Tender' followed by the subject to which it relates, with no other name or mark to indicate the sender.

- comply with any EU tendering directives.
- Use a standard tender form and conditions of tender as a basis for the tender.

Receipt and opening of tenders

The School Governing Body shall make arrangements for the receipt and safe custody of all tenders received. Tenders held before date to be opened shall be kept in a special tender box which is secure and lockable. Keys to the tender box should be held by the Headteacher. All tenders to be opened together as soon as practicable after the closing date has passed. Tenders shall be opened by the Headteacher in the presence of a member of the School Governing Body.

Receipt of tender processes:

The School Governing Body shall:

- arrange for the safe custody of the tenders until the date and time specified for their opening.
- tenders shall be dated as they are received and time of receipt endorsed on the envelope.
- tenders shall be opened at the prescribed time in the presence of the Headteacher and at least one member of the School Governing Body.
- each tender opened shall be signed and dated and details recorded in a register of tenders.
- the record shall include the names of the tendering firms, the tender amounts and signed at the conclusion of the opening process by the Headteacher and governor present.
- the record together with the tender envelopes must be retained at the school for audit purposes.

Late tenders

Shall be normally returned unopened to the tenderer and not considered further.

Tender Evaluation

No alteration shall be made to any tender after the time fixed for submission of that tender.-

Where examination of the tender reveals errors or discrepancies which would affect the tender figure in an otherwise successful tender, the tenderer is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing the offer. If the tenderer withdraws the next 2 tenders in competitive order are to be examined and dealt with in the same way. Any exceptions to this procedure may be authorised only by the Executive Director for Resources.

Over Expenditure on Contracts

- Pre-Contract – No tender which is received and which is in excess of the Governing Body budget provision shall be accepted without the prior written approval of the Council.
- In/Post Contract – No expenditure actual or potential shall be incurred above the contract price without the prior written approval of the Council.

Acceptance of tenders

The School Governing Body may at their reasonable discretion accept a tender on a basis other than price, in which case the Headteacher must report the matter to the next meeting of the Governing Body and the full reasons given and the decision minuted for accepting other than the lowest tender.

Form of Contract

The School Governing Body shall ensure that the acceptance of a tender shall be evidenced by a written contract, legally binding all parties to the requirements of the contract.

Variations

The School Governing Body shall determine arrangements for dealing with variations to contracts which shall be approved by the Executive Director for Children and Young People.

Insurance

All contractors and where appropriate, suppliers employed by the School Governing Body must maintain sufficient third party and employer's liability insurance cover with an insurance company

approved by the Council. For contractors wishing to tender for work, the cover must be for occurrences involving both property and persons with cover of £2,000,000 for any one incident.

Type C Contracts

Tendering procedures for supplies works and services over £100,000.

Schools must have authority from the Mayor and Cabinet before inviting tenders for supplies, works or services estimated above £100,000 in value.

Schools must be aware of any relevant European Union rules in relation to the tendering process. Before inviting tenders a School's Governing Body should confirm with appropriate officers of the Council that the proposed form of tendering and acceptance is in accordance with current Council practice.

The School Governing Body shall take sufficient security for the due performances of every contract with an estimated value of over £100,000 where payment is made prior to the supply of goods, works or services or where such supply is to be over an extended period of time except where the LA's In-house services are the contractors.

Disposal of surplus articles

Delegated budget

The School Governing Body may at their discretion dispose of any surplus article purchased from a delegated budget. However, School Governing Bodies should seek to obtain best value at all times. In addition disposal of some items, e.g. software, should only be done with the consent of the software company. Failure to obtain such permission could make School Governing Bodies liable to prosecution.

Other funding from the Authority

For articles purchased from Council funds other than the delegated budget:

- Where the estimated value of the surplus articles is less than £10,000 the School Governing Body may determine that it be sold by public auction or by inviting competitive quotation. In the case of quotations the same principles and procedures set out above shall be followed save that the highest quotation is normally to be accepted. All quotations together with details of articles sold are to be recorded for audit purposes.
- Where the estimated value exceeds £10,000 the School Governing Body shall arrange for the open tenders to be sought by advertisement in one or more local or national newspapers and one or more professional journals. The same principles and procedures as set out above shall be followed save that the highest tender is normally accepted and records are kept for audit purposes.

Statutory provisions

These Contract Standing Orders shall take effect subject to all relevant statutory provisions and regulations and amendments including in particular the Schools Standards and Framework Act 1998 and Regulations made under this Act and the School Governing Body shall have due regard thereto. Nothing contained in the Contract Standing Orders shall override such provisions.

Definitions scope and interpretation

- **Tender:** means an offer made in writing by one party to another to execute, at an inclusive price or uniform rate, an order for the supply or purchase of goods or for the execution of work, the details of which have been submitted by the other party, which offer shall be submitted under closed cover and opened simultaneously with other offers relating to the same matter.
- **Open Tender:** shall mean a tender received as a result of advertisements inviting contractors to take tender for any goods, works or services.

5 Contracts and Purchasing

- **Quotation:** means the amount stated whether orally or in writing as the price of supplies, works or services to be supplied. Such statements if made in writing shall be made under closed cover, and opened simultaneously with other offers relating to the same matter.
- **Contract:** means an agreement made between the Council and one or more persons which is intended to be enforceable at law, and is constituted by the acceptance by one party of an offer made to them by the other party to do or obtain from doing some act, whether such offer and acceptance is made in writing or orally.
- **Written Contract:** means a simple contract whose express terms are evidence in writing, whether confirmed in one or more documents.

Pecuniary interest

No member of the School Governing Body or staff shall in anyway be involved in the selection of a tenderer or Contractor if they have a direct or indirect pecuniary interest or any other personal interest in any competing tenderer, or contractor.

Disputes

Save at a meeting of the Council any dispute or difference as to the interpretation or application of these Contract Standing Orders shall be resolved by the Head of law.

Purchasing

Before buying you need to ensure that:

- The goods or services are needed
- The expenditure is legal and you have the authority to spend,
- You have obtained any necessary approvals to spend that may be in force from time to time,
- You have enough money in your budget to pay for it

Placing an Order

An official order must be raised and issued in respect of all work, goods or services required except for: -

- Public utility consumption accounts;
- Periodical payments such as rent/rebate;
- Petty cash purchases;
- Refunds, compensation and grant payments
- Specific areas of expenditure for which the Executive Director for Children and Young People has agreed an exemption with the Executive Director for Resources.

In addition, there will be occasions where contract documentation takes the place of an official order e.g. building contracts

The official order must include the following:

- It must be in the name of the School.
- It must show the name of the person placing the order and a contact name and phone number.
- It must show the address to which the bill should be sent and the delivery address if different.
- It must include an order number (see below).
- It must include details of what is being ordered the conditions of supply and terms of trade. Where a price has been quoted this should also be included. The Council cannot accept payments terms of less than 14 days
- It must show the agreed price (or an estimated price excluding VAT)

5 Contracts and Purchasing

- It must show the name and address of the supplier and the supplier's reference where appropriate.
- It must include the budget code to which the expenditure is to be charged. This doesn't have to appear on the copy of the order sent to the supplier, but is essential that the budget code is determined and recorded in advance.
- It must be signed by an officer authorised to sign orders.

Orders shall only be signed by persons designated and authorised to do so by the governing body. An up to date record of those designated and authorised, showing a specimen of their signature, shall be kept at the school. Each order placed should be adequately documented using a requisition form or an official order. Official orders should be signed by the budget holder or the School Business Manager. Once an order has been sent to the supply the schools has committed itself to pay for the goods and services that it will receive.

Prior to placing the orders, checks should be made with the SAO to ensure the adequacy of budgeted funds for that intended order. Before any order is raised, there must be sufficient budget provision within the relevant account code, prior to expenditure being committed. If there are insufficient funds then a budget transfer from within the school's budget or from other resources such as donations from the PTA etc., will have to be made. In addition, invoices due to be paid must be checked to ensure that there is budget provision available, taking into account any commitment made. This is to double check that any element of expenditure has not been overlooked.

All official order pads must be numbered sequentially and are available from your Directorate. This is very important because the order forms are valuable documents, which need to be carefully controlled. It also enables you to match the order against the invoice when it is received to ensure that you have been sent what you asked for and that you are not paying for the same goods twice.

If orders are generated by a computer system, the order number will be allocated automatically. You will need to make sure that there is very strict control over who has access to your system. The full details of all orders raised must be held on your system.

If you are ordering manually, you must use the order form approved by your directorate. All order forms must be pre-numbered and should be kept securely under lock and key in such a way that they can be fully accounted for at any time.

Whatever system you use, you must keep at least one copy of the order form. You may need more copies depending on the arrangements within your School. All orders whether they are manual or computer generated must be kept for 6 years

If you make a mistake on an order form or spoil one in any way you must endorse it as 'cancelled' and keep it for future reference.

The Governing Body are responsible for all orders issued by their School but other officers may be authorised to sign on their behalf as outlined in the Schools Scheme Of Delegation. The Governing Body must maintain a record of authorised officers and their specimen signatures, amendments must be forwarded to the LEA.

All orders must be signed personally. Rubber stamp or facsimiles of signatures must not be used.

It is not Council policy to pay for goods and services in advance if alternative arrangements can be made. Minor items may be purchased by this method via petty up to a value of £50. Where the Chair of Governors agree payment in advance for other than petty cash items, a record of such payments must be kept.

It is good practice for schools to monitor, each month, the level of commitment that is outstanding to ensure that invoices have not been mislaid, and to indicate cancellations of commitments where expenditure is no longer likely to be incurred. Schools should endeavour to use commitment accounting as an aid to effective budget monitoring. This practice will ensure that budget positions at any given time are accurately reflected and thereby any potential overspend is minimised. Failure to raise commitments may lead to management decisions being made on incorrect financial information.

Verbal/Phone Orders

Verbal orders, placed with a supplier, should be kept to a minimum, but in cases of emergency when speed is essential, the following procedure should be observed: -

- Quote the next available official order reference number to the Supplier. Emphasise that this reference number must be quoted on all correspondence/invoices.
- The order should be marked - telephone order.

Receiving the Goods

When you receive goods, you must check them to the copy order and the supplier's delivery note to ensure that the goods: -

- Delivered agreed to the goods ordered;
- Are of the expected quality
- Are not damaged
- Delivery of the goods should not be accepted unless this is the case.

You should mark the copy order as appropriate against each item. It is important that you do this, so that you have a permanent record of what you have actually received.

Any goods you return as unsatisfactory should be recorded clearly on the delivery note and copy order. You should keep the delivery note with the copy order. Where possible the person receiving the goods should not be the person authorising payment to provide protection against fraud.

If the goods are to be of use for over one year such as furniture, plant and equipment, and they are over £1000 in value, they must be added to the inventory. Electrical equipment, including IT equipment should be included in the inventory regardless of its cost.

Processing the Invoice

An invoice should support all payments for goods and services. When you receive an invoice, it should be checked for accuracy against the copy order and delivery note. You need to make sure that:

- The invoice is made out to the School.
- The invoice is an original and not a copy, photocopy, fax or a statement of account.
- Invoices received electronically **must** be printed.
- The invoice has not previously been paid.
- The goods have been received and/ or the service has been satisfactorily carried out.
- The prices are correct.
- The invoice is arithmetically correct.
- That in the case of a VAT invoice, a VAT registration number is quoted. The VAT amount is properly chargeable and arithmetically correct (see [Section on VAT](#)).
- Check whether there is a discount for prompt payment. If so, then the invoice should be paid in time to qualify for the discount. The VAT will then be calculated on the discounted amount although there may be exceptional circumstances where this is not the case.
- Late payment of an invoice may lead to surcharges being incurred.
- The invoice must be date stamped, on receipt, so it is possible to know when the invoice arrived for Best Value Indicator 8.
- Invoices should normally be paid within 30 days of receipt, unless there is a dispute about the goods or services provided.

N.B THE PLACEMENT OF AN ORDER AND THE CERTIFICATION OF THE INVOICE FOR THAT ORDER SHOULD NOT BE DONE BY THE SAME PERSON. SCHOOLS SHOULD TRY TO ENSURE THAT PERSONS AUTHORISED TO CERTIFY INVOICES SHOULD NOT ALSO BE THOSE AUTHORISED TO SIGN ORDERS.

Invoices

You should make a note of the invoice number and amount on the copy order and clearly mark the order "passed for payment" and the date it was passed. It is sensible to keep all paid orders in a separate file. You will then know exactly what is outstanding at any time and it will reduce the risk of paying the same invoice twice.

Once you have completed all these tasks the invoice should be certified correct. The person certifying the invoice must not be the same person who has authorised the order in the first place. You will need to make sure that the invoice is charged to the correct budget code and that the VAT element is treated correctly. (See [VAT guidance](#)).

Incorrect Invoices

If an invoice is received which is incorrect you must not pay it and you should request a new invoice from the supplier. This is essential if the VAT calculation is incorrect. Technically the supplier should also send a credit invoice to cancel the incorrect invoice but this is not always the case.

Invoices waiting for a credit note will be classed as disputed. When the credit note has been received, it should be submitted with the original invoice to the central payments team.

Completing the Authorisation

The person completing the authorisation that each separate invoice is authorised. The person authorising is acknowledging that the following checks have been completed in full and indicating that:

- The goods or services ordered have been received.
- Copy order has been checked.
- Calculations and prices have been checked.
- VAT has been treated correctly (See [VAT Guidance](#)).
- The correct budget code to which the expenditure is to be charged (ensuring it falls under the certifying officer's responsibility).
- The name, signature and telephone extension of the officer completing the authorisation.

The role of the Authorised Signatory

The officer authorising the invoice must be on the School Authorised Signatory List and must be a different person to the person undertaking the above checks, ordering the goods and completing the stamp. The Authorising Officer must ensure that:

- The invoice is an original and made out to the School.
- They are authorised to certify the invoice.
- The slip has been completed correctly.

No Officer shall authorise an invoice or claim form for the reimbursement of expenditure to themselves.

Lost Invoices/ Photocopies/Faxes/Alterations

If an original invoice is lost, the supplier must be asked to issue a replacement invoice. The replacement should be endorsed "This is a true copy and has not previously been paid" as such by the certifying officer. Payment must not be made on photocopies/faxed invoices. Certification slips must not be altered in any way.

Only the new invoice, after carrying out the checks detailed above (see [link](#)), should be processed for payment and it should be endorsed. A note should be made on the incorrect invoice of the new invoice number and why the original is incorrect. This should then be filed (with the credit invoice if one has been received) for future reference.

Part Payments

If one order is made but the goods are not all received or invoiced at once, it is vital to note this on the order and make a note of the part payment. Part payments should always include the applicable VAT element.

Payment to External Suppliers

Once an authorised signatory has signed the invoice, it should be passed for payment. Staff will only pay an invoice if it has been signed by an officer included on the list of authorised signatories and their limitations are not exceeded.

Invoices should normally be paid within 30 days of receipt, unless there is a dispute about Goods and Services invoiced and received. It is therefore essential that invoices are correctly completed and authorised in a timely manner. Where no other mutually agreed terms are available then the Late Payment of Commercial Debts (Interest) Act 1998 should be complied with.

Cheques will not be made available for collection unless exceptional circumstances can be demonstrated. If it is essential that cheques are returned, written explanations will be required stating the reasons for the requirement and the proposed method for ensuring that the cheque is kept secure. In any event alternative arrangements must be considered and cheques will not be returned to the officer who authorised the payment.

Payments to employees, which may be subject to income tax, must not be processed through the creditors system. These should be processed through the payroll system.

Purchasing and Value for Money

Schools will want to achieve best value for money from all their purchases. Value for money in this context means getting what is needed in the correct quality, quantity and time at the best price possible. A measure of price competitiveness can be obtained by consulting the LA's Customer Services Unit, checking trade journals and catalogues and seeking quotations or formal tenders. The governing body should ensure that the school obtains best value for money for any purchases by testing the market before the school is committed to any expenditure.

The Purchasing and Payments Procedures for School Premises Officers - Quotations & Tenders

All expenditure by the Premises Officer is subject to the same controls as for all other areas of expenditure

- All orders placed by the Premises Officer must be authorised by the Headteacher or SAO.
- A record / register must be kept of all quotations received. This must include a written record of all verbal quotations. With any purchase between £3,000 and £4,999 the school should obtain three written quotations unless it is impracticable to do so. With any purchase between £5,000 and £9,999 the school should obtain four written quotations unless it is impracticable to do so.
- All quotations must be time and date stamped on receipt.
- All quotations must be opened as soon after the specified closing date by the Headteacher and a member of the governors.
- The governors can only accept quotations up to the value outlined in standing orders and financial regulations.

In order to comply with financial regulations, the Premises Officer should maintain a register of:

- the work order
- estimated cost
- contractor
- work completed
- invoice received and passed for payment

- actual cost of work
- budget remaining

For works in excess of £10,000 the following controls would be expected:

- a written estimate of the cost of the works
- use of the Council's approved list or open tender advertisements
- all tenders opened at one time and in the presence of a governor
- the results recorded in the tender register
- a formal contract to be entered into.
- the school should seek a minimum of three tenders

Payments

Payment Procedures

The procedures that need to be followed when a school pays for goods and services are set out below.

Receipt of Invoice

Invoices shall only be certified for payment by persons designated and authorised to do so by the governing body. An up to date record of those designated and authorised, showing a specimen of their signature, shall be kept at the school.

N.B THE PLACEMENT OF AN ORDER AND THE CERTIFICATION OF THE INVOICE FOR THAT ORDER SHOULD NOT BE DONE BY THE SAME PERSON. SCHOOLS SHOULD TRY TO ENSURE THAT PERSONS AUTHORISED TO CERTIFY INVOICES SHOULD NOT ALSO BE THOSE AUTHORISED TO SIGN ORDERS.

The school must ensure that invoices are only certified for payment after they have satisfactory receipt of the goods/services ordered. The school should endeavour to obtain written confirmation of receipt of goods in order to prevent receiving unauthorised goods or making overpayments.

The invoice should be checked against the copy order and delivery note so that the prices, quantity, goods and services agree. This procedure also enables the school to check that the invoice is outstanding and has not already been paid. The SAO should mark the copy order forms with the invoice payment made i.e. invoice number, invoice date, cheque number and date. Failure to match invoices to orders could result in a payment error. Check that the invoice is arithmetically correct. If there are any discrepancies arithmetically or otherwise, contact the supplier and agree to the revised sum.

Check that the budget holder has signed the invoice in order to authorise the paying of the invoice.

To recap - the certification of an invoice for payment is deemed to confirm that:

- the payment is a real liability and the goods/work have/has been properly ordered.
- the goods have been received, examined and are approved as to the quality and quantity.
- the work done/ services rendered are satisfactory.
- the prices are in accordance with quotations/estimates.
- the invoice is arithmetically correct.
- all discounts (where appropriate) have been effected.
- inventories, stores and other records have been updated where applicable.
- copy orders have been marked off appropriately.
- expenditure coding is correct.
- the expenditure is within the school budget.
- appropriate VAT regulations have been applied.

5 Contracts and Purchasing

Always check to see if a discount is available for prompt payment and prioritise that payment to take advantage of it.

Recording Purchased Items on an Inventory

If a given (non-consumable) item costs £100 or more it is recommended that it is placed on the school inventory. (If items costing less than £100 are purchased and are deemed as valuable, or difficult to replace, then it is recommended that these are placed on the inventory as well)

Children and Young People Select Committee		
Report Title	Schools Traded services	
Key Decision	Yes	Item No. 5
Ward	All	
Contributors	Executive Director for Children and Young People	
Class	Part 1	Date: 19 March 2014

1. Purpose of the Report

- 1.1 The Children and Young People’s Select Committee has agreed to look at traded services with schools as part of its work programme for 2013/14. This report provides information on the services traded with schools and the work being undertaken to consider the future shape and level of services provided.

2. Recommendation

- 2.1 The Select Committee is asked to note the content of the report.

3. Policy Context

- 3.1 “Shaping our future” 2008- 2020 is a summary of Lewisham’s Sustainable Community Strategy. There are six priority outcomes which say what our communities should look and feel like in the future. One is “ambitious and achieving” where people are inspired and supported to fulfil their potential by removing the barriers to learning and to encourage and facilitate access to education, training and employment opportunities for all our citizens.
- 3.2 One of the Council’s corporate priorities is for young people’s achievement and involvement; raising educational attainment and improving facilities for young people through partnership working.

4. Traded Services with schools

- 4.1 Since the delegation of budgets to schools, school support services have developed considerably and trading with schools has been part of the school funding and management landscape. After over 20 years of delegation, school support activities can be categorised into three areas:
- a Regulatory or imposed support services;
 - b Support services with some regulatory aspects but which can be purchased from third parties but often provided by LAs;
 - c Support services that are traded at economic cost that the LA does not have to provide

5 Regulatory or imposed support services

5.1 There is a range of activities that LAs are required to do some of which are regulatory or impositions on schools which you could not reasonably expect a school to pay for. The following are examples

- Attendance and Welfare prosecutions;
- School budget and quarterly monitoring returns;
- Strategic leadership of the LA;
- Co-ordination of school and staff census returns;
- Schools Asset Management Planning;

5.2 These and other LA responsibilities are funded through the Education Services Grant. Lewisham receives £116 per pupil or £4.2m. The funding is not ring-fenced and if a school converts to an Academy, a proportion of this funding is removed for the local authority.

5.3 The funding available for the Education Services Grant has been top-sliced nationally to provide funding for these services to existing Academies. Academies receive £150 per pupil.

6 Support services with some regulatory aspects but which can be purchased, in whole or in part, from third parties but often provided by LAs.

6.1 The following are examples and the work on minimum statutory functions will refine the final list.

- Schools VAT returns;
- Audit of schools performance of statutory maintenance responsibilities;
- Asbestos management and removal;
- Education Psychology advice to schools;

7 Support services that are traded at economic cost or market rates

7.1 These are activities that are traded by the LA with schools on the basis of a service level agreement but which can be purchased in the market from third party providers. The LA has regularly reviewed the costs of these services to ensure that all direct costs are recovered with a 15% oncost to reflect Council overheads. The LA does not include a rate of return in these costs.

7.2 In this category of traded activity there are some services that we provide and trade in Lewisham because they provide the opportunity through the trading interaction to gain intelligence about schools which in turn contributes to the school improvement work the Council does to ensure schools are performing well. The key services in this sub category are: Schools HR and Governors Services clerking service. These two services represent a significant portion of traded revenue raising £1,012k per annum. There could be an argument to include some level of subsidy to reflect this intelligence benefit: the absence of a rate of return for example.

TABLE 3	Income Received	Schools Purchasing some service	Insurance based	Fee Based	Cost recovery checked/ cost basis for charge/ market charge
HR/Personnel	677,091	85		Fee	Yes
Customer Services (Mail Collection)	57,800	79		Fixed Sum	
Performance	58,386	85		Fee	
Fire Assessment	47,425	57		Fee	
Asbestos Assessment	10,153	6		Fee	
Governor Services	335,238	68		Fee	Yes
Educational Psychology and Specific Learning Difficulties	291,457	75		Fee	
Catering Client Service	130,000	69	Yes	Fee	Yes
Audit	30,000	85		Fixed Sum	
Insurance & Risk	1,014,442		Yes	Fee	
Legal	29,500	30	Yes	Fixed sum	
Finance	24,674	19	Yes	Fixed sum	
Payroll	293,000	79		Fee	
Energy Management	2,000	5		Fee	
	3,001,166				

8 Relationship of Trading to Other Work

- 8.1 Many LAs do not trade services with schools preferring to focus on delivery of statutory responsibilities and allowing the market to respond to the needs of schools. This recognises that the management of trading arrangements adds a cost to the organisation and requires a set of skills that are different from those of providing a service outside of a trading arrangement.
- 8.2 In Lewisham where responsibilities have been delegated to schools a traded service has been introduced to support schools deliver the delegated responsibility. As a result there is a wide range of service level

agreements that are charged for on an insurance basis or on a fee/ charge basis e.g. legal services. In financial terms a small number of services are dominant and to cease their provision would impact on recovery of Council overheads.

- 8.3 Another consideration is the strategic significance of services in regard to the intelligence the trading activity provides about schools. This consideration is most relevant in terms of Schools HR service and the Governors Clerking service but to a lesser extent for performance services.
- 8.4 As a result of the relationship that is generated through the trading of these services the LA is able to gain a broader understanding of what is happening in schools and this can be married up with data and knowledge on school effectiveness issues at specific schools. The payroll service the third significant trading area does not feature in the same way as the other two services however access to knowledge about schools payroll facilitates the process of auditing the adherence to DBS checks in schools. There could be an argument for adapting the nature of the service and its prices to ensure that a large number of schools continued to buy into these services to avoid the potential loss of intelligence.

9 Service Efficiency

- 9.1 In financial terms the most recent focus on traded services has been in respect of ensuring costs are being recovered including overheads. Overheads have been assessed as a 15% addition based on corporate recharges to the Directorate. They are a reasonable estimate based on current knowledge. For the future a greater focus on the cost base of traded services would be appropriate to ensure costs closer to real costs can be achieved.

10 Price Sensitivity

- 10.1 Most services that are traded are relatively modest in terms of the charge to individual schools and there is little evidence currently that the charges are market sensitive.
- 10.2 In the case of Schools HR charges have been increased significantly above inflation for the last three years with no discernible impact upon take up. In respect of payroll there is a much wider range of potential providers for schools to consider and so price increases have been smaller.

11 Benchmarking

- 11.1 There are no nationally gathered statistics on the income and expenditure of traded services and attempts to gather information are often met with suspicion by providers because of market competition or financial sensitivities. The review will need to identify a school based approach to securing relevant pricing data but this will not give a significant insight into unit costs of other providers.

11.2 A benchmarking exercise has recently been carried out comparing Lewisham's traded services to five other London Boroughs; two inner London boroughs and three outer London. The benchmarking revealed that Lewisham's pricing was broadly in line with the London Boroughs. There was however considerable variation in the pricing structure, for example other boroughs chose to bundle certain services together and charge various tiers of service (gold, silver, bronze) where Lewisham currently does not. There is scope to review the pricing models used and to assess whether re-packaging of services may prove beneficial.

12 Delivery of traded services

12.1 Lewisham sells traded services to schools so that they can deliver their responsibilities and employs staff directly to do this. This provides the opportunity to sustain the delivery of some of its responsibilities by spreading overheads more widely to keep down unit costs or enables the employment of expertise that might otherwise not be possible for a smaller service.

12.2 It is possible for LAs to provide its traded services to schools in other LA areas. Historically, legislation discouraged LAs from doing this unless it was the trading of surplus capacity that existed for its own functions. However given the scale of traded services following the delegation of responsibilities and budgets to schools Government has been less concerned about this.

12.3 Where an authority trades outside of its area as a deliberate policy there are risks to be considered. External trading requires the employment of more staff and potentially the purchase of assets to support the activity. If however the schools opt to provide the traded services in-house or identify an alternative provider the LA must quickly find new customers or reduce costs to match the lost income. This risk is significant as schools buy services on an annual basis and rarely commit to longer term contracts. A further risk is that as local authorities tend not to have the relevant understanding of commercial risk and tend to be slower to respond to customer needs creating greater scope for trading losses.

12.4 Cost reduction will mean staff redundancies and the costs of these will fall upon the Council and cannot be recovered from the schools no longer buying services. Redundancies take time to implement and so the organisation may incur trading losses which would also fall upon the Council. When school budgets are buoyant this commercial risk is reduced but in the current climate schools are seeing their resources reduce in real terms and so the risk to Council traded services is greater.

12.5 Some authorities when thinking about ensuring some traded services continue to be provided to their schools have set up arms length companies to deliver the services with private sector partners. This facility allows the traded services to continue and expand more easily but it does mean that its best staff are not focused on their own schools. It does however provide a vehicle for the transfer of commercial risks. Such vehicles are not straight forward to establish and a lead in period of up to two years should be expected. A recent example is the Tri-Boroughs

organisation for school support services and an older one is the Surrey County Council – Babcock4s. Again, the question has to be asked in a climate of scarce resources, whether this is a priority for the Council.

13 Schools Forum role

13.1 Each year prior to setting the budget the Forum consider both price rises in current services and any new services that are offered. The Forum are presented with the typical impact on both Primary and Secondary schools of different sizes. The Schools Forum is also consulted on proposals to introduce new areas for trading so that they can consider the impacts on schools.

13.2 The typical impact on a school of the total increases (excluding inflation) over the past four years can be seen in the following table

All increase exclude inflation	Service Level Agreements with Schools			
	Increases agreed over the last 4 years			
	Primary School		Secondary School	
	210 Pupils	400 Pupils	850 pupils	1200 pupils
	8,750	10,650	17,400	21,300
	0.77%	0.49%	0.28%	0.23%
Cost to a typical school				
% of school budget				
School Budget				
	1,130,000	2,180,000	6,130,000	9,360,000

14 Current Project work undertaken by Lewisham Futures Board

14.1 Income from School SLAs has been reviewed a number of times since 2011. Since then charges have increased for certain areas quite considerably such as Human Resources. In addition new charges have also been introduced for services such as Educational Psychology and Schools are soon to be charged for Attendance and Welfare Services. As the Council considers how to make a reduction of £95m in its budget it is likely there will be a number of new proposals to charge schools for services provided by the Council.

14.2 The wider competition for services on offer to schools is variable dependent upon the service on offer. The ease of opportunities for schools to find alternative provision will shape the level of income that can be generated from any one service.

14.3 The Futures Board review is also considering the charges that are made to the Dedicated Schools Grant (DSG) to ensure that these are at an appropriate level. These are a mixture of services the schools receive such as Occupational Health, communications and media, anti-fraud team etc., but are not charged individually to schools but charged as a whole to the DSG. The review will also consider whether other services should be charged.

14.4 It is not possible at this stage to give an exact estimate for the level of income to be generated from this review and the work needs to dovetail with that for the Income Generation review to avoid any double counting of savings.

15. Financial Implications

15.1 There are no financial implications arising out of this report.

16. Legal Implications

16.1 There are no Legal implications arising out of this report.

17. Equalities Implications

17.1 There are no Equalities implications arising out of this report.

18. Environmental Implications

18.1 There are no direct environmental implications arising out of this report.

19. Crime and disorder implications

19.1 There are no direct crime and disorder implications arising from this report.

BACKGROUND PAPERS

Service level agreement booklet 2013/14 (Attached at **Appendix 1**)

Annual review of schools internal audit work

1. Purpose of this report

- 1.1. The purpose of this paper is to provide the Schools Forum with an overview of the findings and recommendations from the schools internal audit work undertaken in the last financial year (2012/13).

2. Recommendations

- 2.1. Note this update.

3. Background

- 3.1. London Borough of Lewisham (LBL) internal audit service is part of the Audit & Risk Service, which also covers Insurance & Risk, Counter Fraud, and Health & Safety. Baker Tilly (previously RSM Tenon Ltd) conducts internal audits on behalf of the Council.
- 3.2. Currently, the internal audit schools programme is on a rolling three-year basis. The auditor identifies the high-level risks in the following areas: Governance, Assets, Financial recording and monitoring, Procurement, Budget monitoring, Income, Recruitment, Payroll and Data security. The risks identified then form the basis of the internal audit testing programme.
- 3.3. The costs for internal audits are re-charged to schools in line with the annual C&YP/Schools service level agreement.

4. Audit Completed in 2012/13

- 4.1. In 2012/13, 30 schools audits were undertaken. Overall, the position shows a deterioration in the level of positive assurance opinions (Satisfactory/Substantial) in schools, from 97% in 2011/12 to 87% in 2012/13. However, this also needs to be reviewed in the context of the schools being audited – see commentary at 5.2. The table below details the number of opinions per school type carried out in 2012/13.

Type of School	No. Audits	No assurance	Limited	Satisfactory	Substantial
Nursery	1	-	-	1	-
Infant	1	-	-	-	1
Primary	14	1	2	6	5
Secondary	13	-	1	1	11
Special	1	-	-	-	1

Total	30	1 (3%)	3 (10%)	8 (27%)	18 (60%)
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- 4.2. Internal Audit conducts follow-up reviews nine months after the final report. We only conduct these follows-ups on Limited and No Assurance reports and only follow-up on High and Medium recommendations made. This in turn is monitored by the Council's Audit Panel.
- 4.3. The C&YP Directorate is responsible for monitoring the evidence for implementation of recommendations. This has proved a challenge for all concerned when schools are chased for overdue recommendations. It should be reiterated that schools must ensure they respond to requests for information from C&YP in a prompt manner.

5. Findings

- 5.1. A review of the 2012/13 internal audit recommendations compared to previous year's results is summarised below.

The proportion of high and low recommendations have increased while medium recommendations have decreased compared to the prior year. The number of recommendations raised per audit is in line with the prior year (5.7 in 2012/13 compared to 5.8 in 2011/12).

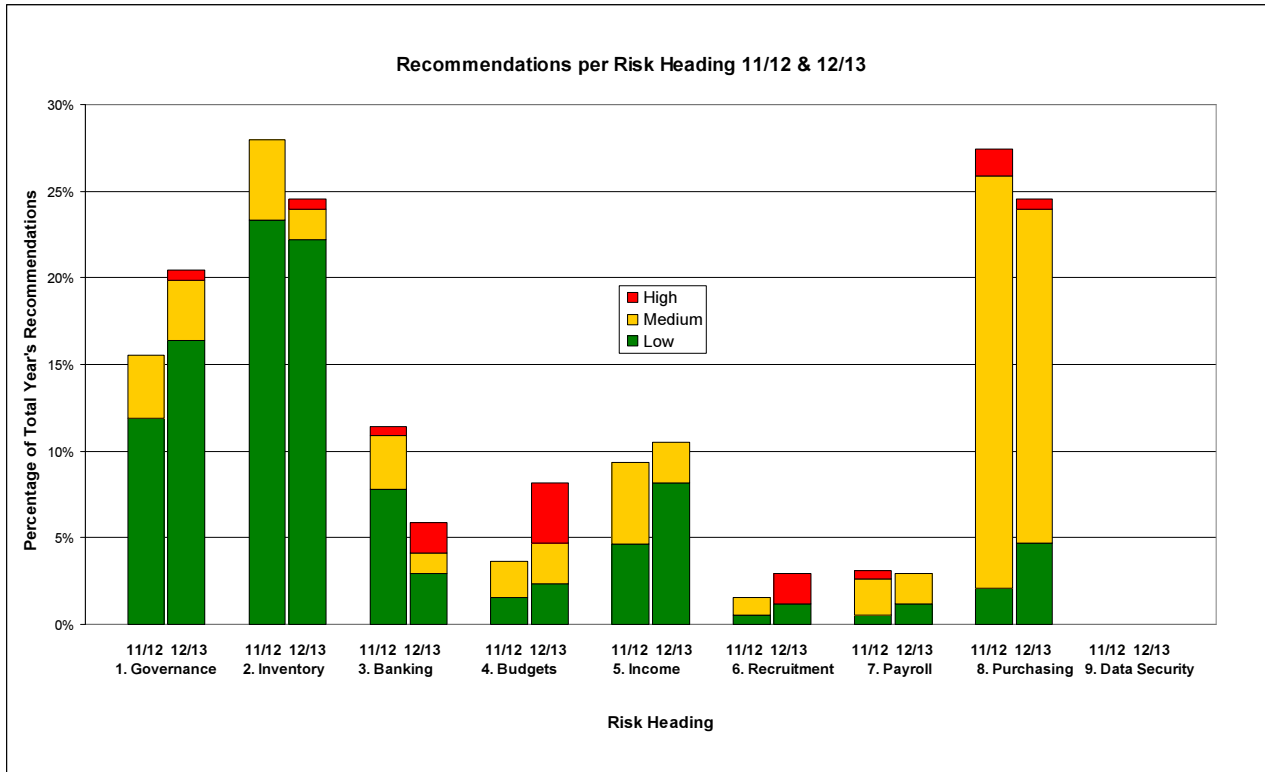
Recommendation Category	2011/12 (33 audits)	2012/13 (30 audits)
High (No. / %)	5 (3%)	15 (9%)
Medium (No. / %)	87 (45%)	55 (32%)
Low (No. / %)	101 (52%)	101 (59%)

- 5.2. In respect of the specific schools audited, there is generally a positive direction of travel from the audit opinions given in 2012/13. Of the 30 schools audited, 37% received a higher assurance opinion than their previous audit. However, just over a quarter of schools received a lower opinion than their previous audit. For those schools which received a lower opinion than previously it is important they ensure controls are being consistently applied at all times. Please note the N/A is due to a new school not having a previous audit opinion.



- 5.3. As in 2011/12, the most common control weaknesses identified continue to be in the areas of governance, inventory and purchasing. Once again there have been no issues noted with data security this year, while there are also relatively few recommendations for the payroll, recruitment and budget monitoring areas. However, where recommendations have been raised there has been a notable increase in the number of high recommendations in the areas of budget monitoring and recruitment. A positive to note is the decrease in recommendations for schools' banking processes, although again the proportion of high recommendations in this area has increased.

5.4. The graph below details the percentage of recommendations per risk heading for



2012/13.

5.5. In summary the key findings with recommendations for improvement in 2012/13 were in the following areas:

Governance

- Policies and Procedures must be current, aligned with the School Finance Manual where necessary, and have been approved by the Governing Body.

Inventory

- Accurate and timely recording of assets, supported by annual stock checks.

Banking

- Completion of accurate and timely bank reconciliations (including writing back of cheques more than six months old).

Budget Monitoring

- The budget monitoring process should be undertaken on a monthly basis, reviewed and signed off by the Headteacher to ensure that income and expenditure is being properly monitored by senior management and reported to the Schools' Finance Committees.

Income

- Have an appropriate charging policy in place and chase debtors promptly.

Recruitment

- Ensure relevant documents relating to references, Disclosure and Barring Service (DBS) certificates and Clear to Recruit forms are obtained and retained where necessary. Evidence for DBS certificates should be retained for up to 6 months (longer in exceptional circumstances, in consultation with the DBS), however evidence pertaining to an employee's right to work in the UK must be retained.

Purchasing

Improvement is necessary in all areas.

- Three quotations should be obtained for all purchases between £3,000 and £4,999,
- four quotations for purchases between £5,000 and £9,999, and
- full tendering process for purchases in excess of £10,000.

In line with the Schools' Finance Manual official orders must be raised for all work, goods or services required except for utilities, rent, petty cash purchases, refunds, grants, compensation and specified exemptions.

Orders must then be properly authorised and the goods/services receipted by the relevant member of staff. This system is designed to ensure that the fundamental principle of segregation of duties is properly safeguarded.

- 5.6. As well as looking at specific risk areas, we also examine the design of and compliance with controls in these areas. Recommendations are made with these categories in mind. So:
- if a recommendation is categorised as 'design of control' this is where an internal control is inherently weak. For example, an asset register not including categories such as cost, the serial number or make and model.
 - A recommendation under 'comply with control' would be due to asset register entries being incomplete. For example not entering the all information required, or failing to put an asset on the register.
- 5.7. Historically the position has been that 30% of internal control failings are due to their design, with 70% due to compliance. In 2012/13, in line with the expected figures, 30% of recommendations made were regarding the design of controls (51 out of 171) and 70% regarding compliance (120 out of 171).
- 5.8. We continue to work to improve the impact of internal audit and regularly review the scope of schools audits. We review the findings listed above and, alongside comparison with practices at other Authorities, employ a more risk-based audit approach, and seek feedback from schools on their experience of the audit process.

6. Conclusions

- 6.1. The 2012/13 audit programme shows the majority (87%) of assurance opinions continues to be positive in schools. However, we also continue to identify similar

- 6.2. weaknesses and raise common recommendations on a regular basis. In particular, in respect of the important areas of inventory management and purchasing controls.
- 6.3. Overall it remains that, where control weaknesses are identified they highlight matters of compliance with established procedures, rather than concerns about the fundamental control framework in place.
- 6.4. Therefore as reported in previous years, learning the lessons raised here and vigilance around compliance with established policies and procedures should suffice to limit the number and seriousness of audit recommendations raised in future.

Appendix A

Schools Audited in 2012/13

Primary	Audit Opinion
Adamsrill Primary	Substantial
Athelney Primary	Satisfactory
Edmund Waller Primary	Satisfactory
Fairlawn School	No Assurance
Forster Park Primary	Substantial
Holbeach Primary	Limited
Kender Primary	Limited
Kilmore Primary	Satisfactory
Launcelot Primary	Satisfactory
Our Lady & St Philip Neri Primary	Satisfactory
St Josephs Primary	Substantial
St Mary Magdalene's Primary	Substantial
St Michaels Primary	Satisfactory
St Stephens Primary	Substantial
Secondary	
Abbey Manor Secondary PRU	Substantial
Addey and Stanhope School	Substantial
Bonus Pastor RC Secondary	Substantial
Conisborough College Secondary	Substantial
Crossways Secondary	Limited
Deptford Green School Secondary	Substantial
Forest Hill Secondary	Satisfactory
Prendergast - Hilly fields Secondary	Substantial
Prendergast - Ladywell Secondary	Substantial
Prendergast - Vale College	Substantial
Sedgehill Secondary	Substantial
Sydenham Secondary	Substantial
Trinity School Secondary	Substantial
Other	
Clyde Nursery	Satisfactory
Sandhurst Infant	Substantial
Watergate Special School	Substantial

1. INTRODUCTION

- 1.1. The Corporate Health and Safety Team (CH&ST) has now completed the Schools Health and Safety (H&S) audit programme for the 2012/13, academic year (September – July). The purpose of the H&S audits is to monitor the H&S arrangements in Community Schools within the Council to assess their suitability and compliance with all H&S legislation, approved codes of practices and guidance.
- 1.2. Two types of audits are administered in schools; full and self-assessment audits. Full audits are carried out by the Schools H&S Adviser and the self-assessment audits are carried out annually by the Head Teacher/Nominee and Chair of Governors, who are asked to assess their own management of H&S using a structured questionnaire. All schools are automatically sent the self-assessment questionnaire for completion. For this academic year the total plan for 15 full audits was delivered and 84 self-assessment questionnaires were sent to schools. A similar process for self-assessment auditing is followed for the five Secondary Schools who hold radioactive materials.

2. SCOPE OF THIS REPORT

- 2.1. This report provides a summary of the H&S audit work, key findings and recommendations from the schools H&S audit programme to raise compliance with all necessary legal requirements and good practices.
- 2.2. Appendices A and B provide a more detailed breakdown by School to assist them with focusing on and enhancing their existing arrangements for managing H&S.

3. AUDIT PLAN AND APPROACH

- 3.1. The H&S Audit Plan is prepared based on an assessment of all the identified community schools. The assessment considers the six key H&S risk groupings set out in the Council's Statement of Intent. These are: Workplace / Site Related, Job Specific, Chemical & Hazardous Substances, Work Activity & Equipment, Occupational Health & Welfare and Health, and Safety Management.
- 3.2. Each School is assessed for each risk group using a High, Medium and Low rating.
- 3.3. The objective of the audits is to examine the Schools H&S management arrangements against the Council's British Standard (BS) 18001 H&S management system. The emphasis is placed on the provision of evidence at the audit. All H&S documents are inspected to ensure they are suitable and meet the required standard. The audit also includes a site inspection to identify any obvious hazards and offer advice on appropriate corrective actions.
- 3.4. The audits, where possible, are undertaken with the Head Teacher and or their nominated deputy with a representative from the Facilities Team or Facilities Management (FM) Provider and are concluded with a feedback meeting and the issuing of the audit report and an action plan. The action plan is then returned to the Schools H&S Adviser within a specified timescale for them to track the implementation of recommendations. For 2012/13;
 - a total of 15 full audits were completed and reports, including recommendations and action plans, were sent to relevant persons for action.

- a total of 84 self-assessment questionnaires were sent out and 62 (74%) were completed and returned to the Schools H&S Adviser.
- all secondary schools were approached to complete a radiation self-audit. This identified that only five hold radioactive materials and all of these five completed their radiation self-assessment.

4. SUMMARY FINDINGS

Full H&S audits

- 4.1. Based on the findings of each full audit, an opinion, using a four point scale of Excellent, Good, Weak and Poor, on the adequacy of H&S controls in place and compliance with them. These assurances are defined in Appendix A. Overall, 74% of the full H&S audits received a positive (Excellent or Good) opinion compared to 64% in the previous year.
- 4.2. A full list of the audits and their opinions by school are provided in Appendix B. **Table 1** below shows the summary position by School for 2012/13.

Name of School	Excellent	Good	Weak	Poor
Adamsrill (P)		X		
Athelney (P)		X		
Deptford Green (S) Secondary				X*
Drumbeat (Sp) (Meadowgate Site)			X	
Drumbeat (Sp) (Downham Site)			X	
Fairlawn (P)			X	
Gordonbrock (P)		X		
Grinling Gibbons (P)		X		
John Stainer (P)		X		
Kelvin Grove (P)	X			
Kilmorie (P)		X		
Lucas Vale (P)		X		
Perrymount (P& Sp)		X		
Sedgehill (S)		X		
Watergate (Sp)		X		
Total	1	10	3	1
P = Primary School / S = Secondary School / Sp = Special Needs Schools				

* It was reported that following their audit report, Deptford Green Secondary School have implemented some of their recommendations.

- 4.3. On receipt of the H&S audit report the Head Teacher is asked to return a completed action plan to demonstrate that they have understood the recommendations and identified the actions to be completed by whom and by when.

Table 2 below shows the position of H&S action plans completed and returned for 2012/13.

Full H&S Audits	2012/13		
	Audits	Action plan	% returned
Schools	15	4	26%

Self-assessment H&S audits

- 4.4. The self-assessment audits do not record a formal assurance opinion but aim rather to serve as a refresher/reminder for Head Teachers and Governing Bodies of their H&S obligations which they need to be discussing with staff, contractors and partners.

Table 3 below shows the position of completed self-assessment H&S audits received for 2012/13 compared to previous year.

Self H&S Audits	Number of Schools	2012/13		2011/12	
		Returns	% returned	Returns	% returned
Schools	84	62	74%	40	47%

Radiation sources audits

- 4.5. All secondary schools were sent the radiation self-audit questionnaires.
- 4.6. **Table 4** below shows the number of self audit radiation questionnaires returned from schools who hold radioactive materials.

Radiation Self Audits	2012/13		
	Number of Schools	Returns	% returned
Schools	5	5	100%

Findings

- 4.7. The summary findings from the Schools 2012/13 H&S audit programme are:
- 74% of full H&S audit reports were issued with a positive (excellent or good) assurance opinion.
 - Only 26% of those in receipt of a full audit report completed an action plan to assist with monitoring the implementation of H&S recommendations and to help demonstrate continuous improvement.
 - 74% of schools returned their self-assessments and the findings are generally positive. However, these have to be viewed in the context of "self-assessment" which may present a subjective view.

- 100% of schools with radiation sources on site returned their radiation self audits.

5. FULL AUDIT AND SELF- ASSESSMENT DETAILED FINDINGS – CROSS SCHOOLS

- 5.1. This section draws out the common themes identified by the CH&ST through the H&S audit work undertaken. To identify whether the general points being made apply to the H&S assessment of a particular school the reader would need to refer to the specific H&S audit for that school.

Workplace/site Related

- 5.2. This area relates to property and statutory maintenance of the schools estate. For example, asbestos, fire, electricity, gas glazing, legionella, swimming pools, educational visits, and Physical Education (PE).

Full Audits

- 5.3. Specific areas of good practice were noted in the management of statutory maintenance, particularly when the school had direct responsibility for the premises team. Most schools had trained Educational Visits Coordinators on site which was reflected in the quality of the educational visits risk assessments in place. Good attendance at all statutory maintenance training sessions.
- 5.4. Most schools had trained PE Coordinators on site with good arrangements in place for managing the PE activities and equipment.
- 5.5. Common areas identified requiring corrective action were in respect of gaining access to statutory maintenance records (e.g. fire, legionella, maintenance certificates),.

Self-Assessments

- 5.6. The majority of schools who responded to the self-assessment indicated having clear procedures and risk assessments in place to manage site related risks. It would appear on the form that schools undertake drills regularly and record of these drills are kept. Schools have reported being aware of their H&S responsibility to complete Personal Emergency Evacuation Plans (PEEP) for their staff and pupils.

Job Specific

- 5.7. This area relates to operational activities such as the use of computers, lone working, manual / moving handling and violence and aggression, working at height, moving and handling people and noise.

Full Audits

- 5.8. Some schools were well informed of their operational H&S risks and have set up good local H&S arrangements to reduce risks by developing site specific policies, procedures and completing risk assessments for various operational activities.
- 5.9. Records shows good attendance at training for some of the job specific risks. For example; working at height, manual handling and safe use of computers.

- 5.10. However, the audits also found that there were some schools without local H&S policies and procedures for managing H&S risks (for example; lone working, violence and aggression, use of computers, manual/moving handling and other specific local operational risks).
- 5.11. The inclusion of pupils with complex behavioural and medical needs into mainstream schools have introduced new risks to both employees and other pupils. For example; issues and risks associated with clinical waste management, moving and handling people, fire evacuation, and administering medication. Schools with these risks should review policies and risk assessments to ensure all the risks to staff and other pupils are identified and any specific training needs identified.

Self-Assessment

- 5.12. The majority of schools reported that Display Screen Equipment (DSE) assessments have been completed and that there are trained DSE assessors on site. Most schools reported that there are risk assessments and local written procedures in place (lone working, violence and aggression. working at height) to manage operational risks. It would appear that those schools who returned their self-assessments are managing their H&S risks effectively.

Chemical & Hazardous Substances

- 5.13. This relates to batteries, chemical substances, flammable liquids, radiation and waste management.

Full Audits

- 5.14. Some schools manage their own cleaning standards and others have contracted out cleaning to contractors. The schools who manage their own cleaning have written procedures and Control Of Substances Hazardous to Health (COSHH) assessments in place to manage the risks associated with the use and storage of chemicals and hazardous substances. Most of these schools have good records of COSHH training. Also the two secondary schools audited managed their radiation sources well, with radiation protection supervisors in place.
- 5.15. Specific areas identified as requiring corrective actions were the review of the existing COSHH assessments, procedures and the keeping of COSHH assessments/safety data sheets with the cleaning products.. For schools who have contracted cleaning, they need to manage and monitor the activities of cleaning contractors closely and receive assurances that their staff are trained, COSHH information is available on site for all the cleaning products used on site, and these are valid.

Self-Assessment

- 5.16. The majority of schools who responded reported having clear procedures and risk assessments in place to manage the risks of chemicals on site. Schools who managed cleaning contractors reported that they have copies of the cleaning contractors COSHH assessments.

Work Activity & Equipment

- 5.17. This area relates to imported risks to the Council through the purchase of goods and services, managing contractors, use of vehicles / driving, and work equipment.

Full Audits

- 5.18. Good practice was noted in the areas of procurement where most schools are aware of the Council's procurement process for the purchase of goods and services. A few schools monitor and manage the activities of contractors on site well. The schools that have vehicles (mini buses) on site appear to manage them well and these schools have identified named persons to manage the operational arrangements including the monitoring and checking of licences, insurance, training and maintenance of vehicles.
- 5.19. However, there are schools who needs to improve their relationship with contractors. Some schools appear unclear of their H&S roles and responsibilities when managing contractors, particularly in schools where there are FM Providers and contractors. There seems to be a general lack of knowledge in managing and monitoring the operational activities of the FM Providers and contractors. Also there is lack of understanding on how imported risks should be managed or reduced. This also related to the health and safety management of private lettings of the school premises. For example; after school / breakfast club providers, hall lettings, sporting activities, and school functions, summer fetes, and Parents & Teachers Associations. These indicate the need for training in managing and monitoring contractors.

Self-Assessment

- 5.20. The majority of schools who responded indicated that they have policies and procedures in place for managing contractors and that there are risk assessments in place for all work equipment used in schools.

Occupational Health & Welfare

- 5.21. This relates to work-related stress, first aid, alcohol and drugs, administration of medication, communicable and infectious diseases.

Full Audits

- 5.22. Good practices were noted in the areas of work-related stress and first aid management. The majority of schools audited were aware of the Council's arrangements for managing work-related stress and many have bought into external stress management service providers. Most schools have adequate and sufficient first aid provision on site. Some schools have good procedures in place for managing the administration of medications, with strict protocols in place for handling certain medications.
- 5.23. However, some schools manage work related stress informally with no documents to evident compliance. For example; open door policy, discussing issues at team meetings etc.. are some of the ways in which work related stress can be managed. Most schools appear not to recognise the use of alcohol and drugs as areas of concern and there are no systems in place of managing such risks.

Self-Assessment

- 5.24. Most schools indicated that they have procedures and risk assessments in place for first aid and administration of medication. Some schools reported team meetings and

one2ones as the tools used to manage work-related stress. Some schools indicated they have not recently undertaken stress audits.

Safety Management

- 5.25. This relates to H&S objectives, consultation and communication, training, incident reporting, risk assessment, local procedures and roles and responsibilities.

Full Audit

- 5.26. Schools who performed well had written local procedures, records of H&S training, operational risk assessments of good quality and a good system for reporting and investigating work-related incidents. The roles and responsibilities of key persons in the school such as Head Teachers, Senior Leadership Team, Governing Body, Premises Officer, first aiders and fire marshals were clearly defined in their arrangements for managing H&S. Health and safety training is undertaken regularly by most schools and good training records are held. The majority of schools identified their H&S objectives in a statement of intent.
- 5.27. However, some schools did not have good written policies, local procedures or risk assessments in place. The statement of intent were not signed and dated by the Chair of Governors in some cases. Also the H&S roles and responsibilities between the school and FM Providers/contractors were not always clearly defined.

Self-Assessment

- 5.28. Schools who responded reported having specific H&S objectives such as the review of risk assessments and reducing accidents and incidents. They have defined roles and responsibilities within the team (e.g. first aiders, fire marshals etc..) and many reported having trained risk and DSE assessors. Health and safety training has been very well attended.
- 5.29. Appendix B provides a summary of recommendations as well as the return date of the action plans for Schools audited in 2012/13.

6. RECOMMENDATIONS

- 6.1. There were some good practices noted from the schools full audits. However, some common areas where improvements are needed were noted. They are:

1. Management of Contractors

There are often issues with managing FM providers/contractors in schools. Therefore, schools who are working in partnership with other service providers must ensure that a clear H&S standard is set and agreed between the two parties. The standard set must define roles and responsibilities and Key Performance Indicators (KPI) identified. The KPIs should be used to assess and monitor the H&S competency of the contractor. The monitoring must be at a regular meetings and for substantial projects an annual audit of the contractors H&S management system carried out. Records of all monitoring and H&S discussions must be kept. A similar standard should be set for sub-contractors who are used by the contractors/FM Providers and the school must request evidence of compliance from the contractors/FM Providers.

2. Violence and Aggression

While schools already manage the risk of violence and aggression well the risks arising from parents/members of the public and children with complex behavioural needs could be managed more effectively. Local procedures must be developed to include all associated risks such as the arrangements for defusing difficult situations, restraint, etc. Any changes in the schools / pupils arrangements must be clearly communicated to all relevant staff, including external organisations for example Lewisham Door2Door Transport.

3. Site Related Health & Safety Risks

The fabric of many of the older schools is showing signs of deterioration and decline. Some play equipment, playgrounds and external stairs are also in need of repair or replacement. Schools must implement robust inspection regimes and maintenance programmes to ensure such health and safety risks are controlled. Resources should be allocated to address any areas of high concern as soon as possible.

4. Imported Risks

Schools are more often entering into external contracts to let their site to third parties to generate income. Strict health and safety controls must be implemented to ensure that the risks of unsafe equipment / persons are not being imported into schools un this way. For example; untested electrical equipment, unsafe machinery, incompetent persons, requisite safeguards – insurance, risk assessments, DBS risks. This will also be applicable when the school is running events such as the Christmas fair or summer fete. The same controls need to be implemented even if the event is being run on a volunteer basis. Head Teachers must ensure that clear procedures and risk assessments are in place to manage the risks of the site when such events are organised. For example; fire and first aid arrangements.

When schools procure equipment and services, they must be confident that the equipment will be fit for purpose – incorporating the needs of the pupils on site and appropriate to their individual abilities. This requires engagement in all aspects of such projects to ensure that health and safety risks are eliminated or reduced at design/planning stage.

5. Local Policies / Procedures / Risk assessments

Each school must develop local policies, procedures and risk assessments for all the operational risks and activities on their site, including off-site visits. Health and safety roles and responsibilities must be clearly defined (e.g. risk assessors, fire marshalls, first aiders, educational visit coordinators and radiation protection supervisors). All health and safety procedures, policies and risk assessments should be communicated to all relevant staff / contractors / members of the public.

The Council's health and safety policy, risk control and management procedures (available on the external server) are available to use as a framework to develop local school health and safety procedures.

7. CONCLUSIONS

- 7.1. In conclusion, 74% of schools received a positive H&S assurance opinion, demonstrating that they have set up and maintain good H&S standards. These

schools have engaged with and trained their staff on various H&S matters, completed risk assessments for their operational activities, and developed policies and procedures for managing local risks.

- 7.2. For some schools, particularly those with FM providers, there is a need to improve the working relationships with contractors to ensure H&S roles are clearly defined and that H&S documents for activities managed by contractors are made available to schools.
- 7.3. With the introduction of pupils with emotional/ behavioural and medical needs into mainstream settings Schools must ensure that they have policies and procedures in place to manage the associated risks. Good communication / information from other childhood settings and organisations must be considered when accepting the children, to ensure all the risks are identified and adequately controlled.
- 7.4. Even though only 26% of schools audited returned completed action plans for the H&S recommendations made, Schools must continue to review their own H&S arrangements and implement these recommendations.

Appendix A – Definition of Full H&S Audit assurance opinions and list of audits by Directorate

Level of Assurance	Adequacy of H&S arrangements in place	Compliance with H&S arrangements
Excellent	Robust framework of controls matched to risk ensures H&S objectives are likely to be achieved.	H&S controls are applied continuously with minor lapses.
Good	Sufficient framework or key controls for H&S objectives to be achieved but could be stronger.	H&S controls are applied with some lapses.
Weak	Risk of H&S objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the management & application of H&S controls.
Poor	System of control not in place. Absence of basic H&S controls resulting in inability to meet objectives.	Absence of compliance with fundamental H&S controls.

School	Adequacy of H&S arrangements	Compliance with H&S arrangements	Overall Opinion
Adamsrill (P)	Good	Excellent	GOOD
Athelney (P)	Good	Good	GOOD
Deptford Green (S) Secondary	Weak	Poor	POOR
Drumbeat (Sp) (Meadowgate Site)	Good	Weak	WEAK
Drumbeat (Sp) (Downham Site)	Good	Weak	WEAK
Fairlawn (P)	Weak	Weak	WEAK
Gordonbrock (P)	Good	Good	GOOD
Grinling Gibbons (P)	Good	Weak	GOOD

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School	Adequacy of H&S arrangements	Compliance with H&S arrangements	Overall Opinion
John Stainer (P)	Good	Weak	GOOD
Kelvin Grove (P)	Excellent	Excellent	EXCELLENT
Kilmorie (P)	Good	Good	GOOD
Lucas Vale (P)	Good	Weak	GOOD
Perrymount (P& Sp)	Good	Good	GOOD
Sedgehill (S)	Good	Good	GOOD
Watergate (Sp)	Good	Weak	GOOD

Appendix B – CYP Schools H&S audit results 2012/13

School	Report Date	Action Plan Due Date	Summary of Recommendations
Adamsrill Primary School	June 2013	December 2013	The development of operational risk assessments. Development of site H&S policy document. Refresher H&S training for Premises Officer. The completion of computer self assessments by all users.
Athelney Primary School	August 2013	December 2013	The development of H&S policy document to include all outstanding operational risks and define roles and responsibilities for parties involved in managing H&S. The review of risk assessments and procedures.
Deptford Green Secondary School	June 2013	December 2013	Review the H&S policy document to ensure it clearly define H&S roles and responsibilities between the school and the FM provider. The development of local procedures and risk assessments for all operational activities. To set up regular monitoring meetings with the FM provider and obtain all H&S documents from the FM Provider specific to all operational activities carried out by them.
Drumbeat ASD School (Meadowgate Site)	December 2012	December 2013	The development of H&S policy document – to clearly define H&S roles and responsibilities. The completion of risk assessments and some operational procedures. To ensure that there are DSE assessors in place to support the completion of DSE self assessments.
Drumbeat ASD School (Downham Site)	August 2013	December 2013	Review the H&S policy document to clearly define H&S responsibilities between the school and the FM provider. To ensure a strict inspection regime is in place to monitor the imported H&S risks of the new build. for example: play equipment and outside play areas. Complete risk assessments and procedures for all operational risks. Set up regular monitoring meetings with the FM provider.
Fairlawn Primary School	October 2012	April 2013	H&S training needs analysis should be undertaken to determine the type of training required. Review of the H&S policy document to include all operational risks. Outstanding procedures and risk assessments for operational activities / areas must be developed. A strict inspection regime should be implemented to identify building related H&S hazards and implement control measures.
Gordonbrock (P)	December	July 2013	Review the H&S policy document to ensure it includes arrangements for all the

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School	Report Date	Action Plan Due Date	Summary of Recommendations
	2012		operational H&S risks on site. H&S training needs analysis should be undertaken to identify the types of training required. A strict inspection regime should be implemented to ensure all visible H&S hazards are identified. To arrange for at least two staff members to be trained as DSE assessors to support the completion of computer self-assessments.
Grinling Gibbons (P)	July 2013	December 2013	To procure a specialist contractor to undertake a water hygiene risk assessment to ensure compliance. Suitable risk assessments must be carried out for all operational activities to identify any hazards and ensure control measures are implemented.
John Stainer (P)	January 2013	July 2013	Review the current H&S policy document to ensure there are arrangements to manage all operational H&S risks. Suitable risk assessments must be undertaken for all operational activities / areas. To procure a competent contractor to carry out a five year hard wiring test.
Kelvin Grove (P)	July 2013	December 2013	An inspection regime must be implemented for all the existing outdoor play equipment, which are showing signs of deterioration, to identify any potential hazards. Ensure all chemicals are locked away and data sheets are held in situ with the chemicals.
Kilmorie (P)	July 2013	December 2013	To review the H&S policy document to ensure there are arrangements to manage all the operational risks. Procedures and risk assessments must be developed for all outstanding operational activities. To ensure that all staff that have been delegated with H&S responsibilities are trained.
Lucas Vale (P)	March 2013	December 2013	To develop local procedures to manage H&S risks. To review all risk assessments to ensure all hazards have been identified and suitable control measures implemented. All For all identified operational activities, a suitable risk assessment must be undertaken. Any actions identified in the water risk assessment must be prioritised and an action plan developed.
Perrymount (P& Sp)	February 2013	December 2013	H&S policy document must be reviewed to ensure that arrangements for all site H&S operational risks are included. The policy document must clearly identify the process for consultation and communication of H&S information. Site inspections must be

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School	Report Date	Action Plan Due Date	Summary of Recommendations
			documented and action plans developed.
Sedgehill (S)	July 2013	December 2013	To review all risk assessments to ensure all relevant hazards have been identified and suitable controls documented. Review the H&S policy document to clearly define H&S responsibilities between the school and the FM provider. To ensure the FM provider has a system or process in place for managing and monitoring the activities of all the sub-contractors involved in providing a service to the school.
Watergate (Sp)	July 2013	December 2013	To review the H&S policy document to ensure there are arrangements to manage all occupational risks and activities. To ensure the H&S policy clearly defines the roles and responsibilities of the school / FM provider and specialist contractors in managing all H&S. To ensure the FM provider has a system or process in place for managing and monitoring the activities of all the sub-contractors involved in providing a service to the school. To ensure all statutory maintenance documents/records are available to the school.

Absence Reporting

The Forum noted at their meeting in September that there was a significant level of absence reported under a category 'Details not provided' and as a consequence the monitoring of absence by reason was not meaningful. Historically schools have been able to report the reason for absence in a 'free flow' format and this flexibility has been recognised as another factor contributing to the difficulties in establishing accurate reason coding.

To address this, the Corporate Council has established a list of 15 wider but clear reasons for absence and a letter to schools explaining these reasons will go out before Easter. Schools will be asked to use these reasons only when reporting absence and, in addition, they will be reminded to always give a reason to aid accurate monitoring.

The list will include

- Back problems
- Other musculo-skeletal problems
- Chest/respiratory
- Eye/Ear/Nose/Mouth/Dental
- Genito/Urinary
- Heart/Blood Pressure/Circulation
- Infection
- Neurological
- Pregnancy related
- Stomach/Liver/Kidney/digestion
- Stress/Depression/Mental Health/Fatigue
- Affected area not known
- Probable/Possible pandemic flu
- Confirmed pandemic flu