

# AGENDA



## SCHOOLS FORUM

Date: Thursday 7 July 2022  
Time: 4.30pm  
Place: Winterbourne Acadamy, 17 High Street,  
Winterbourne, BS36 1JL or Microsoft Teams  
(Hybrid meeting)

### Distribution

#### Members of the Committee

Sarah Lovell (Chair)	Dave Baker (Vice Chair)
Stuart Evans	Will Roberts
Kim Garland	Fr. Malcolm Strange
Clare Haughton	Bernice Webber
David Jenkins	David Williams
Nicola Jones	Louisa Wilson
Louise Leader	Julia Anwar
Kirby Littlewood	Jo Dent
Steve Moir	
Pippa Osborne	
Diane Owen	
Lisa Parker	

#### **Appropriate Officers attending:**

Mustafa Salih  
Hilary Smith  
Caroline Warren  
Alison Davies

#### **Councillors attending:**

Erica Williams  
Trevor Jones

Director for Children, Adults and Health, Badminton Road Offices,  
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# AGENDA

- 1 WELCOME AND INTRODUCTIONS
- 2 APOLOGIES FOR ABSENCE (Sarah Lovell)
- 3 DECLARATIONS OF INTEREST (Sarah Lovell)
- 4 SCHOOLS FORUM MEMBERSHIP (Ali Davies)
  - 4A – ELECTION OF A NEW CHAIR
  - 4B – MEMBERSHIP UPDATE
- 5 ANY OTHER ITEMS THE CHAIR DECIDES ARE URGENT (Sarah Lovell)
- 6 MINUTES FROM 12 MAY 2022 (Sarah Lovell)
- 7 FINANCIAL REGULATIONS FOR MAINTAINED SCHOOLS (Justine Poulton)
- 8 OUTTURN REPORT FOR DSG (Mustafa Salih)
- 9 GROWTH FUNDING – ADDITIONAL REQUIREMENT TO SUPPORT BULGE CLASSES (Verbal update) (Hilary Smith)
- 10 HNWG UPDATE (Susie Weaver)
- 11 SCHOOLS FORUM FORWARD PLAN
- 12 ANY OTHER BUSINESS

**South Gloucestershire Schools Forum  
Minutes of Meeting held on  
Thursday 12 May 2022  
Microsoft Teams**

**PRESENT:**

Sarah Lovell (Chair)	Finance Director, Cabot Learning Federation
Dave Baker (Vice Chair)	CEO, Olympus Academy Trust
Julia Anwar	Head of Business Operations, Olympus Academy Trust
Jo Dent	Maintained Primary Governor Representative
Kim Garland	Headteacher, Brimsham Green School
David Jenkins	Governor, Crossways Schools
Nicola Jones	Representative Special Academies
Louise Leader	Headteacher, Pathways Learning Centre
Kirby Littlewood	Headteacher, Stanbridge Primary School
Steve Moir	Headteacher, Bradley Stoke School
Pippa Osborne	Headteacher Christ Church Junior School
Diane Owen	Chair, King's Oak Academy
Lisa Parker	Headteacher, Warmley Park School
Will Roberts	CEO, Castle School Education Trust (CSET)
Fr. Malcolm Strange	Diocese of Bristol Representative
Bernice Webber	Headteacher, Old Sodbury CE Primary School
David Williams	Diocese of Gloucester
Louisa Wilson	Headteacher, St. Stephens C of E Junior School

**Executive Members:**

Erica Williams, Cabinet Member - Schools, Skills & Employment

**Officers:**

Mustafa Salih, Head of Financial Management and Business Support  
Hilary Smith, Head of Education, Learning and Skills  
Caroline Warren, Finance Business Partner  
Deb Luter, Schools Finance Officer

**Others:**

Tamsin Moreton, Director of Finance & Operations, Enable Trust (Observer)  
Paul Spencer, Governor (Observer)

**1. WELCOME AND INTRODUCTIONS**

Attendees were welcomed by the Chair.

**2. APOLOGIES FOR ABSENCE**

Trevor Jones, Erica Williams, Chris Sivers, Stuart Evans, Clare Haughton, Claire Hill, Fr. Malcolm Strange, Susie Weaver

### 3. DECLARATIONS OF INTEREST – None

### 4. SCHOOLS FORUM MEMBERSHIP (Ali Davies)

Two vacancies outstanding. Letter sent to Governors today and awaiting response.

### 5. ANY OTHER ITEMS THE CHAIR DECIDES ARE URGENT (Sarah Lovell)

None

### 6. MINUTES FROM LAST MEETING – 03<sup>rd</sup> March 2022

#### New Top Up Funding Rates

**HS** – We are setting up regular meetings with the Secondary Heads which includes Hilary Smith, Hugh Disley and Mustafa Salih and working positively.

#### Transitional protection for pupil transferring from Year 6 to Year 7.

**MS and HS** - This has been implemented.

Remainder of the Minutes recorded as accurate.

### 7. School Funding 2022-23 – Verbal Update (Mustafa Salih)

All the recommendations that came from Schools Forum at the last meeting were fed into Cabinet and taken forward and approved.

Additional transition scheme for Year 6 to Year 7– no changes to top up levels for special schools until the 1<sup>st</sup> April 2023 year and working towards that goal.

We discussed the Safety Valve programme and can confirm this was signed off with the Department for Education (DfE). We are due to receive £25m from the DfE to clear a large part of our deficit. Our cumulative deficit is around £32m so that means £25m will get paid off by the DfE and the changes we are working together on (e.g. top up levels and out of authority placements) will hopefully close the rest of that gap. The £25m will be paid in tranches and we will need to demonstrate we are continuing to be on track before future tranches are paid.

There is one outstanding issue re special schools and the supplementary grant to help meet the NI increase. The DfE guidance states that Special schools should discuss with the LA how much grant should be paid out to them. We are trying to finalise the outturn to see the size of the deficit and how much is needed to stay on track with the approved plan – the amount that the DfE allowed was 3% increase to pass on to special schools and my desire is to pass on the maximum to special schools. The outturn is critical to that.

**TM** - 4% is stated in the High Needs Operational Guidance.

**MS** - Happy to have a look at that and will confirm.

**HS** – Capital application – as part of being in the Safety Valve the DfE asked whether we could benefit from any capital projects to be delivered quickly. We did put forward a package of 4 projects, for example creating some additional 8 places at Warmley Park, conversion of a facility of one of the schools at Enable Trust development, a provision for New Horizons so that we have a vocational aspect of their curriculum offer and an expansion of Pegasus school. We are still awaiting to hear from them. We will keep people in the loop.

**DO** – Referred in the HNWG that you are going to report regularly to the DfE and whether we have pre sight of those reports?

**MS** – We are working on a dashboard of metrics and will be supplying to the DfE the number of referrals for Education, HealthCare Plans (EHCPs), number of EHCPs etc and when we agreed the plan, we had projections to stay on target. We are developing that now and can share that with the forum when they are finalised.

**LP** – Are we able to have a response to the letter sent by the Special schools?

**MS** - We haven't written a letter to special schools yet and I will respond when the supplementary grant is resolved. We are seeking clarification with the DfE on the other issue raised by special schools around the Minimum Funding Grant (MFG). Once clarified we will write definitive answers. We should be able to respond to all those quite soon.

**Action:**

**MS to respond formally in the next month within a reasonable timeframe.**

**JA** – Will there be any communication going out to parents regarding the impact of funding?

**HS** – We did an initial letter, and an easy read version is being commissioned and intending to do community-based sessions for parents and working alongside school leaders and can discuss any issues about the whole package of arrangements. Schools need to get on board and for HS and the team to meet with the SEND Clusters and group clusters to talk about what the approach might be in their area and establish an offer for their parents and working with the Parent Carer Forum.

**SM** – Concerns around protection of Year 6 and Year 7 with EHCPs and particularly concerned that conversations with parents will be challenging.

**MS** – Any Year 6 pupil transferring to Year 7 will be protected and will not move straight away onto the new banding.

**CW** – We will communicate to schools once we have clarified internally first to see how our own systems would work.

## 8. Dedicated Schools Grant 2021/22 Quarter 3

**CW** went through the report on the Dedicated Schools Grant 2021/22 Quarter 3 position.

### Main points:

The net current Dedicated Schools (DSG budget), excluding academies and High Needs recoupment, is £146,725k. The DSG is forecasting an outturn overspend position of £32,116k a reduced overspend of £721k since Quarter 2.

The approved DSG reserve transfer of £8,935k is £722k more than the Quarter 3 outturn forecast. This is mostly due to a reduction in expenditure within the Schools Block and High Needs Block, and a High Needs Block adjustment within the latest DSG funding announcement.

There was a funding transfer of £2,200k approved by the Secretary of State from the Schools Block to the High Needs Block to support demand led pressures and the implementation of new ways of working in line with the DSG recovery plan.

The Schools Block is forecasting an outturn underspend of £238k, an increased underspend position of £228k since Quarter 2. This is mostly due to a provision being held for an in-year breach that didn't materialise.

The Central Schools Services Block is forecasting an outturn underspend of £10k, an improvement of £4k since Quarter 2.

The High Needs Block is forecasting an outturn overspend of £8,479k before applying the approved reserve transfer, an improvement of £488k since Quarter 2.

The Early Years Block is reporting a forecast outturn underspend of £17k, an increased underspend of £1k since Quarter 2.

## 9. High Needs Working Group (HNWG) Update

**Pippa Osborne** representing Susie Weaver.

Continue to be a cycle of meetings against the 5 themes providing that direction and challenge and linking with the governor role and enforcing those links.

Very essential clear communication flow with opportunities to bring back and being updated.

Tracking and monitoring and keeping us well informed and not have similar conversations around the same issue.

**DJ** – was tasked to write an additional communication for governors which he sent to the LA but has heard nothing since.

**HS** – The communication is with me who has some direct queries around the changes and is dealing with those. I have got this in hand and won't have to wait too much longer.

**PO** - We had updates about the Safety Valve and heard about the different themes. We heard about the new banding system; theme 3 early years support fund and investment and care/parent support; theme 4 good to hear from Hugh Disley and Ali Ford where they are looking at the 75 biggest high-cost placements and doing a piece of work about value for money; theme 5 specialist education network meeting aligned with capital investment programme and decided to introduce a new theme around data management.

Executive summary is currently being finalised and shared with shareholders. HNWG will give an update to the Forum on 7<sup>th</sup> July.

## 10. SCHOOLS FORUM FORWARD PLAN

July	7th			
		7	Place planning	Hilary Smith
		8	Financial Regulations for Schools	Justine Poulton
		9	HNWG Update	Susie Weaver
		10	Schools Forum Membership, Constitution & Self-Assessment	Ali Davies

## 11. Any Other Business

**SL** – Following a discussion with some members of the Forum at a planning meeting, it was talked about to meet face to face at the next meeting on the 7<sup>th</sup> July. The Council to look for a venue.

Also, happy to talk to anyone who is interested in becoming Chair.

Meeting closed



# South Gloucestershire council

## SCHOOLS FORUM

**Date: 7<sup>th</sup> July 2022**

### Financial Regulations for Schools

#### Purpose of Report

1. To provide members of the schools Forum with the opportunity to comment on the content of the updated Financial Regulations for Schools.

#### 2. Background

2. The Financial regulations for schools were last updated in 2019. At that time the consultation responses were presented to the Schools' Forum for their information. The financial regulations for schools have been refreshed for 2022. The financial regulations for schools set the Local Authority's expectations regarding adherence to sound financial management practices. The financial regulations for schools are intended to work concurrently with the scheme for financing of schools and the schools financial value standard (SFVS). The SFVS is a mandatory self-assessment return produced by government each year. It must be completed by all LA maintained schools and there is a requirement for the Chief Financial Officer to sign a declaration to confirm that every school has completed the exercise. There is significant guidance available on the government web pages to assist the completion of the SFVS. It is a declaration regarding the strength of financial management practice and should provide assurance over the existence of controls.

#### Key Changes

3. The purpose of the financial regulations for school's refresh is to ensure any new requirements are incorporated into the regulations and that there is a logical flow and alignment between the SFVS and the regulations. To this end, the format and layout of the regulations now more closely align with the SFVS.
4. Examples of new additions include: the new requirement to report on related party transactions, as well as a section for purchase card controls and requirements. The governance and budget strategy sections have been enlarged to align with the requirements in the SFVS.

#### Consultation

5. Initial consultation has taken place with officers of the council and also at a recent South Gloucestershire School Business Leaders conference event.
6. A group of LA maintained school business managers have agreed to be a feedback group to review the content of the financial regulations for schools for ease of use and accuracy.

7. The purpose of presenting these financial regulations for schools to the schools Forum is to gather any comments or feedback ahead of their intended launch in September 2022.

### **Next steps**

8. Internal audit services will gather any feedback and, where possible, incorporate the changes into the financial regulations for schools.
9. A finalised version of the financial regulations for schools will be assembled over the summer and will be circulated to all maintained schools for September 2022.

### **RECOMMENDATION**

Members of the Schools Forum are invited to consider the contents of the Financial Regulations for Schools and provide any feedback on their content and layout to [internalauditmail@southglos.gov.uk](mailto:internalauditmail@southglos.gov.uk).

(Please clearly mark your response so that it is clear it is financial regulations for school's feedback. Please forward all responses by 30<sup>th</sup> July 2022.)

Report Author

Justine Poulton, Audit Manager

# Financial Regulations for Schools

Ver 1.1 – May 2022

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# Financial Regulations for Schools

## **Introduction**

Financial Regulations govern the way the Council controls and manages its financial responsibilities. These financial regulations apply to all Schools who receive their funding from the Local Authority under the legislative provisions in section 45-53 of the School Standards and Framework Act 1998. Under this legislation local authorities must distribute the individual schools budget amongst their maintained schools using a formula which accords with regulations made by the secretary of state. The financial controls within which delegation works must be set out in a document by South Gloucestershire Council, this document is referred to as the Scheme for Financing of Schools ('the scheme'). This scheme sets out the financial relationship between the Authority and the schools maintained by the Authority. The scheme contains requirements relating to financial management which are binding on both the local authority and the governing bodies of schools. This includes a requirement for local authority funded schools to comply with these financial regulations for schools.

These financial regulations for schools are published in accordance with Section 151 of the Local Government Act 1972 and in accordance with Section 48 of the School Standards and Framework Act 1998.

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**Definitions**

1. Local Authority – South Gloucestershire Council is the local authority, referred to in these regulations as ‘the local authority’.
2. The Chief Financial Officer is the Director for Corporate Resources and Deputy Chief Executive. He/she may choose to delegate his/her oversight and responsibilities for these regulations to the Director for Children, Adults and Health supported by the Head of Business and Finance for Children, Adults and Health.
3. School(s) – the use of the words ‘school’ or ‘schools’ throughout these regulations refers collectively to the governing body, a committee of the governing body, the Head Teacher or other Headship arrangements at the school and other staff employed at the school, including contractors and agency staff operating the schools financial processes. In certain cases, the regulations refer specifically to the governing body or the Head Teacher.
4. Governing Body – References to the ‘the Governing Body’ may refer to a committee of the governing body where delegated authority to carry out tasks is permitted, and those tasks have been properly delegated to such a committee by the Governing Body.
5. Head Teacher – reference to ‘the Head Teacher’ may refer to other staff of the school where delegating authority is permitted and has been properly delegated by the governing body or Head Teacher.
6. Regulations – the term ‘regulations’ in this context means the financial regulations for schools.
7. Any points of clarification on these regulations should be initially addressed to the Audit Manager, Internal Audit Services, [internalauditmail@southglos.gov.uk](mailto:internalauditmail@southglos.gov.uk)

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# 1. Governance

## Roles and Responsibilities

- 1.01 Financial regulations apply to every member of the governing body and member of staff at the school including contractors and temporary staff engaged to carry out duties relevant to the financial management and administration of the school.
- 1.02 These regulations relate mainly to official funds. However, please refer to the section on voluntary funds and extended provisions for financial standards relating to these other types of funds.
- 1.03 These regulations shall not override any statutory provisions that apply and complement the statutory requirements laid down in the South Gloucestershire scheme for the financing of schools.
- 1.04 The governing body of each school is responsible for ensuring the sound, proper and effective use of the schools financial resources. The governing body is given its powers and duties as an incorporated body. The statutory responsibilities of the governing body of a maintained school are detailed in section 21 of the Education Act 2002. Their key financial roles are to:
- Manage the school budget
  - Decide on how to spend the delegated school budget, depending on any conditions for maintained schools set out in the local authority (LA) scheme for financing schools and these financial regulations for schools
  - Be consulted by their local authority on funding
  - Ensure accurate school accounts are kept
  - Determine the number and type of staff and a pay policy in accordance with the school teachers' pay and conditions
  - Act as a 'critical friend' to the headteacher by providing advice, challenge, and support.
- 1.05 In practice governors will need to delegate to the Head Teacher some of their authority to conduct the management of the school's finances. The governing body must maintain a written record where decision making has been delegated to committees of the governing body and/or school staff. These regulations will specify where decisions cannot be delegated and must be referred to the Council's Chief Financial Officer. Where responsibilities have been delegated or devolved to other responsible officers' reference to the chief officer in the regulations should be read as referring to them.
- 1.06 The governing body has a statutory responsibility to support and challenge the headteacher. Members of the governing body do this to ensure:



- Resources are deployed appropriately in line with the school’s priorities
  - Planned levels of financial performance are achieved
  - The school avoids incurring financial loss and waste
  - The school received favourable audit assessments.
- 1.07 The Chief Financial Officer is, for the purpose of Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, responsible for the proper administration of the Council’s financial affairs including maintained schools.
- 1.08 Substantial breaches of Financial Regulations must be reported to the **Chief Financial Officer** and may be treated as disciplinary offences. The South Gloucestershire scheme has a section on withdrawal of delegation. The Local Authority can issue a Notice of Concern for breaches of these regulations requiring the Governing Body to comply with provisions set out by the Local Authority in the Notice of Concern. The Local Authority has the ultimate power to withdraw a Governing Body’s right to a delegated budget including establishing an Interim Executive Board to replace the Governing Body for breaches to these regulations.
- 1.09 To discharge the statutory responsibilities referred to in regulation 1.7 and 1.8 the Chief Financial Officer, or a representative, may attend any meeting of governors to observe, give advice and/or report on financial matters.
- 1.10 These procedures shall be reviewed regularly by the Chief Financial Officer (delegated to the Head of Financial Management and Business Support), at least every 3 years. The CFO sets the financial regulations for schools, the local authority will consult the school’s forum on any changes.
- 1.11 All members of the governing body and staff have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, efficient and provides value for money.
- 1.12 The Chief Financial Officer may issue, from time to time, financial manuals, and instructions for the administration of the financial affairs of schools. Such instructions may provide further guidance on arrangements dealt with in these regulations. This could include the form and content of any new financial requirements/controls placed upon schools. Any instructions must include details of any documentation/reports required or any accountancy procedures to be followed.
- 1.13 Financial instructions, whether issued separately or included in the Schools Financial Manual, shall form part of these regulations.
- 1.14 Electronic copies of the regulations will be supplied to all schools for distribution. The Head Teacher must additionally ensure that members of the governing body have access to these regulations and any financial documents they may request.

### Governor skills

- 1.14 The school should identify whether the governing body has the right skills.

This analysis should be undertaken every 3 years, or if there are significant changes to membership. The school should identify actions to ensure there are adequate effective skills.

- 1.15 The school should explain to parents and the wider community how they have assessed the skills of their governors, i.e., reports to parents and/or information on the school website.

### **Finance Committee or Equivalent**

- 1.16 Governing bodies are responsible for setting their school's annual budget. The governing body may delegate some financial responsibilities to one or more committees. Where such a committee has been set up, the governing body must define in writing the terms of reference for the committee and the extent of its delegated authority, including parameters of its operations and any limits. This delegated authority must be reviewed annually and when any significant changes to the membership of the committee occur.
- 1.17 The school should consider including the following in their finance (or equivalent) committee terms of reference:
- Recommendation of the annual budget to the governing body including the delegation of the budget responsibilities to budget managers
  - Regular monitoring of actual income and expenditure against each budget and revised forecast for the year
  - Awarding of contracts by tender up to a specified limit
  - Reviewing reports by internal audit
  - Monitoring of actual income and expenditure for any extended provisions (e.g., breakfast/after school clubs) including any business plans to ensure activity covers its costs.
  - Delegation limits above which the approval of governors is needed before goods or services can be purchased or money can be moved between budget headings (refer to section 2.14 virements and section 4.6 purchasing).
- 1.18 Where a school has opted to have a finance committee or equivalent, this committee should meet at least three times per year to enable the review of income and expenditure against budget.

### **Financial Reporting**

- 1.19 The school must prepare clear and concise financial monitoring reports which will enable the governing body to review income and expenditure against the agreed budget. It should highlight variances and be accompanied by narrative to transparently explain matters arising and/or anomalies.
- 1.20 Financial monitoring reports must be produced and shared with governors a minimum of six times per year. Reports should include recommendations for

any corrective actions to be taken.

- 1.21 The school should ensure that all staff are informed of the school's annual budget, how funding is allocated and profiled, and how the school's finances are monitored during the year.
- 1.22 Schools must submit financial information and reports to the local authority in line with the requirements and timescales stipulated in the scheme for the financing of schools.
- 1.23 Governing bodies must ensure that responsible budget holders:
- Receive reliable information to monitor their budgets
  - Are aware of their responsibilities,
  - Comply with the scheme for the financing of schools and the financial regulations for schools
  - Have received adequate training to carry out their responsibilities
- 1.24 Where supplementary accounting records are maintained, Governing bodies must reconcile these to the council's main accounting systems, or bank statements, on a regular basis (at least monthly but more frequently where necessary).

### Financial Systems

- 1.25 Any amendments to approved financial systems or proposals to introduce new financial systems must be agreed in advance with the Chief Financial Officer.
- 1.26 The advice of the Chief Financial Officer must be sought regarding any matter that could, materially, affect the finances or financial systems of the Council before any commitment is made. The council will issue instructions around minimum requirements for schools where they opt to use other systems. This will be to reduce impact on the council's operations and schools must adhere to any instructions issued.

### Register of Pecuniary, Business Interests and Related Party Transactions

- 1.27 It is important that Governors and school staff not only act impartially but are also seen to act impartially. Certain practices must be avoided such as obtaining goods and services, which may include an element of private use for governors or school staff. **The school should have a policy and register on the acceptance of gifts, hospitality, awards, prizes, or any other benefit that might be seen to compromise their judgment or integrity and should ensure all staff are aware of it. The practice of purchasing gifts for members of staff from school budgets is to be discouraged. It is not recommended practice.**
- 1.28 The governing body of each school must establish a register listing for each member of the governing body and school employee engaged in contractual or purchasing transactions/decisions on behalf of the school. It should also include any business and/or pecuniary interests they or any member of their

immediate family have. This should include detailing if they are a staff member or a parent of a child at the school. The governing body must keep the register up to date and available for inspection by governors, staff, parents, and local authority representatives.

- 1.29 Governors and school staff have a responsibility to avoid any conflict between their business and personal interests and affairs and the interests of the school. They must withdraw from meetings while matters of a personal or pecuniary interests are discussed.
- 1.30 The governing body for each school should also maintain a record of any related party transactions (RPT). This transaction is a contract or an agreement between the school and a person or entity that has close links with the persons awarding the contract. A [template](#) for recording related party transactions is available on the Government website. Schools should check to ensure whether a nil return is required for the purposes of reporting within their School Financial Value Standard return.

### Financial Expertise

- 1.31 The school should ensure that they have access to an adequate level of financial expertise to support its financial management and operations. This could be internal support or purchased from a third party. It should include cover for finance staff prolonged absence, i.e., more than 4 weeks.
- 1.32 The main areas of expertise to which the school should have access includes:
- Development of strategic financial plans
  - Understanding of and ability to operate good financial management practices
  - Understanding of national and local financial requirements for the school, and the school's own framework of financial control
  - Understanding and operation of budget setting and monitoring
  - Operation, control, and monitoring of the financial systems
- 1.33 The school should ensure that all staff are informed of the school's annual budget, how funding is allocated and profiled, and how the school's finances are monitored during the year.

## 2. Strategy & Budget Management

### Financial Strategy

- 2.01 The school must have a realistic, sustainable, and flexible financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and known pressures.
- 2.02 Governors should be provided with 3 to 5 year projections including detail on the following assumptions:

- Projected pupil numbers
  - Free school meal numbers
  - Likely pupil premium income
  - Projections of required staffing
- 2.03 Schools should consider using integrated curriculum financial planning to help plan the best possible curriculum within the parameters of funding available.

### **Budget Management - Annual Budget Setting & Accounting Policies**

- 2.04 Schools must abide by the local authority's accounting policies and procedures, including year-end procedures. Budget Management requirements are specified in the scheme for the financing of schools and these financial regulations for schools. Governing bodies are responsible for ensuring that the school complies with these responsibilities.
- 2.05 The local authority must notify each school of its budget share before the commencement of the financial year. The local authority is also required to publish a budget statement.
- 2.06 The governing body must establish formal processes and timetables to ensure that all relevant financial and non-financial factors are considered in the school's budget setting.
- 2.07 As soon as possible after 31<sup>st</sup> March each year, schools must establish the amount of any carry forward budget surplus or deficit. Schools are required to take this into account when determining their new financial year budget plans. Any budget surplus shall be earmarked for any current or future needs.
- 2.08 Each school is required to submit their budget plan approved by the full governing body by the 31<sup>st</sup> May of each year in a format to be determined by the local authority.
- 2.09 Revised plans approved by the governing body must be completed and forwarded as soon as practical after 31<sup>st</sup> October each year but no later than 30<sup>th</sup> November in the financial year to which it relates.
- 2.10 Schools are not permitted to plan for an unlicensed budget deficit (see paragraphs 4.39 to 4.43 for more information).
- 2.11 All reports and accounts provided to the local authority by a governing body must be on an accruals basis. A prudent approach must be adhered to, and the governing body must include all known commitments for the financial period.
- 2.12 The school's budget must link to the school's development plans and the school will be able to provide documents providing the basis of all budget assumptions and priorities. If the school intends to make or achieves surplus balances of greater than 8% up to 15%, an explanation should be presented to the governing body for their approval and sign off. Where surplus balances are expected to, or do, exceed 15% Governing Bodies must include within

their budget submission a report on the use that the school intends to make of surplus balances. Balances exceeding 15% may be reviewed by the Schools Forum.

- 2.13 School staff should monitor the budget monthly. They must inform the governing body as soon as they become aware that the year-end outturn may be significantly different from budget projections. Explanations should be provided in narrative form where there are significant variances at out-turn.

#### **Virements**

- 2.14 The Governing Body should set a policy for the approval of virements. This may be where a transfer is required between budget headings to either correct changes of a technical accounting nature (technical adjustment) or if extra expenditure is needed on an existing budget head, then, providing equal savings can be made within the school's budget, or there are sufficient unallocated savings brought forward from earlier years, schools can transfer budgetary provision; such movement is known as virement.

### **3. Staffing**

#### **Staffing Structure**

- 3.01 The school should review its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity.
- 3.02 The school should ensure they have sufficient independent advice to inform the pay decision process for the senior leadership team of the school. The process should be closely correlated to educational outcomes and sound financial management.

#### **HR, Salaries, Wages and Pensions**

- 3.03 The governing body will ensure that all appointments are made in accordance with the school's policies and that appropriate delegations are in place and recorded and approved annually in the scheme of delegation.
- 3.04 Under no circumstances should staff approve changes to their own terms and conditions including, for the avoidance of doubt, pay decisions. Changes to the Head Teacher's pay must be authorised by an appropriate committee and clearly evidenced in the minutes of that committee.
- 3.05 Governing Bodies must ensure controls are in place to safeguard staff pay to ensure:
- A vacancy review and approval process are in place so that vacancies are only filled where there is an established need, and a cost-effective alternative staffing arrangement is not available. There should be a documented audit trail for this approval process, templates are available from [internalauditmail@southglos.gov.uk](mailto:internalauditmail@southglos.gov.uk) on request.
  - There is sufficient budget provision for the appointment of new employees, this includes considering the future budget availability for

permanent employments

- The most appropriate method of employment (in the context of need and budget availability) has been considered, i.e., permanent, limited term contract.
- That arrangements have been appropriately authorised and records of that authorisation are retained by the school
- Non-teaching staff's job grades and pay rates should be determined using the job evaluation method and in the case of the LA maintained schools, the council's job evaluation scheme and grading structure.
- That all payroll variations and new appointments are notified to the payroll service at the earliest opportunity possible and in accordance with agreed timescales, this includes staff who start working for the council, resign or are dismissed, transfer to another post or any other changes affecting the payroll
- That an appropriate separation of duties is in place for payroll related activity and that there is monitoring and oversight of variations to pay
- That there are appropriate controls and checks and balances over the use of overtime pay for staff. This includes the completion of an overtime form, detailing the name of the employee claiming overtime, the purpose of the overtime and number of hours claimed, the date and clear authorisation of the payment in line with the school's scheme of delegation.

- 3.06 The school cannot transfer all risks associated with the payment of staff to their payroll provider. The governing body has a responsibility to satisfy themselves that their payroll provider:
- Is suitably qualified and able to perform the role of payroll service on the school's behalf
  - Has the necessary arrangements in place to securely hold all records relating to pay, superannuation, national insurance, and income tax
  - Is making payments as required to any third parties, e.g., HMRC
  - Has issued guidance to schools' staff on the requirements for pension auto-enrolment and how to opt out of the scheme
  - Can provide information to the council for financial reporting purposes, as specified in any instructions issued by the council.
- 3.07 Employees have a responsibility to check the accuracy of their pay. They must immediately notify payroll services of any change in circumstances, or situations (such as payments received in error), likely to affect their entitlement. Should employees receive any payment to which they are not entitled, they must refund this to the council.
- 3.08 Complex and stringent rules govern circumstances where payment can be made to individuals without deducting national insurance or tax contributions. To avoid breaching these regulations, payments to employees

must only be made through the payroll.

- 3.09 When the school engages staff/consultants/contractors outside of the payroll careful consideration needs to be made of these individuals' employment status. Schools should refer to the [www.gov.uk](http://www.gov.uk) website for further information about the requirements of IR35. Where individuals are working in any capacity on behalf of the school off payroll through an intermediary (IR35) the school should check the employment status using the <https://www.gov.uk/guidance/check-employment-status-for-tax> online tool. A copy of the result of any check should be retained by the school.
- 3.10 Where the council is the ultimate employer and there are any potential employment claims, advice should be taken from the council's HR provider.

### **Pensions statutory responsibilities**

- 3.11 Where maintained schools including Foundation/Trust school's payroll is completed externally, they will be required to submit to the council a monthly contributions reconciliation (MCR) template by their payroll provider. This will include:

- the salary,
- employment and contribution details for all teachers employed in their school including supply,
- casual staff and visiting lecturers.

The template will include all the information that will be required to submit the ASR (Annual Service Return), including all changes to service or salary, pay increments/awards and any withdrawn service (i.e., strike action).

- 3.12 Schools and their service provider will need to comply with the statutory requirements under LGPS regulations and Teachers' Pensions. This requires the timely submission of correct data in accordance with The Pension Regulator's (TPR) Code of Practice and Record Keeping Regulations. Employers who do not comply with data provision may be subject to fines. As the employing authority, the council reserves the right to reclaim any monetary losses from schools because of any penalty applied to them in respect of late or incorrect data.

- 3.13 All school staff should:
- Follow the policies and procedures approved by the governing body related to the safety and security of students and visitors to the school, including ensuring that the policies accord with latest guidance and legislation
  - Follow the policies and procedures approved by the governing body related to staff appointments and conduct, including ensuring appropriate pre-employment checks are undertaken prior to commencing in post to confirm qualifications, suitability, references, DBS, and health screening.
  - Seek advice from the school's procured HR service, where necessary



and prudent to do so, in relation to staffing issues arising

- Ensure that the school has an up to date and approved whistle blowing policy which has been communicated to all staff and is freely available for their access
- Ensure all staff, as required by their role and position, have been subject to disclosure and barring screening and that evidence of this check is retained on their personnel file (note the actual check result, subject to current guidance, must not be retained)
- Ensure that personnel records of staff are held with sufficient security and are only held for the length of time advised by the school's HR service and in line with document retention policies
- National working time regulations (amended 2003) must be observed for all school staff
- Ensure that the school complies with national requirements and council policy relating to national minimum wage and living wage

## 4. Procurement and Value for Money

### **Scheme of Delegation and Authorisation Limits**

- 4.01 In these financial regulations, various references are made to delegation of authority and authorisation limits. Expenditure should only be incurred, without further oversight, if authority to purchase goods and services has been delegated to a member of the school's staff by the Governing Body. The Governing Body retain overall responsibility for any decisions to spend.
- 4.02 Clear limits must be set to clarify when governors will be consulted on spending prior to the purchase being made. Decisions to incur expenditure for high value acquisitions should still be referred to the Governing Body (or a nominated committee of) to ensure transparency, good governance and to provide assurance over value for money.
- 4.03 The Governing Body is responsible for approving a scheme of delegation. This scheme should include, but may not be limited to:
- Decisions to purchase including setting levels
  - Approval of the budget
  - Authorising budget virements including policy
  - Authorisation of write offs
  - Authorisation of any disposals (in line with limits set in these regulations)
  - Approval of a licensed deficit recovery plan
  - Approval of any changes to lettings policy and new lettings

- Approval of changes to the staffing establishment
- Authorisation to fill a staffing vacancy
- Authorisation to fill a staff vacancy (Head Teacher)
- Authorisation to pay overtime, bonus, time off in lieu (in line with limits set in these regulations)
- Authorisation of salary adjustments
- Approval to operate an entity/service outside of the core role of the school, including review of business case (e.g., breakfast or after school club).

This scheme of delegation should align with the terms of reference of the finance committee (or equivalent).

4.04 An Authorisation Limits document must be prepared and approved by the Governing Body to complement the scheme of delegation. The Authorisation Limits document must be made available to the Local Authority. The Authorisation Limits document should include, but may not be limited to authorisation of:

- Limits and assigned responsibilities for raising and authorisation of purchase orders
- Goods received
- Invoices for payment
- Certification of travel and expense claims
- Limits for purchases made using a purchase card
- Checks to purchase card records
- Petty cash expenditure, including signing cheques
- Petty cash reimbursement claims
- Issue of official receipts (in line with limits set in these regulations)
- Invoices and credit notes issued by the school
- Starters and leavers
- Overtime, extraordinary payments to staff, time off in lieu
- Notification of sickness

4.05 The scheme of delegation and authorisation limits document should be reviewed at least annually and approved by the full governing body. Internal audit has published recommended guidance for the setting of limits for authority to purchase and schools should pay due regard to this guidance to ensure robust controls are operating to safeguard value for money.

## Purchasing

4.06 Governors must:

- monitor and challenge all purchasing activity to ensure it is necessary, in line with expectation and does not exceed budgets
- Agree a purchasing policy which includes requirements for seeking quotations and tenders. Where the school has procurement cards these should also be referenced.
- Ensure there are effective purchasing controls in place, including, an effective separation of duties in operation to minimise the risk to staff
- Where a separation of duties is difficult to achieve due to limited staffing, the governing body should seek assurance that there is regular independent spot checking of purchasing activity.
- Ensure that purchasing activity is only undertaken when formal approval has been received, in advance, in practice this means purchase orders must always be committed and approved in CIVICA prior to an invoice being received.
- Ensure there is a procedure in place for staff to check and record when goods and services are received so that payment is only made on satisfactory receipt (except for certain exceptions see below)
- On occasions where payment may be needed in advance of receipt of a good or service, that these situations are carefully monitored to ensure that the school does receive value from the payment
- Ensure there are robust procedures in place for the usage, administration, and monitoring of payment cards, including, not sharing purchase cards, holding the card securely, promptly transferring expenditure to appropriate expenditure codes so that spending is transparent and regular spot checks and oversight of what is being bought.

4.07 The purchase procedures must be recorded, communicated to staff, and continuously monitored.

4.08 When procuring goods and services the Governing Body and staff of the school must consider the following:

- the scheme for the financing of schools when setting limits for obtaining quotations and tenders. (Currently tenders must be sought for purchases and contracts expected to exceed £75,000 over the life of the contract).
- compliance with Public Contract Regulations tendering requirements for all procurement activity. (The current Public Contract Regulations threshold is £213,477 and £663,540 for light touch services e.g. educational supply)
- The supplier/provider's health and safety competence and qualifications to perform the tasks being purchased
- The financial stability and capacity of the contractor to perform the

tasks being purchased

- whether to seek advice on a range of compliant deals via [Buying for Schools](#).

4.09 Governors must ensure that they and all school staff are aware of the controls that should exist. All school staff should:

- Understand their responsibilities to maintain key controls over purchasing arrangements (this includes controls to prevent common purchasing fraud and invoice scams, such as mandate fraud)
- Receive adequate support and training to carry out their financial responsibilities
- Comply with the council’s standards of financial management and be personally protected from associated risks.
- Not, under any circumstances, use the council’s ordering or payment systems for personal use or benefit.

4.10 Governors have a responsibility to ensure that due regard is being paid to value for money, this includes ensuring that:

- Limits for obtain quotations or seeking a tender have been agreed and set with the Governing Body for high value procurement.
- For all purchases (even lower value) cost and quality considerations have been considered in the decision
- The most cost-effective method of purchasing has been employed (it may be cheaper to purchase with a council purchasing card rather than raise a purchase order for certain goods and services)
- Late payment of invoices could result in the school being liable for late payment charges under the “Late Payment of Commercial Debts (interest) Act 1988”.

4.11 Governors and staff have a responsibility to prevent the risk of fraud and irregularity in purchasing. This includes the following:

- Being suspicious of unsolicited offers of goods and services, if it sounds too good to be true it usually is
- Never, under any circumstances, allowing authorised signatories to pre-sign cheques (this is relevant for the imprest/petty cash account)
- Being suspicious of emails/correspondence purporting to be from the Head Teacher authorising purchases (if this is not their usual method of authorising expenditure) – always check
- Protecting against mandate fraud by ensuring the school has independent methods for verifying changes to bank account details for regularly used/high value suppliers.
- Ensuring cheques/payments are not returned to the originating members of staff (except in exceptional circumstances). In most

circumstances, payment must be made to the intended payee.

- Schools have a responsibility to ensure they are not purchasing goods/services from suppliers actively engaged in the activity of evading payment of tax. The school should observe the requirements of the Criminal Finances Act 2017.
- Ensuring that the risks of bribery in purchasing is understood, this could include, but not be limited to, suppliers offering inducements to staff to show favour on them in purchasing decisions.
- Ensuring that all staff have clearly recorded all business interests (see Register of Pecuniary, Business Interest and Related Party Transactions, See paragraphs 1.25 -1.28) and are not actively involved in purchasing decisions where they hold an interest.

4.12 When ordering services such as painting, decorating, plumbing or any other general building works, the regulations stipulated within the Construction Industry Scheme must be observed. The scheme requires that the Council acts as agent to HMRC, deducting income tax where appropriate, for the labour element only. Any enquiries relating to this matter should be referred to the Finance, Revenues and Welfare division of the Council.

4.13 Where a purchase is made using a procurement card. The following controls must be observed in the usage of the card:

- Must only be used by the named individual on the card
- All information relating to PIN numbers, passwords etc should be held securely and not shared with colleagues.
- Card purchase statements should be independently reviewed, and
- Any transactions must be promptly recorded to the correct expenditure detail code on the council's financial system to maintain financial reporting accuracy.

### **Petty Cash**

4.14 Schools with only a small petty cash requirement may opt to use an encashment facility. If petty cash claims regularly exceed £250, the school must obtain an imprest cash account.

4.15 Requests to increase petty cash facilities should be referred to the Finance, Revenues & Welfare Service in the first instance. Imprest requirements may need to be referred to internal audit services for review and decision if they are excessively high.

4.16 The Head Teacher must maintain a bank mandate and details relating to the petty cash account should be recorded on the authorisation limits document. This information must be made available to Finance, Revenues and Welfare Service. The name of the petty cash account must include the wording 'imprest' and the name of the school.

4.17 All cheques must be personally signed (not pre-signed nor, signature obtained from a stamp) by an authorised signatory who must at the same time, be

presented with documents supporting requested payments.

- 4.18 Cheque books must be held securely when not in use. Cheques must not be manually amended but cancelled and replaced where necessary.
- 4.19 The petty cash account must be reconciled regularly (at least every term). The associated documentation must be signed by the person undertaking the reconciliation and counter-signed by the Head Teacher. All discrepancies must be promptly investigated.
- 4.20 A separation of duties must be in place between those monitoring the account, and those who are operating the account.
- 4.21 Schools are not permitted to allow petty cash accounts to become overspent. A petty cash reconciliation and reimbursement claim shall be submitted on at least a termly basis and must not exceed one half to two thirds of the overall imprest level. The school will be liable for any fees incurred by the council for a school petty cash account becoming overdrawn.

## VAT

- 4.22 Governing Bodies must ensure that school staff:
- Are aware of their responsibilities and account for taxable transactions
  - Know how to obtain more detailed information and support and identify any training needs
  - Maximise the use of resources ensuring tax is reclaimed wherever possible and not charged to their budgets
  - Avoid financial penalties for the council
  - Refer to the VAT manual on the Council's intranet (under 'v' on the A to Z directory). This contains a wide range of VAT guidance with links to additional advice and is kept regularly under review.
- 4.23 The council is normally able to reclaim all VAT, provided a valid tax invoice is held. School staff must obtain a valid tax invoice for all goods and services on which VAT is payable. Failure to do so will mean the gross amount being charged to the school budget. Care must be taken not to recover VAT to which the council is not entitled, for instance where VAT is incurred on payments made on behalf of third parties.
- 4.24 The school has a responsibility to check validity of VAT on authorisation of invoices. School staff should ensure that:
- Transactions where no VAT is paid are correctly identified as zero rated, exempt or outside of scope
  - There is a valid tax invoice
  - The correct VAT indicator is used
  - The VAT is correctly calculated
- It is possible to check the validity of VAT registration numbers

online:

[www.gov.uk/check-uk-vat-number](http://www.gov.uk/check-uk-vat-number)

- 4.25 Governing Bodies must ensure that tax is charged on income collected by the school when due. Liability is determined by the type of organisation being charged and the nature of the service provided.
- 4.26 School staff must correctly identify taxable income and customers. Any new sources of income where the VAT treatment is unclear must be referred to the Council's VAT Accountant.
- 4.27 School staff must correct identify non-taxable items as zero-rated, exempt or outside the scope for output tax purposes.
- 4.28 The school must issue a tax invoice for taxable goods or services supplied to anyone outside of the council, this must be accounted for to HMRC. Where the value of the transaction covered by the invoice (including the VAT) is more than £250, staff must ensure that the following details are shown on the tax invoice:
- An identifying invoice number
  - Name, address, and VAT registration number of the supplier
  - The date of supply
  - Name and address of the person to whom the supply was made
  - The type of supply
  - A description which identifies the goods or services supplied including quantity, charge made excluding VAT and the rate of VAT
  - The total charge excluding VAT
  - The rate of any cash discount offered
  - Total amount of any VAT payable
- 4.29 Where the value of the transaction (including VAT) is £250 or less a "less detailed tax invoice" will suffice. Staff must ensure that the following details are shown on a "less detailed tax invoice":
- Name, address, and VAT registration number of the supplier
  - The date of supply
  - A description which identifies the goods or services supplied
  - The total amount payable, including VAT
  - The rate of VAT
- 4.30 Receipts of dividends and interest must normally be net of tax deducted and accompanied by a tax deduction certificate from the payee. If a tax certificate is not supplied, one must be obtained from the payee. These must be forwarded to the Finance, Revenues and Welfare division of the council.

## Commercial Activity & Additional Services

4.31 Governing bodies may decide to conduct additional activities to support the school. Additional activities can take many forms and may require employing additional staff to operate the activity. Examples of additional activities include, but are not limited to:

- Breakfast clubs
- After school clubs
- Sports Clubs
- Learning or research organisations (that sit outside of the curriculum)
- Holiday activity schemes
- Catering provision (owned and operated by the school)
- Provision of support for functions to other schools

4.32 The governing body must ensure the following for these types of activity:

- A clear and transparent business case and costing model has been established which is available for review and demonstrates that the activity will meet its costs through income generation
- Where a governing body decides to operate an activity at a loss, they must justify to the local authority how any shortfall will be met (this cannot be from the delegated budget)
- Provision is made for the payment of redundancy costs for staff if the provision needs to be ceased/wound up
- Schools have a responsibility to not generate excessive balances from activities and should have due regard to their purpose and role. Where net balances exceed £5,000, governing bodies should be prepared to justify how they will use the funds for the benefit of the school
- That the school is adequately insured for the purposes of the activity being pursued and their insurers have been informed of any change of use of any buildings or land,
- There is adherence to all relevant legislation (e.g. safeguarding, OFSTED, health and safety).
- There is security and control over the resources of the activity
- That there is no conflict of interest between the duties and responsibilities of staff employed to work for the school and for the additional provision.
- There is adequate contractual documentation as required to cover any legal considerations associated with any such arrangement
- On a quarterly basis the governing body should receive a report on the activity of the provision including a financial report clearly itemising



associated costs and income.

### **Loans, Borrowing & Investments**

- 4.33 Governing Bodies of schools may only borrow money (which includes the use of finance leases) with written permission of the Secretary of State. This provision does not apply to loan schemes run by the Authority or the use of purchase cards authorised by the Authority. The definition of borrowing predominantly covers cash loans from financial institutions but also includes finance leases which are equivalent to committing the school to a loan, which is a form of borrowing. Some equipment leases, including photocopier and IT equipment leases, may be finance leases, and therefore it is important that schools refer terms and conditions of proposed leases to the Authority for checking.
- 4.34 Schools must keep full records of any lease and/or rental agreements. Accounting regulations will require the authority to periodically request details from schools of all current lease, rental and hire arrangements. Information required may include (but, not limited to) a description of the equipment, the value of the equipment, the amount of rentals payable, the length of the lease, and any end of lease options. Also included may be any contracts for services (e.g. catering) where the supplier also provides equipment.
- 4.35 No loans from the school fund or other unofficial funds to the delegated budget or vice versa are permitted.

### **Legality of Commitments**

- 4.36 Governors must have proper regard to the legality of their commitments and if there is any doubt they must consult with the Chief Financial Officer at the earliest opportunity.

### **Surplus and Deficit Balances**

- 4.37 Governing Bodies must carry forward from one financial year to the next any surplus or deficit in net expenditure when compared with the school's budget share for the year, adjusted for any balance brought forward from the previous year.
- 4.38 Governing Bodies that anticipate at any time during the financial year, that they may incur a deficit by the end of that year, must notify the Head of Financial Management and Business Support in writing as soon as this position becomes known.
- 4.39 Governing Bodies must apply in writing to the Head of Financial Management and Business Support for permission to incur a deficit budget in accordance with the conditions set out in the Scheme for Financing Schools. Governing Bodies must support requests with an agreed recovery plan immediately as soon as it is determined there will be a deficit.

- 4.40 In accordance with the Scheme for Financing Schools, requests for licensed deficits must be considered jointly by the Head of Financial Management and Business Support and the Director for Children, Adults and Health. As part of agreeing a licenced deficit the Council will agree with the school monitoring and reporting arrangements required to ensure the deficit recovery plan remains on track.
- 4.41 The local authority cannot write off the deficit balance of any school. Governing Bodies must recover the deficit over an agreed period, up to the maximum period defined in the Scheme for Financing Schools. In exceptional circumstances the Director of CAH and Head of FM&BS can agree a longer period of recovery.
- 4.42 Schools should prepare a financial procedures manual for all staff who may be involved with income, orders, petty cash expenditure, school fund monies, inventories, and equipment.

## 5. Protecting public money

### Fraud Prevention, Detection, and Investigation

- 5.01 Under no circumstances must governors or staff use council resources and/or assets for their own benefit.
- 5.02 The governing body must approve a counter fraud, bribery and corruption policy and ensure that all staff are provided with access and made aware of its contents.
- 5.03 Governors and school staff must report to the Director for Children, Adults and Health and/or the Council's Chief Financial Officer any occasions where they believe that financial regulations, or other council policies or instructions are not being followed, or where the school or council's resources are at risk. Provided governors or school staff act in good faith, they will be fully supported when reporting under this regulation.
- 5.04 Prompt action must be taken by schools whenever a matter arises which involves, or is suspected of involving, any loss or irregularity or any circumstances that may suggest the possibility of such a loss or irregularity. This must include cash, stores, stocks, or other property held for the purpose of the school or in any other way affecting school finances or any breach of these regulations. The Head Teacher or any governor or other member of staff must immediately on its discovery, report the matter to the Audit Manager using the email address [internalauditmail@southglos.gov.uk](mailto:internalauditmail@southglos.gov.uk) . Internal audit may thereupon take any action they consider necessary.
- 5.05 Although the chances of money laundering in a school setting are limited, the governing body must pay due regard to any guidance issued by the Local Authority relating to anti-money laundering regulations.

### Internal Audit

- 5.06 The Chief Financial Officer is responsible for maintaining a continuous internal audit of schools' accounting and financial transactions, including any operations affecting the Council's finances or financial arrangements.
- 5.07 The school's records and accounts will be available for inspection, as necessary, by the Council's internal and external auditors. Governing Bodies are required to co-operate with both internal and external auditors. Schools must provide a right of access to records for both internal and external auditors.
- 5.08 Internal audit services review the key risks and controls at schools on a risk assessed basis. The frequency of audit will be dependent on a number of factors including previous audit opinion, carry forward balances, changes in key personnel, OFSTED results and information obtained from the Department for Children, Adults and Health. Internal audit services will produce a report for the Director for Children, Adults and Health, a copy will be made available to the governing body and Head Teacher and a formal response is required from the school within 3 months of issue of the report.
- 5.09 The local authority may request internal audit services to undertake investigations where it is considered there is a risk of irregularity or where a deficit budget has been set and there is not a clear recovery plan. Where necessary, internal audit services may conduct a notice to improve visit. These visits will be funded by the local authority.
- 5.10 The governing body may commission internal audit services to undertake an internal audit for the purposes of self-improvement and achievement of value for money. However, in these circumstances the audit must be funded from the school's own budget.
- 5.11 A governing body's right to a delegated budget may be suspended if the financial controls within the scheme for the financing of schools have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

### **Income, Banking and Bank Account Administration**

- 5.12 Governors may delegate responsibility for ensuring that all sources of income due to the school and the council are identified, collected promptly and that payments received are accepted, recorded, banked, and reconciled promptly and correctly. Schools should be expected to achieve best value in income generating activities.
- 5.13 Governors responsibilities for income should be to:
- Monitor and challenge when income is not received by anticipated due dates
  - Agree a lettings policy and the schools approach to lettings

- Agreed a schedule for all discretionary fees levied by the school
  - Agree the process for disputes arising from fee related matters procedure and policy for bad debts and write off (see below for further details)
  - Receive assurances from the school staff that fees levied will cover associated cost so that there is no strain placed on the delegated budget
  - Receive assurances that the funding formula has been received and is being used for its intended purpose.
- 5.14 Governing Bodies must have clearly defined and documented procedures for setting a budget for their income on an annual basis and monitoring against that budget as appropriate. They should have procedures in place to monitor income and expenditure trends so that anomalies can be promptly investigated.
- 5.15 Governors must ensure that they and all school staff are aware of the controls that should exist. All school staff should:
- Understand their responsibilities to maintain key controls over areas of income which they must collect and monitor
  - Receive adequate support and training to carry out their financial responsibilities
  - Comply with the council's scheme for the financing of schools
  - Be personally protected from associated risks.
- 5.16 Schools must only operate a bank account that conforms to the Scheme for Financing Schools and these regulations. In practice, this means:
- Using the Council's bank account (general fund) for distribution and holding of delegated budget
  - A separate account for petty cash (which must be labelled Imprest and the name of the school)
  - A separate bank account/(s) for semi-official fund.
- 5.17 The organisation of bank mandates and changing authorised signatories shall be undertaken as follows:
- For the general fund - this must be organised via South Gloucestershire Council Corporate Finance.
  - For the Imprest bank account – this must be organised via South Gloucestershire Council, Finance, Revenues and Welfare Service
  - For Semi-Official funds - the Governing Body maintains responsibility for updating all other bank mandates.
- 5.18 The Head teacher must maintain a list of all bank accounts held and signatories to the accounts held.

- 5.19 Amounts due to the school should be collected at the earliest opportunity and where possible in advance of a service/goods being supplied. Consecutively numbered invoices should be used, and spoiled invoices marked as such and retained for audit inspection. The following safeguards/controls must be observed:
- Invoices and other forms of income correctly account for VAT
  - Income is not banked net of expenditure, or any other deductions made from income received (i.e. all income is banked fully and intact)
  - Personal cheques must not be cashed from money on behalf of the school or the council
  - Where possible a separation of duties in operation between collection and reconciliation/banking of income (where not achievable in small school settings regular monitoring of income levels and spot checking of income received must be undertaken)
  - A regular reconciliation is performed to compare income received to income banked on the financial accounting system of the council. Any anomalies to be promptly investigated.
  - Cash income collected should be banked promptly, where this is not possible, the school should have sufficient secure storage arrangements in place commensurate to the value of income held (further guidance on this is available on request).
- 5.20 Each person who receives money on behalf of the school must record an acknowledgement using only official stationery (e.g. receipt book, cash register, manual register). Where low value income is received (less than £50), individual receipts need not be issued. If there is a sufficient audit trail for electronic income received, no receipt should be issued.
- 5.21 A debt must only be considered irrecoverable after all appropriate measures have been taken to obtain payment. Governing Bodies are only permitted to write off debts up to the value of £2,000 which are related to their own income generation. Above this level the school must seek approval for the Chief Financial Officer (or Deputy Chief Financial Officer in their absence) at the earliest opportunity. This regulation must apply except in the following circumstances:
- The debtor is bankrupt or in liquidation and an independent written statement has been received indicating that no payment will be paid to the council
  - Legal action has been taken and the debt has been remitted by a court
  - The debtor no longer resides in this country.
- 5.22 The Governing Body must maintain a record of all irrecoverable debts.

## **Voluntary (Semi-Official) Funds**

- 5.23 Governing Bodies and Head Teachers must ensure that the standards outlined elsewhere in these regulations are followed for all voluntary funds as parents and other benefactors are entitled to the same standards of stewardship for such funds. Such funds must be accounted for separately using other accounting arrangements independent from those used to account for the school official funds.
- 5.24 Semi-official funds must be held in a separate bank account. The bank accounts and supporting records must be regularly monitored by the Head Teacher who has a responsibility to ensure that regular reconciliations are undertaken.
- 5.25 The Governing Body has responsibility for setting the accounting period for the semi-official fund and must appoint an independent auditor to promptly undertake a verification audit at the end of that accounting period. The Auditor must complete a school fund auditor's certificate and supporting documentation in the form of a short report and submit it to the governing body for approval.
- 5.26 Following governing body approval, the School Fund Auditors certificate must be submitted to internal audit services within 6 months of the accounting period ending. The school fund auditor must be independent of the school.
- 5.27 Governing Bodies must be aware of any responsibilities placed upon them in terms of financial management and reporting by the Charities Commission.
- 5.28 Governing Bodies must ensure that voluntary and private funds are covered by appropriate insurance arrangements.

## 6. Property, Capital, Insurance & Risk Management

- 6.01 Governors must ensure that they and all school staff are aware of the controls that should exist for property related matters. All school staff must:
- Understand their responsibilities for maintaining controls over property related matters. (Additional guidance for good estate management can be found [here](#).)
  - Report regularly to the governing body on any site health and safety checks performed and swiftly bring their attention to any issues that need promptly addressing, either through alternative arrangements or purchase of repairs to property
  - Not dispose of land or buildings, this remains the responsibility of the council or the religious organisation in the case of VA/VC schools (where process is governed by the School Standards and Frameworks Act). There are exceptions to this rule where the school has opted to become a co-operative trust and the freehold of its land and buildings have been successfully transferred by the council to the Trust.
  - Have arrangements in place to prioritise capital expenditure to where

there is most need

- Ensure there is adequate security in place for the site to safeguard against unauthorised access/damage/theft
- Where CCTV is operated to protect the property, ensure that the school adheres to the requirements of the surveillance commissioner in operating clear policies and signage (for more information refer to: <https://www.atl.org.uk/advice-and-resources/rights-and-conditions/cctv-and-other-surveillance> and <https://www.ipco.org.uk/>)
- Ensure they have undertaken regular property inspections and keep key staff and governors informed of legislative changes affecting schools and particular risks.

- 6.02 Safeguard the fabric of the property and site by not making any major, changes and/or enhancements to the estate without prior authorisation of the Head of Property Services or associated Religious Organisation (for VA/VC schools)

### Capital Expenditure

- 6.03 Section 16 of the Local Government Act 2003 and Regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 provide a definition of capital expenditure. Capital expenditure is principally in respect of acquiring, constructing, or enhancing physical assets (including buildings, land, and immovable equipment) which provide benefits over several years. In this instance, enhancement relates to works which are intended to lengthen the useful life of an asset, increase the open market value of the asset, or substantially increase the extent to which an asset can be used in the delivery of services. Capital is also defined more widely for example expenditure on computer software and on the making of loans or grants for capital expenditure by another body. The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised to maximise the benefit of scarce resources.
- 6.04 Governing Bodies may use part of their budget share to meet the cost of capital expenditure to enhance, repair and maintain their school premises. If the expected capital cost in any one year will exceed £25,000, then the Governing Body must notify the Director for Children, Adults and Health and consider any advice from the Director for Children, Adults and Health as to the merits of the proposed expenditure. If the Council owns the premises, then the Governing Body must obtain the consent of the local authority to the proposed works. Refer to the Scheme for financing of schools for more information (section 2.14).
- 6.05 Schools may incur expenditure of a capital nature on an approved project in a financial year and fund it over a period not exceeding four years, including

the year in which the expenditure is initially incurred. Approval must be given by the Chief Financial Officer and the Director for Children, Adults and Health.

- 6.06 A governing body or Head Teacher must not permit the use of any part of the delegated budget for the acquisition of any interest in land or buildings whether in the form of freehold, leasehold or otherwise without prior consent, in writing, from the local authority.

## Risk Management & Insurance

- 6.07 Governors are responsible for ensuring that adequate risk management arrangements are in place. This includes ensuring:
- Governors and staff are aware of their responsibilities in relation to risk management
  - Receive adequate training and support to carry out their responsibilities
  - Take risk management into account in the course of their work.
- 6.08 Governors and Head Teachers are responsible for the identification of potential risks of loss or damage to resources and operations they control. Risk could include liability for injury/death of employees or third parties, property damage, theft/loss of equipment or finances and/or interruption to the working of the school, reputational damage, risk to pupils well-being.
- 6.09 The Governing Body should regularly assess the key risks affecting the school (at least annually) and consider the likelihood and impact of each risk. This could take the form of a risk register. The Governing Body could articulate their appetite to risk and approach to reviewing risk registers in a risk management policy.
- 6.10 All equipment valued in excess of £500, or likely to be attractive to thieves must be recorded in a formal inventory. This should be kept in a fireproof safe and/or electronically on a server off site. The accuracy of inventories should be checked at least once a year and certified by the Head Teacher. The inventory must contain the following information:
- Date of acquisition
  - Description of the asset including any unique identifying serial number
  - Cost
  - Location of asset
  - Details of any disposal/write off
- 6.11 The governing body should be promptly advised of any equipment that cannot be accounted for. The school should observe the requirements of their fraud prevention policy if it is determined property has been stolen.



- 6.12 Valuable equipment must be visibly security marked. A record must be held of all items issued to staff members for use during their employment. Leavers' procedures must include the requirement for property and equipment to be surrendered back to the school at the end of a staff member's employment. Staff may be subject to tax liabilities relating to benefits in kind if they retain the equipment for personal use and for an extended period of time.
- 6.13 Governors and school staff should have due regard to environmental legislation associated with the purchases of equipment and resources. Where possible, action should be taken to minimise the consumption or wastage of resources and/or the associated negative environmental impacts of resource usage. Similar considerations should be applied to the disposal of equipment and resources.
- 6.14 Obsolete, unserviceable, or unnecessary assets must be disposed of in accordance with the school's write offs and disposal policy and legislative requirements. Disposal of surplus items will usually be by offer to other schools, other council departments, tender or auction, although this requirement can be waived for low value items after consulting with internal audit services. All items must be disposed of for the best possible price and should only be spent for the purposes of the school.
- 6.15 The school must assess the health and safety risks to staff and others affected by school activities, e.g. parents, volunteers, visitors/contractors etc. They must introduce measures to manage those risks. The school must inform relevant staff and others who are likely to be affected about the risks and measures to be taken to manage the risks and ensure that adequate training is given to employees on health and safety matters.
- 6.16 Employees must co-operate with their employer on health and safety matters and carry out their work in accordance with training and instructions provided.
- 6.17 Governing Bodies must take steps to minimise potential losses through preventative measures. Effective action to manage risks will represent a judgement between the probable risk and the cost or effort required to safeguard against it.
- 6.18 Not all risks are insurable. Where it is possible and cost-effective/prudent to insure against major risks, the Governing body has a responsibility to ensure that such insurance is in place. This includes ensuring:
- Staff have received adequate support and training to carry out their financial responsibilities
  - Adequate insurance cover is in place for all potential liabilities the school may face
- That Governors and staff are personally protected from associated risks.
- 6.19 Governors and Staff must ensure that day to day procedures work towards protecting the interest of the school. This includes ensuring:
- The school has competent health and safety advice from an

independent H&S Provider of their choice to help them meet their health and safety duties. The provider is expected to be registered with a recognised professional body, e.g., Institute for Occupational Safety and Health (IOSH) and be made aware of the standards contained within the 'Health and Safety Standards for SGC Schools' document.

- The school has support in place with statutory and regular checks of the site and associated equipment undertaken.
- They are prepared for the impact of emergencies and incidents through the compilation and regular testing of business continuity and emergency plans
- They limit losses once they arise through rapid and appropriate action

They take prompt expert advice (where appropriate) and work is undertaken in the best interests of the school to limit further damage.

6.20 The Risk Management and Insurance team provides an offer of insurance cover for all schools. In accordance with the Scheme for the Financing of Schools, schools are responsible for ensuring they have adequate insurance cover which is at least as good as the relevant minimum insurance cover arranged by the council. Schools may opt to join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. Where a school has opted to purchase their insurance cover via the council, the insurance section must be notified immediately of:

- All new risks and liabilities which may require specific insurance cover
- Any alteration which may affect existing insurance
- Any loss, damage or claim likely to give rise to a claim by or against the school

All leases of property granted by or to the school which involve a transfer of insurance cover.

6.21 Where a school opts not to purchase the council's insurance offer. They must take account of the minimum level of insurance cover that each school must have, this is available from the council's insurance section. Any incidents impacting assets that belong to the council, should be notified to the council's insurance section.

6.22 An ex-gratia payment relates to compensation or settlement made to employees in respect of loss or damage to clothing or personal belongings which occurred in exceptional circumstances at work or during the performance of their duties and which was not due to the employee's fault or negligence. Any proposal to make such a payment by the Governing Body must be discussed and agreed, in advance with the Head of Financial Management and Business, the Risk Management and Insurance Manager and a representative of the Head of Legal Services.

## Stocks and Stores

- 6.23 The Governing Body is responsible for ensuring there are proper controls over stocks and stores to prevent unnecessary expenditure and/or loss.
- 6.24 The Head Teacher must be responsible for the custody and physical control of the stocks and stores of consumable items held in the school.
- 6.25 Where stocks and stores form part of a trading account, e.g., catering (where catering is wholly owned and organised by the school), or individually have a significant value, stock records must be maintained. All such records must be kept in a form that gives sufficient information to ensure that receipts and issues can be readily identified to confirming documentation and balances in hand.
- 6.26 Head Teachers must pay particular attention to the control of liquid fuel deliveries and storage. They should ensure that where staff check deliveries, they are vigilant in relation to reading quantities of fuel in both holding tanks and delivery vehicles.
- 6.27 Any stocks or stores held must not be more than normal requirements except in special circumstances approved by the Governing Body.
- 6.28 Head Teachers must arrange regular stock checks and ensure that all stocks are checked at least annually by a person other than the usual storekeeper. Significant surplus or deficiencies must be advised in writing by Head Teachers to the Governing Body with adjusting entries on stock records being referred to such notifications. Any cases of potential misappropriation should be reported to internal audit services [internalauditmail@southglos.gov.uk](mailto:internalauditmail@southglos.gov.uk)
- 6.29 Surplus stocks and stores over a value of £100, unless transferred to another department within the school, must not be disposed of without the written authority of the governing body. Consultation should also take place with the Local Authority's Property Services team regarding possible use elsewhere within the Local Authority and best options for method of disposal.
- 6.30 All proceeds from the sale of items purchased from public funds or donated to the school and therefore owned by the school, must be paid directly into the school's bank account as income to the school budget.

## Information Security

- 6.31 Governors must ensure that they and all school staff are aware of the controls that should exist for information related matters. All school staff should:
- Follow the school policies and procedures relating to the retention, control, security and disposal of data and information
  - Ensure that the school has adequate security over their data and information systems and as well as completing mandatory ICT Security and Information Sharing training, all staff are regularly reminded of their responsibilities. (Additional information is available from the [National Cyber Security Centre](#). Schools can also

demonstrate good practice by attaining [Cyber Essentials Certification](#).)

- Adhere to the requirements of the Data Protection Act.
- Maintain a software inventory (responsibility cannot be transferred to a third-party provider) containing details of software, number of licences, expiration date and any identifying serial numbers.
- Ensure that the school has adequate security over their data and information systems and staff are regularly reminded of their responsibilities, this could include password controls, locking computer screens when not in use, back up arrangements, security of systems and applications, firewalls. This should be detailed in a school's IT Policy.
- Consider the merits of procuring a specialist IT advisor to provide the school with guidance on security and system related matters
- Have due care and regard for paper based sensitive information, for example: ensuring all sensitive data is locked away securely when not in use, not taken off school premises unless necessary, making use of redaction policies to limit data availability, taking due care with information on photocopies and fax machines.
- For data in paper form, such as printed documents or handwritten notes, how to appropriately control, mark and securely dispose of it where it contains personal or sensitive data. Additionally, conversations are verbal data and are needed to be treated as accordingly, discussed in setting appropriate to the topic, not with non-entitled people present or in areas where you can be overheard and that any recorded conversations or notes are deleted and not recoverable.
- Ensure the school is aware of its responsibilities in relation to the Freedom of Information Act. This includes requirements for policy and procedural documentation and adhering to national timescales for responding to requests. For more information refer to: <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>

6.32 The United Kingdom General Data Protection Regulation (UK GDPR) and Data Protection Act, 2018 (DPA 2018) apply to personal data. Schools are each individually data controllers under the provision of these regulations, and as such are each individually responsible for adherence to its requirements. The accountability for the data protection of personal information cannot be transferred to a third party through the purchase of a service and remain the responsibility of the school. Schools are recommended to:

- Refer to the Information commissioner's office website to obtain an overview of the school's responsibilities (<https://ico.org.uk/for-organisations/>)

- Consider procuring access to a specialist adviser, as needed, to ensure compliance with the requirements of the regulation
- Consider any commercial/partnership/shared activity that the school may be engaged in. Such arrangements will need to be governed by a contract and it is recommended that a contract addendum is used to ensure both parties comply with their specific Data Protection accountabilities
- A Data Protection policy must be in place and approved by the governing body which ensures personal information is handled in compliance with the DPA 2018/UK GDPR requirements
- Consider regular training in Data Protection for governors and staff as mandatory to demonstrate compliance with the regulations
- Conduct a review of the management of the school's data to consider whether any prompt redress is needed to minimise risk of penalties.

#### Version Control

Version 1.0 – 21 <sup>st</sup> May 2019	Consultation with Schools Forum
Version 1.1 -	

### **Reporting Schools Commercial Activity**

This self-assessment should be completed by Schools for any activity that is not part of their curriculum delivery and is anticipated to generate total income (and expenditure) in excess of £15,000 in one financial year.

**Brief Description of the Intended Activity:**

*e.g. Teaching School alliance, trading company, after school club owned and operated by the School*

**Date Activity Expected to Start (commenced):**

**Based on the information contained in your Business Plan, what is the per annum intended:**

Income (£)

Expenditure (£)

Profit (£)

If the activity already exists please record actual figures for the last financial year.

**Activity Company No.:**

**Company Name:**

**Company Registered Address:**

**Is the Head Teacher or Deputy Head Teacher/s a director of the Company?**

**Are any Governors directors of the Company? Please provide details.**

**Activity Charity No.:**

**Charity Name:**

**Charity Registered Address:**

**Is the Head Teacher or Deputy Head Teacher/s Trustees of the Charity?**

**Are any Governors Trustees of the Charity? Please provide details.**

**Are separate accounting records maintained for the activity to enable appropriate monitoring and reporting to the Governing Body?**

**Does the Activity require the employment of staff either partly or solely for the purposes of the delivery of the activity?**

If yes:

How many staff (FTE)?

Approximate grade and contracted hours per annum?

If staff member works across the school and the activity — Proportion of their contract related to the activity?

Are the activity staff being employed on a South Gloucestershire Council contract? (Y/N)

#### Performance and Monitoring

Will the Governing Body receive regular and transparent monitoring information on the performance of the activity? (Y/N)

How frequently will this be provided?

#### Insurance and Risk Assessments

Have Insurance Services been informed of the activity to confirm whether there are any additional insurance liabilities?

Have appropriate risk assessments been undertaken for the activity?

Have assurances been sought that there are no commercial tax implications with operating the activity? (And if necessary accounting arrangements put in place)?

#### Winding Up the Activity

In the event that the School decide to wind up the activity, has sufficient provision been made to cover all costs and responsibilities associated with ceasing?

Please provide details of sums set aside for:

- Redundancy payments for staff
- Any potential TUPE considerations in the event that an alternative provider takes over the activity
- Any costs associated with leasing/renting property space associated with the activity
- Ensuring all administrative including utility costs can be paid.
- Any contracts with third parties associated with the activity render the School unable to wind up the activity without incurring significant costs.

I certify that I have answered the above questions to the best of my knowledge and believe responses to be accurate:

Signed:

Head Teacher.....Date.....

Chair of Governors.....Date.....



# South Gloucestershire Council

## SCHOOLS FORUM

4<sup>th</sup> July 2022

### Dedicated Schools Grant 2021/22 Outturn

#### Purpose of Report

1. To update the School Forum on the Dedicated Schools Grant 2021/22 outturn position.

#### Dedicated Schools Grant (DSG)

2. The net outturn DSG budget, excluding academies and High Needs recoupment, is £147,081k. The DSG is reporting an outturn overspend position of £21,132k a reduced overspend of £10,984k since Quarter 3. This arises from an in-year outturn overspend of £7,730k an improvement of £484k since Quarter 3, Safety Valve payment relating to the DSG recovery plan £10,500k (paragraph 8 to 10) and a brought forward deficit balance of £23,902k. Details of the key pressure areas are included in the block summaries below.
3. It should be noted that when the budgets for 2021/22 were prepared, a funding shortfall of £8,997k was identified. The in-year outturn overspend position before the safety valve payment is £7,730k resulting in an improvement of £1,267k when comparing the original budget plan 2021/22 to the in-year outturn overspend position.

#### DSG Funding

4. The net DSG budget at outturn excluding academies and high needs recoupment is £147,081. The table below shows the original funding announced as at December 2020 and the various in year adjustments against the DSG for recoupment, Early Years census changes and High Needs Block changes.

DSG Budget	Net £'000
<b>Original Budget Allocation (December 2020)</b>	<b>239,333</b>
Adjustments and Recoupment	
• High Needs Block Direct Funding By EFA	-5,444
• Academy Recoupment	-86,684
• High Needs Block Adjustment for place change return	-398
• Import / Export adjustment	30
• High Needs Block Import/Export / Free schools / Recoupment funding adjustments	-231
• High Needs Block adjustment to previous Import/Export announcement	120
• Early Years Block January 2021 census	356

<b>Total Revised DSG (March 2022)</b>	<b>147,081</b>
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5. The outturn overspend position by funding block is provided in the table below.

Funding by Blocks	Gross Budget	EFA / Other Income Budget	Budget Reserve (Approved Q3)	Net Budget (DSG)	Gross Exp	EFA / Other Income	Forecast Outturn Reserve as at Q3	Net Exp	Over / (Under)
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Schools Block:</b>									
<b>Total Schools Block - Primary &amp; Secondary Schools (excluding Academies)</b>	101,163	-11,020	238	90,381	100,434	-10,570	517	90,381	0
<b>Central Schools Services Block:</b>									
<b>Total Central Schools Services Block</b>	3,391	-145	10	3,256	3,587	-130	-201	3,256	0
<b>High Needs Block:</b>									
Schools & Independent Providers (including Academies)	42,517	-449	-8,429	33,639	42,700	-880	-8,181	33,639	0
Central Items	2,583	-304	-50	2,229	2,600	-383	12	2,229	0
<b>Total High Needs Block</b>	<b>45,100</b>	<b>-753</b>	<b>-8,479</b>	<b>35,868</b>	<b>45,300</b>	<b>-1,263</b>	<b>-8,169</b>	<b>35,868</b>	<b>0</b>
<b>Early Years Block:</b>									
Private, Voluntary & Independent Providers	16,721	17	-17	16,721	16,934	-249	36	16,721	0
Central Items	906	-85	34	855	816	-48	87	855	0
<b>Total Early Years Block</b>	<b>17,627</b>	<b>-68</b>	<b>17</b>	<b>17,576</b>	<b>17,750</b>	<b>-297</b>	<b>123</b>	<b>17,576</b>	<b>0</b>
<b>Total In-Year DSG &amp; EFA Funding</b>	<b>167,281</b>	<b>-11,986</b>	<b>-8,214</b>	<b>147,081</b>	<b>167,071</b>	<b>-12,260</b>	<b>-7,730</b>	<b>147,081</b>	<b>0</b>

<b>Total DSG In Year Overspend</b>	<b>-7,730</b>
<b>DSG Deficit Reserve B/F</b>	<b>-23,902</b>
<b>DSG Safety Valve Agreement 2021-2022</b>	<b>10,500</b>
<b>Total DSG Deficit Reserve</b>	<b>-21,132</b>

<b>DSG Unusable Reserve:</b>	£'000s
DSG Deficit Reserve B/F from previous years (Appendix 7 - Unusable Reserve)	<b>-23,902</b>
Approved Budget 2021/22	<b>-5,888</b>
Approved increase draw on DSG Unusable Reserve at Quarter 1 (£2,874k)	<b>-2,874</b>
Approved increase draw on DSG Unusable Reserve at Quarter 2 (£173k)	<b>-173</b>
Approved reduce draw on DSG Reserve at Quarter 3 (£721k)	<b>721</b>
Reduce draw on DSG unusable reserve at Outturn	<b>484</b>
DSG Safety Valve Agreement 2021-2022	<b>10,500</b>
<b>Total DSG Deficit Reserve (Appendix 7 - Unusable Reserve)</b>	<b>-21,132</b>
<b>Total 2021/22 DSG Overspend Reserve</b>	<b>-21,132</b>

## DSG Reserve Transfer

6. The previously approved DSG reserve transfer as at Quarter 3 was £8,214k compared to the in-year outturn position of £7,730k (before the safety valve funding of £10,500k), an improvement of £484k. This is due to both increases and reductions in expenditure within the various blocks and a funding adjustment for the Early Years Block relating to the January 2021 census return.

## Funding Transfer between Blocks

7. The DSG is funded from four blocks: the Schools Block, the Central Schools Services Block, the High Needs Block and the Early Years Block.
8. There was a funding transfer of £2,200k approved by the Secretary of State from the Schools Block to the High Needs Block to support demand led pressures and the implementation of new ways of working in line with the DSG recovery plan. As previously reported there has been a delay in the recruitment of staff and the implementation of system changes which has resulted in an increased underspend within the High Needs Block of £555k.

### **DSG Recovery Plan and Safety Valve Agreement**

9. As reported in Quarter 3, South Gloucestershire Council received an invite from the Department for Education to take part in the next round of the Safety Value Intervention work. An introductory meeting was held on 22<sup>nd</sup> September 2021 and further meetings with DfE colleagues took place during Quarter 3. The council submitted a proposal to the Department for Education on 7<sup>th</sup> December 2021.
10. The proposal was based on the updated Dedicated Schools Grant (DSG) recovery plan using the Department for Education's (DFE's) Management Tool Template. The recovery plan has been based on the budget pressures identified as part of the budget build for 2021/22 to 2025/26 and the revised savings targets based on the High Needs Working Groups latest DSG recovery programme.
11. The proposal was put forward to Ministers and approval given for South Gloucestershire to enter into the Safety Value agreement. As part of the agreement the Department for Education agreed to pay £25,000k to South Gloucestershire Council through instalments over the next 6 years to clear the historical deficit. The first instalment of £10,500k was received in March 2022 and reduced the outturn cumulative DSG deficit to £23,112k.

### **Schools Block**

12. The Schools Block is reporting an outturn underspend of £517k, an increased underspend position of £279k since Quarter 3. This is mostly due to funding being held to support possible in-year breach of the pupil admission numbers (PAN) and other school funding pressures that didn't materialise.

### **Central Schools Services Block**

13. The Central Schools Services Block is reporting an outturn overspend of £201k, an increase of £211k since Quarter 3. This is mostly due to a provision for school admission and appeals charges, due to a change in the schools funding regulations.

### **High Needs Block**

14. The High Needs Block is reporting an outturn overspend of £8,169k an improvement of £310k since Quarter 3.

### Independent and Non-Maintained Special School Placements

15. Independent and Non-Maintained Special School Placements is reporting an outturn overspend of £664k, an increase of £195k since Quarter 3. This is due to 10 leavers, 16 new placements and cost of provision changes. The budget required for 2021/22 was £7,450k based on 122 placements at an average weekly cost of £1,607, however based on the funding available, the budget allocated was £6,291k resulting in an average weekly cost of £1,357. The outturn is based on 107 learners at an average weekly cost of £1,710.

### Statemented Support (including Other Local Authority (OLA))

16. Statemented Support is reporting an outturn overspend of £3,222k, a reduction of £235k since Quarter 3. This is due to 98 new provisions, 50 ceased plans, transfer of learners in and out of Primary and Secondary provision, high incidence payment to schools and cost of provision changes due to annual reviews resulting in a net cost reduction of £235k.

17. The budget required for 2021/22 was £9,395k based on 954 placements at an average weekly cost of £259, however based on the funding available the budget allocated was £5,988k resulting in an average weekly cost of £165. The outturn is based on 888 current learners at an average weekly cost of £273.

### Special Schools and Resource Bases - OLA

18. Special Schools and Resource Bases - OLA is reporting an outturn overspend of £758k, an increase of £6k since Quarter 3. The budget required for 2021/22 was £1,792k based on 88 placements at an average weekly cost of £536, however based on the funding available the budget allocated was £1,124k resulting in an average weekly cost of £336. The outturn is based on 88 learners at an average weekly cost of £563.

### Post 16 Placements

19. Post 16 Placements is reporting an outturn overspend of £734k, a reduction of £201k since Quarter 3. This is due to 100 new learners, 95 leavers and cost of provision changes resulting in a net cost reduction of £201k. The budget required for 2021/22 was £4,827k based on 456 placements at an average weekly cost of £279, however based on the funding available the budget allocated is £3,683k resulting in an average weekly cost of £213. The outturn is based on 440 learners at an average weekly cost of £255.

### Special Schools South Gloucestershire

20. Special Schools is reporting an outturn overspend of £987k, an increase of £38k since Quarter 3. This is due to 10 new placements, 6 leavers, cost of provision changes based on annual reviews and breach payments. The budget required for 2021/22 was £10,322k based on 515 placements at an average weekly cost of £527, however based on the funding available the budget allocated was £9,375k resulting in an average weekly cost of £479. The outturn is based on 492 learners at an average cost of £561 per week.

## Resource Bases South Gloucestershire

21. Resource Bases is reporting an outturn overspend of £545k, an increase of £2k since Quarter 3. The budget required for 2021/22 was £2,895k based on 139 placements at an average weekly cost of £548, however based on the funding available the budget allocated was £2,545k resulting in an average weekly cost of £482. The outturn is based on 139 current at an average cost of £570 per week.

## Pathways Learning Centre

22. The budget area which supports the placement of learners in Pathways Learning Centre (PLC) is reporting an outturn overspend of £1,620k, an increase of £472k since Quarter 3. This is due to an agreement to fund breach places and additional 1:1 support for several complex learners. The budget required for 2021/22 was £3,217k based on 150 placements at an average weekly cost of £564, however based on the funding available the budget allocated was £2,231k resulting in an average weekly cost of £392. The outturn average weekly cost is £600 and has been based on an average of 169 learners for 2021/2022.

## Other High Needs Areas

23. Other high needs areas are reporting an outturn underspend of £361k, an improvement of £581k since Quarter 3. The is mostly due to a delay in the recruitment of staff and the implementation of system changes linked to the latest DSG recovery plan.

24. The table below shows the outturn spend position for the High Needs budget areas that are currently under pressure.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
High Needs Budget Pressure Areas Only	Outturn £'000	Outturn £'000	Outturn £'000	Outturn £'000	Outturn £'000	Outturn £'000	Outturn £'000	Outturn £'000	Number placed March 2021
Independent and Non-Maintained Special Schools - Placements	3,904	4,264	5,463	5,419	5,976	6,737	6,945	6,955	107*
Statemented Support (including High Incidence Payments)	4,781	5,368	6,121	6,376	6,897	6,570	8,194	9,210	888**
Post 16 High Needs Placements (Gross of ESFA direct funding)	1,949	2,422	3,157	4,549	4,464	4,276	5,180	6,176	440***
OLA Special Schools	1,525	789	815	970	1,025	1,209	1,428	1,882	88****
South Gloucestershire Special Schools (Gross of ESFA recoupment for Academies and Post 16)	8,949	7,793	8,468	9,186	10,077	11,539	12,698	13,789	492*****
South Gloucestershire Resource Bases (Gross of ESFA recoupment for Academies and Post 16)	3,022	3,323	3,467	3,670	3,037	3,216	3,444	3,711	139*****
PLC	2,050	1,925	2,080	2,597	2,977	3,649	3,682	3,852	169*****
<b>Total</b>	<b>26,180</b>	<b>25,884</b>	<b>29,571</b>	<b>32,767</b>	<b>34,453</b>	<b>37,196</b>	<b>41,571</b>	<b>45,575</b>	<b>2,323</b>
Annual % Change		-1.13%	14.24%	10.81%	5.15%	7.96%	11.76%	9.63%	

\* Includes Funding for Non-Maintained Special Schools 2014/15 and 2015/16, from 2016/17 directly funded by the ESFA

\*\* Transfer of £1,000k from Statemented Support in 2020/21 for the SEND Cluster Funding Initiative

\*\*\* Post 16 recoupment for FE colleges included from 2017/18, prior to 2017/18 directly funded via ESFA

\*\*\*\* Added to table in 2021/22

\*\*\*\*\* Academy and Post 16 Recoupment included for all years and establishments

\*\*\*\*\* Based on average number of learners attending during 2021/22

## Early Years Block

25. The Early Years Block is reporting an outturn underspend of £123k, an increased underspend of £106k since Quarter 3. This is due to a provision earmarked to reduce the historical overspend in 2020/21 (£28k) (paragraph 25), staff vacancies within the central early years services areas (£58k) and a review of non-staffing expenditure (£37k).
26. During 2020/2021 the Early Years Block reported an outturn overspend of £583k which was mostly offset against the Schools Block outturn underspend (£543k). This left an overspend position of £40k to be recovered in 2021/22 onwards.
27. The local authority can top slice 5% of the Early Years Block to support central services for Early Years. For 2021/22 this resulted in £28k being earmarked to be offset against the overspend of £40k.
28. Based on the outturn position for 2022/23 the deficit has been fully recovered.

### Author

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**GROWTH FUNDING – ADDITIONAL REQUIREMENT TO SUPPORT  
BULGE CLASSES (Verbal Update)**

# South Gloucestershire council

## SCHOOLS FORUM

7<sup>th</sup> July 2022

### High Needs Working Group (HNWG) Update

#### Purpose of Report

1. The purpose of the report is to provide an update on the work of the HNWG.

#### 2. Background

##### 2.1

The Schools Forum has agreed to transfer £2.2 million of funding from the School Block to the High Needs Block to support investment which will enable improvements to be achieved and which involve more efficient use of resources. It is essential that accelerated progress in addressing the deficit can be demonstrated.

##### 2.2

A deficit recovery programme of work has been formulated with an agreed governance and reporting structure. There are five priority areas of focus, outlined as five themes (see fig.1) which are now providing the framework and opportunity to improve provision, outcomes, efficiency and reduce expenditure. These themes are now clearly feeding into the overall DfE deficit recovery plan underpinning the programme and there are positive impact measures identified through the updates.

##### 2.3

The themes were identified after determining the main causes of the deficit using a cause-and-effect diagram and extensive data analysis on both nationally and locally available data.

#### 3. Programme governance structure and communication

##### 3.1

The governance structure, including communications routines is illustrated in Figure 2. The High Needs Working Group, taking their direction from the Schools Forum, provide consultation, direction and challenge to the HNWG officers where the programme themes are managed and the work is carried out. The new link governor has now worked alongside the HNWG Chair and LA officers to establish the role and has been involved in pre-meeting and several HNWG meetings. This is providing a further reinforcement of the links through Schools Forum and the impact of this is evident. The link governor has worked alongside LA officers to examine and draft communication relevant to role including the Executive Summary detailed below.



### 3.2

Communication flows continue to be well-understood by the members and officers. The timelines for HNWG and Schools Forum are more closely aligned and there is a clear recognition of the need to regularly update the wider stakeholders on developments from the HNWG. The Executive Summary is in the process of being developed, with the intention that this will support the shared understanding of the current position and future planning of a wider audience, including a specific focus on making the developments clear and accessible for those in governance roles across the Local Authority. Suitable and appropriate opportunities for relevant communications direct to the wider leaders across the LA are considered as part of each HNWG agenda which is supporting the broader system awareness, understanding and engagement.

## 4. DSG deficit recovery programme plan | Updates

### 4.1

The deficit recovery programme plan continues to maintain the focus on the required improvements. Colleagues from the Local Authority are providing regular progress update reports and dashboards. Following discussion and sign off within the HNWG, the report will progress to Schools Forum in line with the governance and reporting arrangements.

The focus areas from the HNWG meeting on 14<sup>th</sup> June 2022 are summarised below:

### 4.2

#### Parent Carer Update

#### Ongoing engagement with parent carer forums is a key area of focus for HNWG

Leonie Pollinger from South Glos Parent Carers (SGPC) attended to present an overview of SGPC and provide an update on the 360 Outreach Project.

SGPC support and empowers Parent Carers who are on the SEND parenting journey, gathers lived experiences and the views of our community. Partners with service providers and stakeholder, creating a platform for working co-productively; connect the voice of Parent Carers with the decision makers and commissioners at strategic level to help shape great services.

#### 360 Outreach Project – trail across Cluster 2 & Cluster 4.5

- Funded for 12 months - to look at what works for parents and for schools, and how we can help to bridge the gap between families and professionals
- For CYP with emerging needs and those on the autism waiting list. (Focus is on Need not diagnosis)
- To help adults around the child, understand them holistically at home and at school

- Identifying and understanding a child's needs as early as possible, so that the necessary support can be identified for the child to experience inclusion and openness to learning and enable them to succeed at home and school.
- Uses a 360 Approach, with a 4 part cycle of support available. Parents can access as much or as little as they need.



### Main outcomes:

- Earlier identification - recognising the needs (social communication, masking) together as opposed to treating the needs separately at home and at school E.g. behaviour, sensory
- A joined-up approach will:
  - help identify needs so they can be met sooner
  - improve communication - both will be on the same team
  - develop a more trusting and working relationship and providing a greater understanding between home and school
- Able to target those who need help sooner to relevant services - especially if families are experiencing crisis situations
- Help is accessed at an earlier stage - reduces the high level of crisis situations later on in their journey
  - Improve professional development for schools
  - Provide more of a support network - families will know what is available to them
  - Linking with other services /guest speakers - more joined up approach

### 4.3

#### Theme 3 - Early years update

***To reduce the reliance on EHCPs by early identification of need and provision of the required support.***

An update on the progress towards achieving the aims of theme 3 of the DSG recovery plan.

- To improve the identification of needs within the early years
- To improve practitioner confidence and skills to intervene early to support children
- To reduce the number of EHCPs in early years

Schools Forum have allocated £200,000 during 2021-22 to support the development of initiatives within this theme. Research into the issues being faced by settings and families in the early years indicates that for many children, they can only access support once they have a diagnosis or an EHCP. This theme aims to provide sources of support and early identification of need without an EHCP in place, there are several workstreams within this theme:

<b>Theme 3: Early Years Workstreams</b>	
<b>Funding for Settings (to support children)</b> Early Years Inclusion Support Fund (EYISF) Transition Support Fund (TSF)	<b>Training</b> Autism Education Trust (AET) SEND training for Childminders Education Psychologist (EP) consultations for EY settings
<b>Speech &amp; Language Inclusion Hubs</b> SALT support for Childminders SALT support for parents SALT consultations for EY settings Speech and Language Therapy (SALT) training for practitioners	<b>Early Years Parental Support &amp; Guidance</b> Little Treasures Stay and Play sessions Virtual parent / care support sessions Holiday activities and support

Schools Forum are receiving this report at its meeting on 7<sup>th</sup> July. Risks to success on workstreams: there is currently a recruitment crisis in EY sector, settings are not able to release staff to attend training or consultations, as they are operating at full capacity with open vacancies. There is also high turnover of practitioners in settings so staff who access training may not remain in the setting and therefore not cascade learning to colleagues.

There are declining numbers of childminders in South Glos, a strategy to address this is being developed but the time taken for training and registration processes means numbers will not increase quickly.

#### 4.4

### DSG Programme Risk Register

A detailed discussion of all the theme risks along with mitigations were discussed, a summary of the theme issues and risks are highlighted below.

Theme	Theme 1: Building Capacity in Mainstream Schools & FE (clusters, support services and PLC)
<b>Key Risks and Issues RAG</b>	<b>Key Risks and Issues Risk/Issue</b>
Green	Absence of national educational outcomes data and limitations in cluster evaluation methodology for 19/20 have restricted the conclusions that can be drawn from cluster evaluation

Amber	Commissioning arrangements in cluster are weak, no consistent use of SLAs. Provider selection processes are opaque, and monitoring of provider performance is inconsistent.
Amber	Each cluster is commissioning different services for its population. Provided these differences relate to differences in underlying need this variation is warranted. Communication with families about the validity of these differences will need careful consideration.
Amber	No LA strategic approach articulated for SLCN, Autism, Trauma, SEMH needs as such cluster commissioning decisions may not always be in line with a wider strategic plan and may be without a clear evidence base.
Red	Cluster financial mgt is burdensome and particularly time consuming for cluster leads and has potential for a negative impact on cluster recruitment & retention.
Red	Recruitment & Retention of Cluster Leads - Cluster 2 lead and Cluster 6 are both leaving due to wider employment changes. Recruitment for new lead in cluster 3 was challenging and lengthy. Positions are voluntary and may not be attractive to Heads whilst they are continuing to face operational pressures. This is also true for lead SENCOs. Capacity for Head and SENCO posts is dependent upon availability within each cluster and not fixed recommendation.
Red	SEND data quality has recognised weaknesses. This will impact the validity of strategic decision making and performance metrics.

**Theme Theme 2:Review of Top Up Funding**

Key Risks and Issues RAG	Key Risks and Issues Risk/Issue
Green	Lack of clarity on the required consultation process. Without clarity this could result in significant unnecessary work activity and cause issues in providing the wrong information to stakeholders - worse case is a judicial review from a parent group.
Green	Lack of up-to-date data analysis and development of an accurate data set which is maintained and kept up to date. Lack of data will impact implementation of the new banding system as accurate data is required.
Amber	Capacity to fulfil the implementation options – both internal (officer level) and external (schools/colleges/settings). Lack of capacity will delay implementation and therefore impact negatively on the DSG deficit programme. There is particular risk if additional resource is not identified in the EHCP team by the end of August.
Amber	College don't band the up within the given timescales.
Amber	Communication strategy - without clear and timely communications to stakeholders training for the new banding system may be delayed and not attended well. Stakeholders will also be unaware of the new banding system to be established.
Amber	Implementation may impact significantly on some schools.
Amber	Lack of support from key elected members
Amber	No ongoing robust approach to the ongoing monitoring of top up spend.
Amber	Parents start 'negative activity' which impacts on the development of the banding implementation

Theme	Theme 3: Early Years
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Key Risks and Issues RAG	Key Risks and Issues Risk/Issue
Amber	Concern project will be unable to track progress, pipeline data and issue funding in line with current processes. Loss of data and tracking will not enable LA to undertake effective analysis on progression. Finance payments not processed as the current timeframe could cause settings to close.
Amber	Settings feeling unconfident on how to meet needs of children, apply for funding and accessing support. Risk that children with complex needs may not be able to access places and support.
Amber	SLT availability limited to ensure full Inclusion Hub delivery.
Red	Finance for Inclusion Hub, EP and SLT and pathway shortfall activities is only in place for 1 financial year. May not be able to sustain the professional development of staff to support children and the identification of children with SEND. May not be able to reduce the number of EHCPs in EY.
Red	Officer capacity and time due to business as usual activities resulting in failure to meet project timescales to get workstreams up and running.
Red	Pathways and application process for cross border children. Increased spend for needs assessments from funding pot for children that are not resident in SG.
Red	Settings are closing provision due to staffing issues and not applying for inclusion fund as a result. Settings unable to recruit new Level 3 qualified staff into sector.
Red	The Early Years sector are under a huge amount of pressure due to staffing shortages which may impact their engagement with this theme. If EY sector do not engage and attend training they will not have the skills the support children and identify any with SEND, thus continue applying for funding or no allocated places within their setting for children with SEND.

Theme	Theme 4: Improved Commissioning of Independent Placements
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Key Risks and Issues RAG	Key Risks and Issues Risk/Issue
Green	Any changes made to local authority commissioning policy, could impact deliveries
Green	Lack of cohesion between interested parties (sub regional) - neighbouring authorities
Amber	Changes in national policy, DFE strategy changes, green paper and potential change in code of practice
Amber	Failure of independent providers creating major capacity issues.
Amber	Lack of cohesion between interested parties (local)
Amber	Lack of cohesion between interested parties (regional)

Amber	Staff capacity - LA staff across SEND system. Not enough time given to manage the theme. Retirement of current Strategic Lead of Inclusion and SEND.
Red	Failure of local provision to meet the demand of EHCP placements.
Red	Parent-led demand for Special School placements is increasing.

**Theme Theme 5: Effective planning and use of Special Schools and Resource Bases**

Key Risks and Issues RAG	Key Risks and Issues Risk/Issue
Amber	A lack of coordination between special schools, results in a lack of critical mass to achieve desired outcomes
Amber	Changes in national policy, DFE strategy changes, green paper and potential change in code of practice / white paper implications - MATs.
Amber	Due to long term delivery of this theme, risk of changes of leadership and therefore stakeholder support
Amber	Pathways Learning Centre - establishing its forward role within system (PRU / Hospital Education / SEMH Special School provision). LA and PLC governing body agreeing future status.
Amber	Risk of a poor Ofsted report
Amber	Staff capacity - LA staff across SEND system. Not enough time given to manage the theme. Retirement of current Strategic Lead of Inclusion and SEND.
Red	Data - inaccurate data does not meet demand causing greater need of independent providers
Red	Viability (financially) of special schools in the middle and long-term

**Theme Theme 6: Data Management**

Key Risks and Issues RAG	Key Risks and Issues Risk/Issue
Red	Capacity of SGC staff to undertake key activities
Red	System doesn't meet full requirements of EHCP and Programme requirements

## 5. Next steps

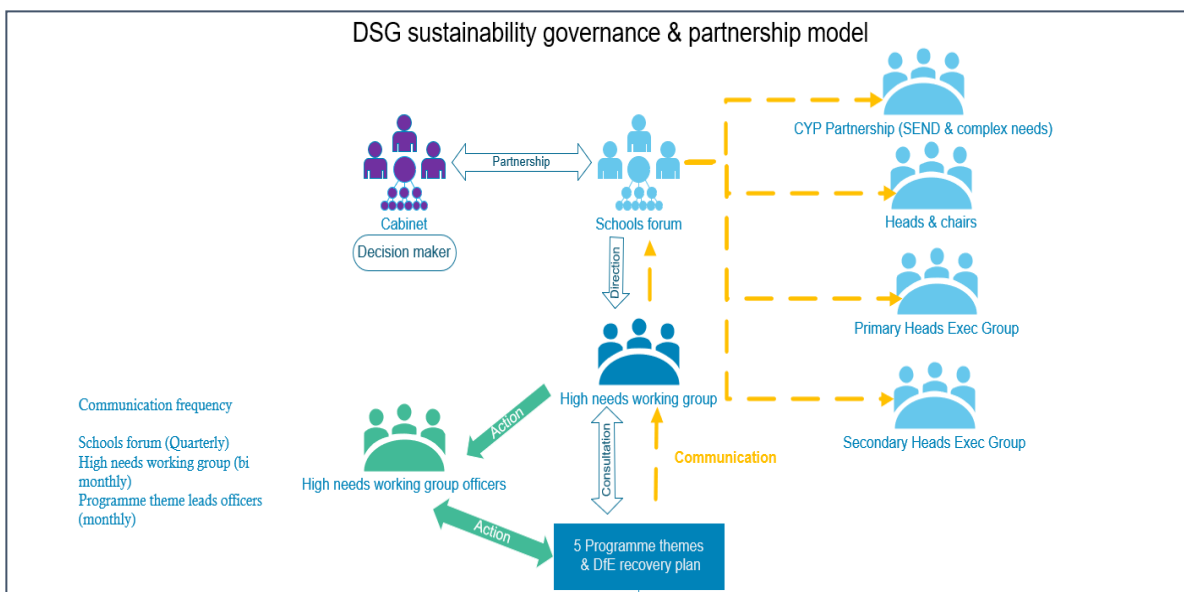
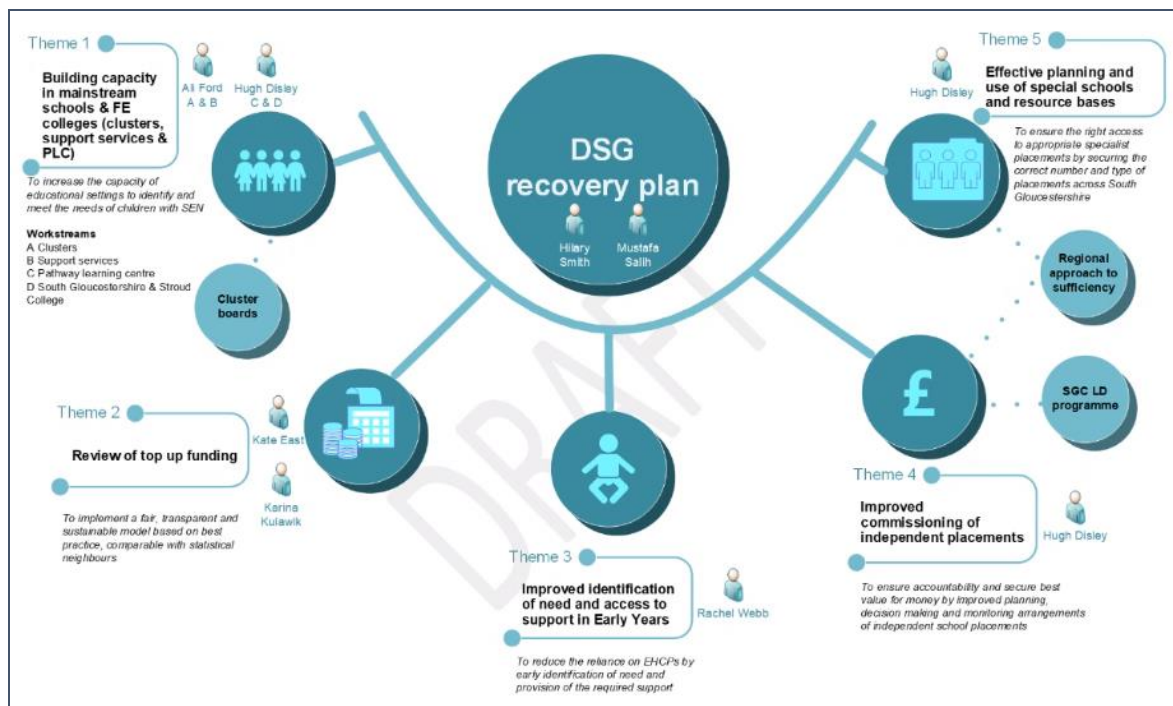
Sub-set meeting to discuss links with HNWG and Safety valve process progress – in advance of first HNWG meeting in 2022-23

HNWG Progress Update on DSG to be shared with Schools Forum in September 2022.

## **RECOMMENDATION**

**Report Author** Susie Weaver/Claire Brown/HNWG

Figure 1





**SCHOOLS FORUM FORWARD PLAN**

Sept	22nd			
		7	Place planning	Hilary Smith
		8	HNWG Update	Susie Weaver
		9	Schools Forum Membership, Constitution & Self-Assessment	Ali Davies

**Proposed dates for next academic year:**

Thursday 22 September  
 Thursday 3 November  
 Thursday 1 December  
 Thursday 19 January  
 Thursday 2 March  
 Thursday 11 May  
 Thursday 6 July

**ANY OTHER BUSINESS**