

# Swindon Borough Council

## Schools Forum

**Tuesday, 14 November 2006**

Committee Room 6, Civic Offices, Swindon at 4.00 p.m.

### **School Members:**

Gill Llewellyn, Primary Headteacher  
Terri Menham, Primary Headteacher  
Linda Rankin, Primary Headteacher  
Debbie Kalyuka, Primary Headteachers  
Paul Boyles, Primary Governor  
David Easter, Primary Governor  
Steve Colledge, Secondary Headteacher  
Steve Flavin, Secondary Headteacher  
Rachael Matthey, Secondary Headteacher  
Peter Wells, Secondary Headteacher  
John Newman, Secondary Governor  
Pat Porter, Secondary Governor  
Bob Walker, Special Headteacher

### **Non-School Members:**

Sally Inskip, Diocese Representative  
Phil Baker, Trade Union Representative  
Debbie Waldron, Early Years Representative  
Cathy Parker, Early Years Representative (Deputy)  
Tim Mason, Youth Representative

**Committee Officer:** Helen Harris

Telephone: 01793 463604 Email: [hharris@swindon.gov.uk](mailto:hharris@swindon.gov.uk)

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## **AGENDA**

- 1. Appointment of Chair**
- 2. Appointment of Vice-Chair**
- 3. Apologies for Absence**
- 4. Minutes** (Pages 1 - 4)  
To receive the minutes of the meeting held on 6 June 2006
- 5. Report from Schools Forum Review Group** (Pages 5 - 10)  
This was submitted to the 6 June meeting and is included here for information only.

6. **Aspire Update** (DIBT-E) (Pages 11 - 22)
7. **Financial Management Standard in Schools** (GDR) (Pages 23 - 58)
8. **Severance Payments** (GDC) (Pages 59 - 62)
9. **School Balances 2005-06** (GDC) (Pages 63 - 72)
10. **Dedicated Schools Grant** (GDC) (Pages 73 - 74)
11. **Increased Flexibility at Key Stage 4** (DQS-C) (Pages 75 - 80)
12. **Directed Revisions to the Scheme for Financing Schools** (GDR) (Pages 81 - 94)
13. **Deprivation Review** (GDC) (Pages 95 - 98)
14. **Date of Next Meeting**  
The next scheduled meeting of the Forum is on 11 January 2007 at 4.00 p.m. and members are asked to suggest any items for the agenda.

**Date of Despatch:** 06 November 2006

**Key:**

**Officers:**

CE	-	Chief Executive
GDC		Group Director: Children
GDHSC	-	Group Director: Housing & Social Care
GDEL	-	Group Director: Environment & Leisure
GDR	-	Group Director: Resources

**Public Question Time** - Swindon Borough Council is committed to increasing its accountability to the public and to promoting active citizenship. Up to 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from members of the public about the work of the Committee (except for confidential matters and specific planning applications). Questions must be relevant, clear and concise. Because of time constraints Public Question Time is not an opportunity to make speeches or statements. Prior notice of a question to the Director of Law and Democratic Services is desirable - particularly if detailed background information is needed.

**Access Arrangements** – The Venue is wheelchair accessible and an infrared receiver hearing system is provided. If you would wish to attend the meeting but have any special requirement to enable you to do so please contact the Committee Clerk above, as soon as possible prior to the date of the meeting.

If you would like to receive any of the pages contained in this agenda in a larger print size please contact the Committee Officer whose name appears on the first page of this agenda.

**SCHOOLS FORUM**

**TUESDAY, 6 JUNE 2006**

PRESENT: -

**Primary Representatives:** Paul Boyles (Chair), Gill Llewellyn and Terri Menham

**Secondary Representatives:** John Newman and Pat Porter

**Special School Representatives:** Bob Walker

**Diocesan Representatives:** Sally Inskip

**Observers:** Councillor Barrie Thompson

**Officers:** Peter Sykes, Stuart McGregor, Lorraine Billis, Geoff Hogg, Nick Hobbs and Hitesh Patel

Apologies for absence were received from Lauren Connor, Linda Rankin, Peter Wells and Marinos Paphitis.

**1. Minutes**

Resolved – That, subject to the amendment of Minute 9 to read ‘Thursday, 11 January 2007’, the minutes of the meeting held on 21 February 2006, be confirmed and signed as a correct record.

**2. Matters Arising not covered elsewhere**

With reference to Minute 7, the Interim Head of Finance advised that it was within the Schools Forum remit to determine whether savings which result from a severance payment may impact on the schools budget. There was no definitive guidance provided on this issue and he enquired whether the Forum would wish to consider each case as it arose, or provide a set of criteria and delegate decisions to the Group Director, Children.

It was agreed that detailed consideration of this matter would be undertaken by the standing sub-committee that would be established with the reconstitution of the Forum.

**3. Report from Schools Forum Review Group**

The Forum considered a report by the Schools Forum Review Group on a proposed re-constitution of the Forum. Members discussed and clarified the following points:

Substitutes – organisations would be required to nominate a substitute who must be

within the same category as the main member. In the absence of the main member, the substitute would be entitled to a vote.

Parent or Youth Representative – it was determined that it should be a youth representative on the Forum.

Terms of Office – these should be staggered for the schools' members to ensure a continuity of experience, periods of two, three and four years were suggested. Non-school members would be on a fixed-term

Standing Sub-Group – it was agreed that the newly constituted Forum would need to establish a sub-group at its first meeting, when numbers and members would be determined. Comment was made that the sub-group would be able to co-opt people with the necessary skills at any time, in addition to the standing membership.

Press – The Press would be notified of future meetings

Resolved – That, subject to the amendments set out above, the recommendations of the Review Group be agreed and the Swindon Schools Forum be reconstituted accordingly from 1 September 2006.

#### **4. Financial Management in Schools Toolkit / Assessment (oral item)**

The Forum was advised that an external assessment of financial management in schools compliance in the secondary schools was to be completed by March 2007. Large primary schools would be assessed the following year followed by the remaining primaries and then special schools. The assessment would be on a three-year cycle for secondary schools but it was not yet known how often it would be required for primary or special schools. There was a possible cost to the schools, as there was additional audit work involved. It was proposed that a pilot visit to a secondary school would be undertaken in July 2006.

It was agreed that a further update would be provided for the October meeting of the Forum.

#### **5. ASPIRE Project and the Impact on Schools (oral item)**

The Director, Information Systems and Technology provided an update on the Aspire project and the implications for schools. A briefing note was distributed and the Director responded to questions raised by members.

#### **6. Arrangements for Funding Schools for the Costs of Deprivation**

A copy of the response to the DfES was provided for members' information.

#### **7. Review of the DfES School Funding System 2006-07**

The Interim Head of Finance distributed a copy of the response to the DfES and advised that any comments should be directed to him and he would try to refer them on to the DfES.

In addition, details of the Dedicated Schools Grant was passed to members

who were advised that a report on how it was to be distributed would be submitted to the next meeting.

#### **8. Scheme for Financing Swindon Schools - DfES Consultation**

The Forum considered a report concerning a DfES consultation on proposed amendments to Guidance on the Scheme for Financing Schools.

It was agreed that because of time constraints, members would consider the consultation document and pass any comments to the Deputy Head of Finance within two weeks in order that a response could be sent to the DfES by 30 June. A copy of the response would be circulated to all members.

#### **9. Special Educational Needs Transport**

The Forum considered a report regarding a specific aspect of Special Educational Needs (SEN) transport expenditure.

Several members expressed concern and stated that they would wish to know the actual amounts involved in each case. It was suggested, and agreed, that the criteria should stipulate that it related solely to children who had been placed outside of the Borough and who were now brought back to a Local Authority school.

Resolved – That subject to the amendment detailed above, it is agreed in principle that SEN transport costs as defined by Regulation 1 of the School Finance (England) Regulations 2006 can be charged to the schools' budget in 2006/07 and 2007/08 up to a value of £50,000 per annum.

#### **10. Review of Teachers' Pensions (oral item)**

Members were advised that with effect from 1 January 2007, the rate of teachers' superannuation contribution would be increasing. Written notification would be issued to all schools

#### **11. Dates of Future Meetings**

The dates of future meetings were noted.

#### **12. Interim Head of Finance**

The Interim Head of Finance, Peter Sykes, advised that this would be his last Forum meeting and that his successor would be Stuart McGregor. The Chair and members thanked Peter for his past work and wished him well for the future.

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**SCHOOLS' FORUM - 6 JUNE, 2006**

**REPORT FROM SCHOOLS FORUM REVIEW GROUP**

**BACKGROUND**

1. The Schools' Forum Review Group was established at the meeting of the Forum on 17 January 2006 following consideration of a letter from the DfES which comprised:
  - Amended Schools' Forum Regulations December 2005
  - An 'Operational and Good Practice Guidance' document.
2. The Review Group was asked to review the effectiveness and operation of Swindon Schools' Forum and to come back with recommendations for any changes considered necessary, including those required by the Regulations, with a view to reconstitution, if required, by the DfES deadline of 31 August 2006. This was seen as particularly important given the increasing powers that are being passed to the Forum by Central Government.
3. The Review Group, which comprised 3 head teacher representatives from the primary, secondary, and special phases together with 2 officers, met on two occasions and provided an interim report to the last meeting of the Forum on 21 February.

**RECOMMENDATIONS**

4. A number of unanimous recommendations have emerged from the work of the Review Group, and the rationale for these will, where necessary, be explained more fully at the meeting.

5. Membership:

The Group considered that there were strong arguments for increasing the size of the Forum (currently 15) particularly in order to widen the breadth of membership by introducing some additional Non-Schools' Members (whose number may be no more than 20% of the whole). The DfES Guidance, for example, states that: 'the purpose of Non-Schools' Members is ... to bring greater breadth of discussion to Forum meetings and ensure that stakeholders and partners other than schools are represented'. Linked to this, the Review Group were keen to see the Forum taking on a more strategic role (this will be referred to again later on).

The Group is therefore recommending that: **The size of the Forum be increased to 20 members, comprising 16 Schools' Members and 4 Non-Schools' Members.**

## 6. Schools' Members

As indicated above, the Review group are recommending that the number of Schools' Members be increased to 16. There is a requirement in the Regulations that the membership should be proportionate to the ratio of pupils each phase, with special schools having at least one representative. The Authority then has discretion to divide the groups further to reflect different categories of schools. The Group considered that this should be achieved as far as possible to ensure fairness of representation.

The Group is recommending that:

**a) There are 10 Headteacher and 6 Governor representatives on the Forum, broken down as follows:**

- **Primary: 5 Headteachers, and 3 Governors (covering, as far as possible, early years, KS1 and KS2)**
- **Secondary: 4 Headteachers, and 2 Governors**
- **Special: 1 Headteacher, and 1 Governor (with an SEN focus from a mainstream school);**

**b) As far as possible, the Headteacher and Governor representatives reflect the different categories of schools in Swindon – ie Community, VC, VA and Foundation;**

**c) Representative Groups be able to formally nominate substitutes to ensure the maximum possible attendance at meetings.**

## 7. Non-Schools' Members

The Group are recommending that there should be 4 Non-Schools' Members, who are appointed by the Authority, with the aim of widening the membership of the Forum as far as possible. The DfES Guidance suggests a number of organisations/groups that could potentially be appointed and these include trades unions, early years and youth groups, parents groups and so on. There is a requirement to consider seeking Diocesan representative.

The Group gave this matter careful thought and are recommending that: **The 4 Non-Schools' Members should be:**

- **a Diocesan representative**
- **a Trade Union representative**
- **an Early Years representative**
- **a Parent or Youth representative.**



## 8. Strategic Role/Sub-Group

The Review Group considered it particularly important that the Forum should develop a more strategic role examining Swindon wide education issues – an example would be the recent debate on the link between deprivation and attainment and the impact of the funding formula. The DfES Guidance, for example, states that: ‘Schools’ Forums are most effective when they take a strategic view of the issues they are considering.....they should be able to consider the needs of the whole educational community...’

It should be strongly emphasised that the Forum would still of course continue to have an essential role in examining more specific budget issues, including the impact on schools and phases of formula changes and budget settlements each year. The Review Group were particularly keen that the Forum is presented with clear options for decision-making, and the impact each option would have on schools.

In order to enable this more strategic role to be developed, the Forum are recommending that a standing Sub-Group be established. It was seen as particularly important that the Forum, when considering reports from that Sub-Group, picks up the key issues but does not do a rerun of the detailed discussions that took place.

The Group is recommending that: **A representative standing Sub-Group of the Forum be established to examine detailed financial issues and report to the Forum.**

## 9. Other Key Issues

As reported at the last meeting, the Review Group also considered the following – all identified in the Guidance as good practice - to be essential for the future direction of the Forum:

- (a) Councillors – the Forum should do all it can to encourage the Cabinet Member for Children's Services and other key Members to be present at meetings.
- (b) Communications - the Forum should consider effective ways to communicate decisions/deliberations to the Council (including (a) above) and to the wider educational community.
- (c) Management of Meetings – meetings of the Forum should be effectively chaired, concise and strategic.
- (d) Agenda/Paperwork – agendas should be open to items from members of the Forum (through the Chair), sent out earlier, there should be less paperwork and there should be a Forward Plan that is regularly updated.

- (e) Induction of New Members – Effective induction for all new members should be provided.

The Group is recommending that: **(a) – (e) above be agreed.**

11. Reconstitution

The Review Group is recommending that: **Swindon Schools' Forum be reconstituted on the above basis, by the DfES deadline of 31 August, 2006.**

**CONCLUSIONS**

12. The two meetings of the Schools' Forum Review Group were both very positive with a genuine desire from all the heads and officers to build on the work that has already been achieved by Swindon Schools' Forum. It was strongly felt that the above recommendations, if adopted, will help to map out the future direction of the Forum and will enable it to be increasingly effective on behalf of all schools and pupils in Swindon.
13. A summary of the recommendations is attached as an appendix.

### **SUMMARY OF RECOMMENDATIONS**

**The size of the Forum be increased to 20 members, comprising 16 Schools' Members and 4 Non-Schools' Members.**

- **In relation to Schools' Members, there should be 10 Headteacher and 6 Governor representatives on the Forum, broken down as follows:**
  - **Primary: 5 Headteachers and 3 Governors (covering, as far as possible, early years, KS1 and KS2)**
  - **Secondary: 4 Headteachers and 2 Governors**
  - **Special: 1 Headteacher and 1 Governor (with an SEN focus from a mainstream school);**
  - **As far as possible, the Headteacher and Governor representatives reflect the different categories of schools in Swindon – ie Community, VC, VA and Foundation;**
  - **Representative groups be able to formally nominate substitutes to ensure the maximum possible attendance at meetings.**
- **The 4 Non-Schools' Members should be:**
  - **a Diocesan representative**
  - **a Trade Union representative**
  - **an Early Years representative**
  - **a Parent or Youth representative.**
- **A standing Sub-Group of the Forum be established to examine detailed financial issues and report to the Forum.**
- **The following be agreed:**
  - a) **Councillors – the Forum should do all it can to encourage the Cabinet Member for Children's Services and other key Members to be present at meetings.**
  - b) **Communications - the Forum should consider effective ways to communicate decisions/deliberations to the Council**

(including (a) above) and to the wider educational community.

- c) **Management of Meetings** – meetings of the Forum should be effectively chaired, concise and strategic.
  - d) **Agenda/Paperwork** – agendas should be open to items from members of the Forum (through the Chair), sent out earlier, there should be less paperwork and there should be a Forward Plan that is regularly updated.
  - e) **Induction of New Members** – Effective induction for all new members should be provided.
- **Swindon Schools' Forum be reconstituted on the above basis, by the DfES deadline of 31 August, 2006.**

## Aspire Update

**Schools Forum**

**Date: 14 November 2006**

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**Author: Director of Business Transformation**

**Parish / Wards Affected: All**

### **Purpose**

- To provide the forum with a presentation to update on the Aspire Programme, and its implications for Schools.

### **Recommendation**

The Schools Forum is requested to:

- Note the implications for Schools
- endorse the proposed arrangements for engagement with Schools as the programme develops.

## **1. Reasons**

- 1.1 The procurement of an Incremental Strategic Partnership is a key element of the Council's agreed Corporate strategy and plan. On 14<sup>th</sup> December 2005 Cabinet instructed the Deputy Chief Executive to 'adopt a 'fast track' strategy for procuring a long term strategic partner to help it deliver and sustain its long term objectives.' The ISP will see the immediate transfer of a range of services set out in this report with further transfer of services over the contract life subject to agreed business benefits.
- 1.2 On 18 October, Cabinet approved a recommendation that Capita plc enter into further negotiations with the Council as the Preferred Bidder for an ISP, with Vertex Data Science Limited to be the reserve bidder. This decision was reviewed and noted by the Scrutiny Committee on 23 October 2006.
- 1.3 The preferred bidder will be required to deliver the following ISP objectives, which have evolved and been refined since the December 2005 report, using the learnings gained over the last 9 months of the procurement process. Key requirements are to:
  - Deliver a rapid and sustainable transformation in services to enable our corporate vision and plan that places customers at the heart of everything that we do.
  - Contribute significantly to the delivery of our 50 promises

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Further information on the subject of this report can be obtained from Patrick Weir on 01793 463480 or Email [pweir@swindon.gov.uk](mailto:pweir@swindon.gov.uk)

# Aspire Update

**Schools Forum**

**Date: 14 November 2006**

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- Bring new economic opportunities and investment to Swindon
- Deliver services in scope for the partnership:
  - which offer more to our Customers than we currently provide
  - at levels of performance and availability that are higher than current
- Deliver sustainable efficiencies to reduce operating costs to assist delivery of the Council's challenging Medium Term Resourcing Plan (MTRP).
- Deliver significant and sustainable longer term cost efficiencies
- Deliver an efficient and effective business services platform that can be shared with the Council's LAA partners and other public and private sector partners.

The ISP will deliver the following specific benefits;

## **For our Customers and Swindon**

- New one-stop shop – which makes it easy to use for all Customers
- Single Contact centre for all Council services
- At the point where we connect with and face the Customer we will be joined up with the rest of the Council so that we deliver a better, more consistent service
- Investment in Swindon by building a new business
- A partner who can significantly impact on the delivery of 50 promises

## **An enabling platform to help us transform the Council**

- New IT infrastructure – secure, reliable, flexible & fit for purpose
- Single front-office system for managing all our interactions with Customers linked to all our back-office systems allowing us to resolve 80% of queries on first contact
- Systems to scan, index and automate paper flow
- New integrated HR & Payroll system, on the same platform as Finance system

## **More effective and efficient processes**

- Re-engineering of our key processes e.g. Managing Customer Service, Administration, Managing People etc.
- Optimised and automated common processes across the Council
- Increased productivity and lower cost to operate

## **2. Detail**

- 2.1 Information about the implications of the Aspire for Schools is attached at Appendix 1.

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Further information on the subject of this report can be obtained from Patrick Weir on 01793 463480 or Email [pweir@swindon.gov.uk](mailto:pweir@swindon.gov.uk)

- 2.2 Engagement with Schools will continue as the programme develops, through Headteacher associations and through a lead representative for Schools to be identified.

### **Risk Management**

#### *Financial and Procurement Implications*

- Any financial implications remain subject to the finalisation of the commercial negotiations with the Aspire preferred bidder

#### *Legal / Human Rights Implications*

- Compliance with equalities legislation and best practice

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

- The Aspire partnership will contribute to many of the Council's Promises.

### **Consultees**

- The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

### **Background Papers and Appendices**

- Cabinet Report of 18 October 2006: Incremental Strategic Partnership – Appointment of Preferred Bidder
- Appendix 1: Aspire - Information for Schools

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# Aspire Information for Schools

October/November 2006

## Introduction

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- Following briefings to Cross-Phase group earlier this year, Hitesh Patel wrote to Headteachers and Chairs of Governors on 4 July 2006 to set out:
  - *Background information about the Aspire programme*
  - *High level implications for schools*
  - *initiate further engagement*
- To update information to Schools - particularly as we get closer to partnership commencement – we are updating schools as follows:

SASH	- 27 September
Cross-Phase Group	- 12 October
ASSH	- 18 October
SAPH	- 19 October
Schools Forum	- 14 November
ASG	- 23 November
- We want to hear Schools' views, and use these to inform the development of the Aspire programme, and future shape of affected services

## Implications for Schools - Overview

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Superb services, accessible to all  
A Strategic Partnership for Innovation, Rejuvenation and Effectiveness

- Services “in scope”
  - *HR and Payroll*                      - *Schools’ HR Administration team & Schools’ Payroll*
  - *Finance*                                - *Direct Debits, waived fees, Cool Milk (tbc), some returns*
  - *ICT*                                        - *technical support functions*
  - *Quality and Standards*            - *administration and support functions*
  - *SENAT*                                  - *administration and support functions (tbc)*
  - *Education Welfare*                - *administration and support functions*
  - *Children and Families*           - *administration and support functions*
  - *Property Services*                 - *Technical Services / support to delivery of capital plan*
  
- In the Aspire Team, we are working with those service managers to provide you with specific information about the implications in each area, as we define these with the Aspire “preferred bidder” (see template attached)

## Implications for Schools – Key Dates

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Superb services, accessible to all  
A Strategic Partnership for Innovation, Rejuvenation and Effectiveness

22 September	-	Best and Final Offer (BAFO) submissions from 2 bidders (Capita and Vertex)
18 October	-	Preferred Bidder recommendation to Cabinet
23 October	-	Scrutiny Committee
late November	-	Contract ratification
1 December	-	Service commencement

## Implications for Schools – Key Q&A

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Superb services, accessible to all  
A Strategic Partnership for Innovation, Rejuvenation and Effectiveness

- **What changes from day 1?**
  - Partner accountable for delivery of some aspects of services to Schools.
  - Affected staff TUPE transfer to the partner
  - Overall responsibility for service remains with Council, through existing service managers
- **How will quality control be managed?**
  - Through performance against output specifications for each service. Escalation procedure remains through existing service manager
- **Will I have the same people dealing with my issues?**
  - Initially yes, and this will only change over time in consultation with Schools as part of any proposed service changes the Council develops with Schools, and its strategic partner
- **What options do Schools have?**
  - Current options for procuring services are not affected.
- **What are the financial implications?**
  - For traded services, there will be no change in 2006/07, and no change beyond inflation in 2007 /08. Any subsequent charges only proposed as part of changes to service, that will be developed in consultation with Schools

## Service specific implications for Schools

### Example Template



Superb services, accessible to all  
A Strategic Partnership for Innovation, Rejuvenation and Effectiveness

Services "in scope"	Description	Implications for Schools
<b>Traded Services</b>		
<b>HR</b> Rebecca McKenzie / Ian Mosley	Schools HR administration team "in scope" to transfer to the partner with effect from 1 December 2006.  Management of Schools HR services retained by Council	<p>Current services unchanged. Day to day contacts with team unchanged and will only change in consultation with Schools as part of any proposed future service changes the Council develops with Schools and the strategic partner.</p> <p>Service Agreement remains with Council.</p> <p>Escalation procedure to raise service delivery issues remains via Council.</p> <p>Charges unchanged in 2006/07 and no change beyond inflation in 2007/08. Any subsequent charges only proposed as part of changes to service, developed in consultation with Schools</p>

## Service specific implications for Schools

### Example Template



Superb services, accessible to all  
A Strategic Partnership for Innovation, Rejuvenation and Effectiveness

Services "in scope"	Description	Implications for Schools
<b>Traded Services</b>		
<b>Payroll</b> Rebecca McKenzie / Ian Mosley	Schools Payroll Services "in scope" to transfer to the partner with effect from 1 December 2006.  Client management of Schools Payroll services retained by Council	<p>Current services unchanged. Day to day contacts with team unchanged and will only change in consultation with Schools as part of any proposed future service changes the Council develops with Schools and the strategic partner.</p> <p>Service Agreement remains with Council.</p> <p>Escalation procedure to raise service delivery issues remains via Council.</p> <p>Charges unchanged in 2006/07 and no change beyond inflation in 2007/08. Any subsequent charges only proposed as part of changes to service, developed in consultation with Schools</p>

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## Financial Management Standard in Schools

Schools Forum

14 November 2006

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**Author:** Group Director, Resources

**Parish / Wards Affected:** All

### **Purpose**

To inform the Schools Forum of the Financial Management Standard in Schools (the "Financial Standard") external assessment process.

### **Recommendation**

Schools Forum is requested to note the process for the external assessment process of Financial Management in Schools.

## **1. Reasons**

- 1.1 It is a requirement of the DfES that all secondary schools will be externally assessed on their achievement in meeting the Financial Standard by 31 March 2007.
- 1.2 It is a requirement of the DfES that all primary and special schools will be externally assessed. The DfES have yet to announce the time frame for this.

## **2. Detail**

- 2.1 The Schools Forum was informed at its meeting on 6 June 2006 of the outline programme for external assessment of the Standard in Swindon Schools.
- 2.2 Since that meeting:
  - Internal Audit has carried out a pilot external assessment at a Swindon secondary school.
  - Members of Internal Audit and the Schools Finance Team have received external assessment training from the Institute of Public Finance, on behalf of the DfES.
  - Internal Audit has produced an 'Information and Guidance' pack for secondary schools. This sets out the background to the process, along with Internal Audit's role, key contacts, the assessment process, guidance and also sets out the charges to schools (see Appendix A).
  - A workshop has been held for secondary schools on external assessment.

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Further information on the subject of this report can be obtained from Nick Hobbs on 01793 463940 or Email [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk)

# Financial Management Standard in Schools

Schools Forum

14 November 2006

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- 2.3 A consultation by the DfES on the programme for external assessment in primary and special schools closed on 2nd October 2006 and the outcome is awaited.
- 2.4 The DfES has published Directed Revisions to the Scheme for Financing Swindon Schools, which are an item on the Agenda for this meeting, to take effect from 1 January 2007. One of the Directed Revisions makes it a requirement for all schools to undertake external assessment of the Standard.
- 2.5 The Schools Forum is requested to note the process for external assessment of the Standard in Swindon Schools.

## Alternative Options

The Schools Forum may, within the terms of the Directed Revision, consult on a proposed amendment to its terms, such proposal requiring ratification by the DfES. Any amendment to the terms, once ratified, may result in a change to the external assessment process described above.

### Risk Management

#### *Financial and Procurement Implications*

The financial implication to the secondary schools are set out under the 'Charges' section in Appendix A. Internal Audit are expected to fund the resource required to complete the external assessment of secondary schools from these charges. Risks include the availability of staff to carry out the external assessment and the possibility that other audit resources will be needed to subsidise this requirement. Schools may also be required to find additional resources to meet the standard required by the external assessment.

#### *Legal / Human Rights Implications*

The Council's Section 151 Officer, the Director of Finance, has requested Internal Audit carry out the external assessments of all Swindon's Secondary schools. It is also his intention that Internal Audit carry out the assessments of Primary and Special schools.

The Directed Revisions to the Scheme will encompass DfES Financial Management Standards in Schools in the Schools Standards and Framework Act 1998 Section 48.

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Promise 45 – Schools will be at the heart of all communities.

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Further information on the subject of this report can be obtained from Nick Hobbs on 01793 463940 or Email [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk)

# **Financial Management Standard in Schools**

**Schools Forum**

**14 November 2006**

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## **Consultees**

Director of Finance.

Head of Internal Audit.

The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.

## **Background Papers and Appendices**

- Appendix A – External Assessment Information and Guidance

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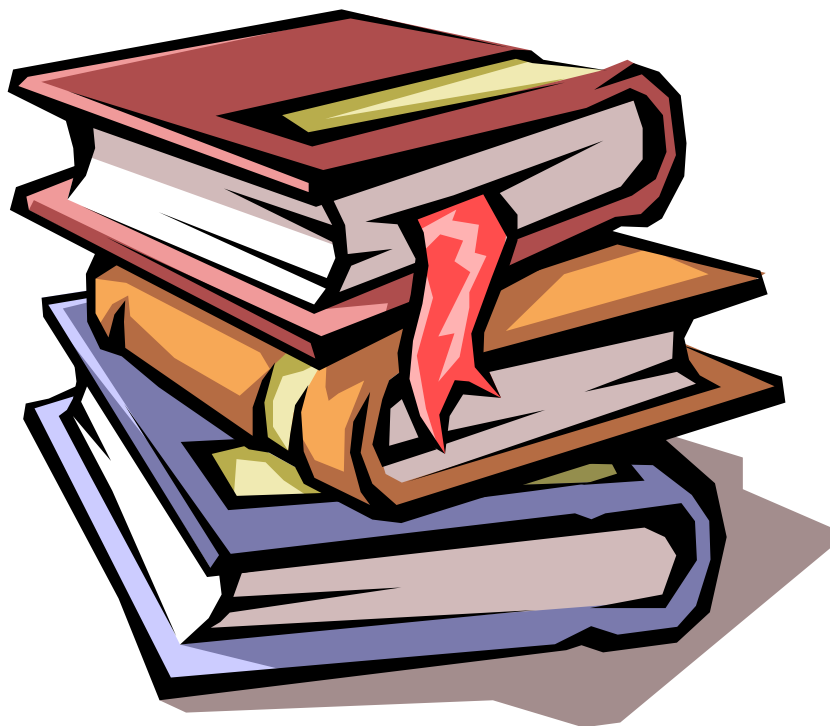
**Swindon Internal Audit Services**

**DfES**

**Financial Management Standards  
In Schools**

**External Assessment Information & Guidance**

Version 1 - 2006/07  
(October 2006)





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### **Appendices**

**A – Available dates for Internal Audit visit**

**B – Suggested File Format for evidence**

**C – DfES Standards and evidence suggested by Internal Audit**

**D – Checklist for Governors Minutes**

**E – Information to be obtained from Accounting Technician**

# 1 Background

- 1.1 The Financial Management Standard in Schools (FMSiS) was developed and released to schools as a self-management package in June 2004. It provides schools with a benchmark that can be used to encourage improvement and is intended to cover standards and processes that should already be in place in schools.
- 1.2 The standard is intended to help schools in evaluating the quality of their financial management and to aid in training staff to become better financial managers. Effective financial management in schools is essential to make the most of resources, to assist in demonstrating value for money, exercise proper controls over the significant amounts of public money delegated and allocate resources effectively to meet school priorities for development and improvement.
- 1.3 In July 2005, the Government announced its expectation that all secondary schools should have met the FMSiS by March 2007.
- 1.4 Schools are part of the local authority and therefore covered by s151 of the Local Government Act 1972. It requires every local authority in England and Wales to '*make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs*'. The Council's Section 151 Officer, the Director of Finance, is required to sign a declaration attached to the Section 52 Outturn, to the effect that relevant schools either meet the FMSiS or are subject to appropriate action to ensure they meet the FMSiS.
- 1.5 Schools cannot opt out of this arrangement – all secondary schools are expected to meet the standard.
- 1.6 Swindon Borough Council's Section 151 Officer, Stuart McKeller has decided that the Council's Internal Audit Service will conduct external assessments of all secondary schools in order to confirm their adherence to the standards to allow accurate completion of the Section 52 Outturn declaration.
- 1.7 These external assessments will be conducted in addition to the planned cycle of schools audits. Charges will be made for the external assessments only. Those schools which have had an internal audit in the last 12 months will only need to be externally assessed as their audit results are considered recent enough to inform the assessment.



## 2 Internal Audit

- 2.1 The Council has important statutory obligations and is responsible for the proper stewardship of many millions of pounds of public money and must ensure that the highest standards of corporate governance are maintained. Internal Audit help to provide assurances that Council assets and resources are correctly applied and used wisely.
- 2.2 Internal Audit is mandatory in local government. Under the 2003 Accounts and Audit Regulations, the Council is responsible for maintaining an adequate and effective internal audit function. Internal Audit is defined as being *‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’* (source: Institute of Internal Auditors (IIA)).
- 2.3 Our aim is to help the Council meet high standards of service delivery, conduct and governance by examining, evaluating and reporting on the internal control environment.
- 2.4 The Council’s External Auditors, RSM Robson Rhodes, examine the work of Internal Audit on an annual basis and seek to place reliance on that work when they come to audit the Council’s financial statement of accounts. In their most recent assessment as part of the CPA Use of Resources they reported that *‘the Council’s internal auditors has continued to improve and we have been able to place assurance on the work that they complete on the core financial systems. In particular, we have assessed that their work is completed to a high standard and the quality of their reports and their audit conclusions are robust.’*
- 2.5 The scope of the internal audit function covers the entire internal control system of Swindon Borough Council. Our audit reviews can therefore cover all financial and non-financial activities of the Council.
- 2.7 Swindon Internal Audit Services apply standards of practice agreed by the Consultative Committee of Accounting Bodies (CCAB) and interpreted by the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2003). It aims to provide a quality, professional, internal audit and management review service which help the Council discharge its statutory duties regarding accountability, securing value for money and the application of high standards of Corporate Governance in the stewardship of public funds.
- 2.8 Adopting a constructive and supportive approach, working in partnership with officers throughout the Council, Swindon Internal Audit Services also promote good management practice and helps ensure that the Council’s corporate policies and objectives are being realised.

## Key Contacts:

The Internal Audit Section is based at Wat Tyler West (3rd Floor). The key contacts in the section regarding the FMSiS External Assessment are:

<b>Nikki Soave</b>	<b>Principal Auditor</b>	<b>Phone 463947</b>	<b>Fax 464603</b>
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Has responsibility for managing and carrying out audits within the Children, Housing & Social Care Group Directorates and Revenues & Benefits. Nikki also manages any BVPI audits carried out by the section.

Nikki has had extensive experience of school audits within Swindon. She has been responsible for putting this guidance together. She managed the pilot assessment at Hreod Parkway and will be managing the external assessments of schools.

If you have any queries regarding the management of the external assessments please contact her on the above number.

<b>Karl Read</b>	<b>Senior Auditor</b>	<b>Phone 463944</b>	<b>Fax 464603</b>
<b>Mel Fitzgerald</b>	<b>Auditor</b>	<b>Phone 463918</b>	<b>Fax 464603</b>

In order to ensure consistency we will be using a small team of auditors to complete the assessments. Both the above auditors have already had experience of school audits and were involved in the pilot at Hreod. They will hopefully be able to deal with any day-to-day queries that you may have.

In the unlikely event that any of the above are unable to resolve any issues that you may have please contact Nick Hobbs (Head of Internal Audit) on 01793 463940.

### 3 Assessment Process

- 3.1 In order to ensure all secondary schools are assessed before March 2007, a timetable of available dates has been put together with audits and external assessments conducted concurrently for efficiency and to minimise disruption to the school. The timetable is attached at **Appendix A**.
- 3.2 Nikki Soave (Principal Auditor) will be in touch with you to arrange pre visit meetings to discuss the audit process in more detail. She will also be attending the workshop at Greendown School later this month to answer any questions. We will try and book the most convenient dates for each school. However, as you can see from the timetable we have little room for manoeuvre given the need to allow some time for revisits to schools where either a narrow or full failure has occurred. These revisits will be carried out in February and March 2007 where time allows.
- 3.3 Schools are asked to provide the Auditors with a copy of their self-assessment, along with supporting evidence at least a week before the timetabled audit visit. This will allow the auditors to conduct preparatory work before visiting the school and reduce the impact on school finance staff. Details of suggested file format is attached at **Appendix B**.
- 3.4 It is anticipated that the Auditors will be on site for approximately 4 days and will need to meet with the following staff:
- Chair of Governors, or Governor responsible for the School's Financial Standards
  - Headteacher
  - Business Manager/Bursar
  - Finance Officer
  - Personnel Officer
- 3.5 Additional supporting information will be requested from the school's Accounting Technician and Governor's Support, where necessary.
- 3.6 Once the audit fieldwork has been completed, the Auditors will prepare and issue a draft report summarising the school's performance against the standards set. The school will also receive an action plan detailing the areas where the standards have not been met with recommendations on the actions needed to meet them.
- 3.7 A meeting will then be held with the school to discuss the findings and recommendations to ensure they are complete and accurate before a formal report is issued.
- 3.8 Following the issue of the formal draft, the school will be required to respond to the report **within 2 weeks** by completing an Audit Response Form detailing how the recommendations will be implemented, the date by which they will be actioned and the person responsible. A final report will then be issued.

- 3.9 Internal Audit will notify the DfES of successful schools meeting the Standard who will then receive a certificate from the Department bearing the new FMSiS logo.
- 3.10 If a school narrowly fails the Standard, the school will have a total of 20 working days grace in order to provide the additional evidence required to meet that criterion before a final decision is made, without additional charge. A narrow failure is defined as failure to meet the standard on one subsection although we will allow assessors to use their own judgement on this. There will be no right of appeal beyond this process.

## 4 Guidance

- 4.1 We would like to thank the staff and Governors of Hreod Parkway School for their assistance in piloting the External Assessment of the Financial Standards. From the pilot, we have been able to devise a list of documentation/evidence required to enable us to assess individual schools' performance.
- 4.2 The DfES website [www.fmsis.info](http://www.fmsis.info) provides detailed resource documents, best practice and guidance notes on the individual standards under the 'Toolkit Index' section of the website. In particular, checklists/templates are available for the following key documents which will be examined during the course of the external assessment:
- Financial Management Competencies Matrix for School Staff (R11a)
  - Controls Assurance Statement Checklist (R15b)
  - Financial Management Competencies Matrix for School Governors (R20a)
  - Staff Management & Development Self Evaluation Checklist (R40a)
  - Financial Risk & Control Checklist (R53)
- 4.3 Attached at **Appendix C** is a copy of the External Assessment checklist produced by the DfES. We have included what we feel to be appropriate documentation that would be needed to evidence that these standards have been met.
- 4.4 As you will see, a significant amount of information is required from minutes of Governors meetings. To assist you in preparing for the assessment, we have provided you with a checklist of items that should be minuted in the relevant Governing Body minutes, this can be found at **Appendix D**.
- 4.5 **Appendix E** lists information that we will obtain from your Accounting Technician to satisfy some of the evidence requirements. Hopefully this will save schools work in these areas.

- 4.6 This guidance document will be reviewed and expanded as more external assessments are conducted. We will endeavour to update you with any new best practice or feedback we receive as the assessments progress and will report on the overall performance of secondary schools against the standards upon completion of all assessments.

## 5 Charges

- 5.1 Unfortunately the Council does not receive any funding from the DfES for carrying out external assessments. However, the DfES has approved the charging of schools for this service provision.
- 5.2 The DfES does allow for various options with regard to the provision of this service i.e. to be provided by the Council's Internal Audit section, by nationally approved providers, or by providers approved locally by the Council. The decision regarding which option to select lies with the Council's Director of Finance and, as stated above, he has elected for Internal Audit to carry out this function.
- 5.3 As Internal Audit does not receive any funding for this service we need to make a charge to the schools that will allow the appointment of an auditor to carry out these additional requirements. We have kept the charge as low as we feel we can and the charge is considerably lower than the majority of the national approved suppliers.
- 5.4 As part of the service offered by Internal Audit this guidance is issued free of charge. We will also provide advice and assistance regarding the assessments free of charge – please contact one of the auditors detailed above.
- 5.5 Our charges for 2006/07 will be as follows:

Type of Assessment	Charge (£)
Full external assessment of a secondary school	850
Reassessment of a narrow fail (additional evidence to be provided by the school within 20 days)	Nil
Reassessment of a 'fail' within 6 months of a full external assessment (charge will be dependent on the extent of the failure)	500 - 850
Guidance notes, best practice documentation etc.	Nil
Advice regarding the external assessments	Nil

If you have any queries regarding this guidance please do not hesitate to contact Nikki Soave (Principal Auditor) on 01793 463947.

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November 2006

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School Holidays

Public Holidays

School Audit

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Ref	Details	
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SA	Self Assessment	
FGB	Copies of Full Governing Body Minutes for 2006/07	<p>These should include cross references to the standards, where applicable</p> <ul style="list-style-type: none"> <li>these can be hard copies or be provided on disc</li> </ul>
FC	Copies of all Finance Committee Minutes for 2006/07	
OC	Relevant extracts from all other committees.	

1	Leadership & Governance	<p>Supporting evidence referenced in accordance with standards and filed in order.</p> <p>i.e. 1.1a would be Scheme of Delegation, 1.1b would be Governors Induction/Info Pack.</p>
2	People Management	
3	Policy & Strategy	
4	Partnerships & Resources	
5	Processes	

B1	Bank History Report	For period 1.9.05 to date of external assessment visit
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## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
1.1	The staff and governors have a shared understanding of their own financial management roles and responsibilities and those of others.	<p>Roles for the governing body, relevant committees, head teacher, bursar and levels of delegated authority should be:</p> <ol style="list-style-type: none"> <li>In writing and approved by the governing body, as appropriate</li> <li>Readily available in the information pack provided to all new governors</li> <li>Easily understood by those who have to follow them</li> <li>Consistently implemented by all those concerned</li> <li>Regularly brought to the attention of governors e.g. through annual financial up date training, regular news letters/bulletins or annual information packs provided to all governors</li> </ol>	<ul style="list-style-type: none"> <li>Scheme of Delegation</li> <li>Minutes from FGB meeting showing Scheme of Delegation approval</li> <li>Governors Induction pack should include school's scheme of delegation</li> <li>Training log for all governors</li> <li>Copies of newsletters/bulletins issued to governors</li> </ul>
1.2	School governance arrangements ensure that governors are able to fulfill their financial management roles and responsibilities properly.	<p>Meetings of the governing body and its finance committee, as appropriate:</p> <ol style="list-style-type: none"> <li>Receive all the information and explanations that they require in a timely manner</li> <li>Are conducted in an open way so that all members are encouraged to contribute to discussion and debate</li> <li>Are scheduled to coincide with key aspects of financial management such as approval of the budget</li> <li>Are supported by independent and effective clerking arrangements</li> <li>Are properly minuted and points for action pursued.</li> </ol> <p>If your school has chosen to set up a finance committee to deal with detailed finance issues then the following self evaluation questions are also relevant:</p> <ol style="list-style-type: none"> <li>the finance committee has appropriate membership</li> <li>The finance committee considers strategic financial issues on behalf of the governing body</li> <li>The finance committee has its terms of reference reviewed annually</li> <li>The finance committee has its membership reviewed annually</li> </ol>	<ul style="list-style-type: none"> <li>Agendas and minutes for FGB and Finance Committees for last 12 months</li> <li>Evidence that decisions taken have been communicated to all relevant staff</li> <li>Evidence that actions agreed have been monitored to ensure implementation</li> <li>List of all governors and details of the committees they sit on</li> <li>Details of all governors training, relevant experience and attendance</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
1.3	The head teacher and bursar (if in post) operate with financial integrity setting an example to governors and staff alike.	<p>The head teacher and bursar should set an example for others in terms of financial management by:</p> <ol style="list-style-type: none"> <li>Managing the school's finances in a prudent way so as to minimize the risk of deficit, loss or ineffective use of resources</li> <li>Adhering to the financial rules of the school and the LEA, and encourage others to do the same.</li> <li>Conducting financial management, so far as possible, in a transparent manner.</li> <li>The head teacher and bursar should attend financial training to ensure that their skills are brought up to the required standard and maintained at that level.</li> </ol>	<ul style="list-style-type: none"> <li>Copies of latest budget reports</li> <li>Copies of information used to set budget e.g pupil projections, external funding estimates, expenditure projections</li> <li>List of all virements carried out with reasons for them</li> <li>List of training received by Headteacher and Bursar</li> </ul>
1.4	The governing body has considered, signed and published a Controls Assurance Statement confirming that resources have been properly managed.	<p>Controls Assurance Statement has been:</p> <ol style="list-style-type: none"> <li>Considered by the governing body</li> <li>Signed by the head teacher and the chair on behalf of the governing body</li> <li>Included in the annual report of the governors to parents</li> </ol>	<ul style="list-style-type: none"> <li>Copy of CAS completed by Governors</li> <li>Extract from governors minutes showing discussions and agreement of CAS</li> <li>Copy of governors annual report to parents</li> </ul>
1.5	School has effective governance arrangements covering issues which include conflicts of interest and whistle blowing.	<p>The school:</p> <ol style="list-style-type: none"> <li>Maintains a register of interests for governors and senior managers that is up to date</li> <li>Provides an opportunity at each meeting for interests to be declared</li> <li>Has independent and effective clerking arrangements</li> <li>Is aware of LEA "whistle blowing" arrangements</li> </ol>	<ul style="list-style-type: none"> <li>Register of pecuniary interests</li> <li>Extract from governors minutes where the opportunity to declare interests is given</li> <li>Copy of whistleblowing policy</li> <li>Details of how this policy has been disseminated to staff</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
1.6	School staff and governors have a shared understanding of, and commitment to, the aims, objectives and priorities of the school.	The aims, objectives and priorities of the school have been: a) Developed by the staff and governors in a collaborative way b) Formally agreed c) Made available to all concerned d) Stated as specifically and measurably as possible with a clear time frame for achievement e) Reviewed on a regular basis	<ul style="list-style-type: none"> <li>School development plan/medium term plan/improvement plan</li> <li>Extract from governors minutes showing approval of SDP</li> </ul>
1.7	The finance section of the annual report of the governors was clear and well presented.	The Annual governors report to parents: a) Contains an appropriate level of financial information b) Is clear and easy to understand c) Has been made available to all parents d) Provides an opportunity for parents to raise questions on the financial information presented	<ul style="list-style-type: none"> <li>Annual report to parents</li> <li>Details of how this has been made available to all parents</li> </ul>
2.1	The governing body includes individuals who are able to: <ul style="list-style-type: none"> <li>be an effective "critical friend" on financial management issues</li> <li>provide strategic leadership on financial management issues</li> </ul>	The staff and governors have: a) Identified financial management competencies (skills, knowledge and attitudes) needed by members of the governing body (particularly those on the finance committee if one exists) b) Made the necessary competencies known to all individuals being recruited to the governing body c) Assessed whether collectively the members of its governing body possess all the necessary competencies d) Provided all new governors with induction training including an financial management module e) Provided all governors with annual financial management update training covering national and local developments in financial management f) Allocated sufficient funds through the budget process to fund the necessary training	<ul style="list-style-type: none"> <li>Copy of Governors' self evaluation of governing body competencies</li> <li>Governors induction training agenda</li> <li>Organisation chart for school management and finance</li> <li>Governors training log</li> <li>Training budget cost centre report from SIMS</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
2.2	<p>The staff with financial management responsibilities include individuals who are organized in a way that enables them to:</p> <ul style="list-style-type: none"> <li>• provide a strategic view</li> <li>• ensure accountability</li> <li>• requirements are met</li> <li>• facilitate the effective operation of financial processes</li> </ul>	<p>The school has:</p> <ol style="list-style-type: none"> <li>Reviewed its financial management staffing needs and structure within the last two years</li> <li>If employed, appointed the bursar as a member of the senior management team or equivalent.</li> <li>Made sufficient financial allocation to meet their financial management needs</li> <li>Identified financial management competencies (skills, knowledge and attitudes) for staff with financial management responsibilities and integrated these into a written performance management policy to govern staff appraisal, after making sure that all staff have been consulted</li> <li>Built the competencies in to person specifications and used them to help shape job descriptions for staff</li> <li>Tested these competencies at interview for new appointments and promotions</li> <li>Built competencies into staff performance management and development processes</li> </ol>	<ul style="list-style-type: none"> <li>• Evidence of review of staffing structure i.e minutes of staffing committee, consultation docs, correspondence with union groups</li> <li>• Bursar's job description</li> <li>• Copy of self evaluation of staff financial management competencies</li> <li>• Person specifications for all staff with financial responsibilities, including teaching staff who are budget holders.</li> <li>• Recruitment procedures, tests and questions used for all staff with financial responsibilities.</li> <li>• Performance management targets for staff with financial management targets</li> <li>• Staff financial management training budget Costs centre report from SIMS</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
2.3	The staff with financial management responsibilities are deployed in a way that financial controls are maintained effectively across the school	<p>a) Financial control is maintained in the absence of key personnel through staff training and job shadowing to enable other staff to take their place (in schools where there are sufficient staff to allow this).</p> <p>b) Alternative strategies are adopted in schools with fewer staff to ensure that financial control is maintained in the absence of key personnel, for example by the short-term contracting out of activities.</p> <p>c) Duties related to financial administration are distributed so at least two people are involved, so that the work of one acts as a check on the other (in schools where there are sufficient staff to allow this)</p> <p>d) Alternative strategies are adopted in schools with fewer staff to ensure that there is independent check within the system, perhaps by having independent review by senior managers, the governors or the LEA.</p>	<ul style="list-style-type: none"> <li>• Details of any staff training, mentoring and job shadowing</li> <li>• Details of arrangements in place to cover absence of key personnel</li> <li>• Organisation chart detailing key staff responsibilities</li> </ul>



## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
3.1	<p>The school has an annual budget that:</p> <ul style="list-style-type: none"> <li>• is realistic and affordable in relation to available resources and cash flows</li> <li>• is approved by governors on a timely basis</li> <li>• reflects the school development plan (SDP)</li> <li>• is consistent with any longer term financial plans for recovering deficits or saving up for future developments</li> </ul>	<p>a) The school development plan should set out the educational priorities in sufficient detail to provide the basis for developing the annual budget.</p> <p>b) Budget planning processes ensure there is a clear, identifiable link between the annual budget and the requirements of the school development plan over the next 3 years.</p> <p>c) Budget planning processes ensure the main elements of the budget are periodically reviewed to ensure that historic spending patterns are not perpetuated where no longer relevant to current needs and priorities.</p> <p>d) The budget is based on realistic estimates of all expected expenditure and income, including grant income and the school fund, so that planned expenditure does not exceed the available budget and takes account of relevant conditions laid down by the LEA in the local scheme of delegation.</p> <p>e) The annual budget is balanced</p> <p>f) any planned surplus is intended to recover previous deficits in line with plans agreed with the LEA</p> <p>g) any planned deficit is intended to achieve the lowest level of unspent balances that the governing body consider the school needs</p> <p>h) Any budgeted unspent balances are earmarked for specific future needs to ensure that pupils benefit from a planned approach to spending</p> <p>i) The governing body have approved the annual budget (and the school development plan) after careful consideration and before the year starts.</p> <p>j) Any changes to the budget in the year are properly approved by governors</p> <p>k) The budget is profiled to aid cash flow forecasting and management</p> <p>l) Cash flow forecasts are produced for the budget</p> <p>m) Cash flow during the year is managed in order to ensure overdraft facilities are not breached and to ensure compliance with Payments of Debts Act 2000 (i.e. settled within 30 days)</p>	<ul style="list-style-type: none"> <li>• School development plan/medium term plan/improvement plan</li> <li>• 3 year budget</li> <li>• Copies of information used in preparing 3 year budget i.e historic information</li> <li>• Copies of Headteachers reports to Governors for the past 12 months</li> <li>• Info included in 1.3 above</li> <li>• Extract from Governors minutes showing agreement to level of surpluses or deficits and approval of budget</li> <li>• Details of plans for unspent balances</li> <li>• Extracts from governors minutes showing approval for changes to the budget in year</li> <li>• Cash flow monitoring information</li> <li>• Details of budgets profiled and explanation for various profiles</li> </ul>



## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
3.2	The governors and the staff have compared the School's financial performance with that of similar schools, examined reasons for differences and taken action where necessary.	a) Benchmarking informs the financial planning of the school b) Self assessment and external evaluation informs the allocation of resources	<ul style="list-style-type: none"> <li>• Print out from benchmarking website showing comparisons against other schools</li> <li>• Details of how the benchmarking information has been used</li> <li>• Extract from governors minutes showing benchmarking results being discussed.</li> </ul>
3.3	Resources allocated to devolved budget holders are determined on a transparent basis.	a) A transparent and documented system is used for allocating resources to devolved budget holders for ongoing commitments and agreed developments.	<ul style="list-style-type: none"> <li>• Details of System or calculation used for allocating resources to budget holders</li> <li>• Procedures used by Budget Holders for requesting additional funds during the year</li> </ul>
3.4	The annual budget been communicated promptly to governors budget holders.	a) The budget, once approved, is made available to all governors and budget holders to enable them to exercise financial management	<ul style="list-style-type: none"> <li>• Copies of documentation provided to governors and budget holders detailing the annual budget allocations</li> </ul>
3.5	The annual budget has been communicated promptly to the LEA (if they require it).	a) The approved budget is forwarded promptly to the LEA who also receive subsequent changes that have been agreed by governors	<ul style="list-style-type: none"> <li>❖ IA will seek confirmation from LEA that the school's approved budget has been submitted within the set timescales</li> </ul>
3.6	Major developments affecting the school and the delivery of the curriculum have been selected on a rational basis so that they are cost effective.	a) Any new initiatives were carefully appraised (including alternative options) in relation to all likely costs and benefits, and their financial sustainability, before being approved by the governing body b) Staff, parents and others involved with the school, as appropriate, are consulted before significant changes are made to the allocation of resources. c) Major developments include measures against which their success can be measured and are subject to formal post implementation review.	<ul style="list-style-type: none"> <li>• Details of major developments affecting the school including costing, options appraisals and consultation documents</li> <li>• Project plans, including target dates</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
3.7	The governors have signed an annual Best Value statement and returned it to the LEA.	a) The Best Value principles of challenge, compare, compete and consult had been used throughout the financial planning and management cycle	❖ IA will seek confirmation from the LEA that the school has completed and submitted an annual BV statement.
3.8	The governors and the staff have identified the risks currently faced by the school and the measures necessary to manage serious risks.	b) The school has established a list (register) of potential risks and consequences and updates this on a regular basis c) Where appropriate and cost effective, the school has adopted a strategy of risk reduction and management d) Where appropriate and cost effective, the school has adopted a strategy of insuring against certain risks	<ul style="list-style-type: none"> <li>• Copy of risk register</li> <li>• Details of how risks included in risk register are being managed.</li> </ul>
3.9	The school development plan: <ul style="list-style-type: none"> <li>• includes a section that has realistic estimates of likely funding levels for the next three years</li> <li>• Includes a section that has realistic estimates of likely resourcing requirements for the next three years</li> <li>• is produced in accordance with an integrated annual planning timetable</li> </ul>	a) In developing the school development plan the school takes account of local and national priorities and conducts an environmental analysis b) The school development plan shows how the use of resources is linked to the achievement of the school's goals in the medium term e.g. next three years c) In developing the school development plan the school has taken account of all available information affecting estimates of income and expenditure such as the staff profile, forecast changes in pupil numbers, capital developments and new courses etc. d) There is a formal timetable for the school development plan and budget that ensures the governing body has time to consider all relevant factors	<ul style="list-style-type: none"> <li>• School development plan/medium term plan/improvement plan</li> <li>• Copy of SDP and budget timetable</li> </ul>
4.1	The LEA and the school have agreed their respective financial management roles and responsibilities.	a) The nature of relationships is clearly specified and understood by both parties. b) This will normally be achieved through the Local Scheme of Delegation agreed with the LEA	<ul style="list-style-type: none"> <li>• Details of where the LEA Scheme of Delegation is held within the school i.e who has copies</li> <li>• Evidence that Governors have received training on Scheme of Delegation at induction</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
4.2	The school has procurement arrangements in place to secure value for money from all suppliers including the LEA and outside contractors	<p>a) The school consistently applies Best Value principles to procurement activity</p> <p>b) All contracts for goods and services have been approved by the governing body or under delegated authority</p> <p>c) The school regularly reviews the value for money of services it purchases from the LEA</p> <p>d) The school consistently follows the procurement requirements of its own financial regulations and where appropriate the LEAs contract standing orders</p> <p>e) When in doubt about any contractual issue or about tendering protocol the school contacts its LEA for advice</p>	<ul style="list-style-type: none"> <li>List of all contracts or purchases for over £15k occurring in the previous 12 months</li> <li>Extract from governors minutes showing discussions/review of LEA sourced services</li> </ul>
4.3	For all other partnership arrangements all parties involved have agreed their respective roles and responsibilities.	<p>a) Formal partnership agreements exist and set out relative responsibilities</p> <p>b) All such agreements have been approved by the governing body</p> <p>c) Partnership funds are kept separately and managed appropriately</p>	<ul style="list-style-type: none"> <li>Details of any partnership arrangements</li> </ul>
4.4	The school has maximized the potential to attract external funding opportunities from grants, sponsorship and income generation	<p>a) The school researches and bids for funding from a variety of sources to assist in delivering its development plan</p> <p>b) The school has actively pursued sponsorship</p> <p>c) The school has actively pursued income generation opportunities</p>	<ul style="list-style-type: none"> <li>Details of procedures in place for researching and bidding for external funding.</li> </ul>
4.5	The school has an ICT development plan to assist it to meet its priorities.	<p>a) The school has appropriate ICT to support delivery of school priorities</p> <p>b) The school has appropriate ICT for its administrative and support activities</p> <p>c) The school has adequate procedures in place to safeguard hardware, software and data</p>	<ul style="list-style-type: none"> <li>Copy of ICT development plan</li> <li>Copies of IT procedures and policies</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
4.6	The school continuously seeks to improve the way it deploys staff to meet its objectives and priorities.	<p>a) governors have determined and regularly reviewed the necessary staff complement at the school</p> <p>b) governors have set a pay policy for the school (in accordance with School Teachers Pay and Conditions).</p> <p>c) The school regularly reviews the deployment of staff to ensure they are used to best effect including consideration of:</p> <ul style="list-style-type: none"> <li>• degree of delegation</li> <li>• roles and responsibilities (management structure)</li> <li>• posts of responsibility (management points)</li> <li>• use of learning support assistants and support staff</li> <li>• expected staff changes, e.g. as a result of a planned retirement</li> <li>• principles for recruitment and retention</li> </ul>	<ul style="list-style-type: none"> <li>• School pay policy</li> <li>• Copies of staffing review documents</li> </ul>
4.7	The school continuously seeks to improve the way it uses the land and premises it occupies to meet its objectives and priorities.	<p>a) The school has a property development plan, which is regularly reviewed, that includes:</p> <ul style="list-style-type: none"> <li>• maintaining the current premises so they are fit for purpose</li> <li>• ensuring the best use of land and premises</li> <li>• considering changes or improvements needed so that premises continue to support the planned development of the school</li> <li>• demonstrating that the governing body are effective stewards of the asset for the LEA/Diocese</li> </ul> <p>b) The school should contribute as required to the LEA Asset Management Plan</p>	<ul style="list-style-type: none"> <li>• Property development plan</li> <li>• Asset management plan</li> </ul>
5.1	The financial management information provided to governors and staff meets their needs by being: <ul style="list-style-type: none"> <li>• relevant</li> <li>• accurate</li> <li>• timely</li> <li>• user friendly</li> </ul>	<p>a) Regular and succinct budget monitoring reports are provided to finance committee at least every term and to budget holders on a regular and timely basis e.g. monthly</p> <p>b) Accurate management information is provided direct from the financial system without the need for additional manipulation</p> <p>c) Earmarked funding is accounted for separately to help demonstrate that it is used only for the intended purposes</p> <p>d) The head teacher and bursar monitor expenditure on initiatives set out in the school development plan</p>	<ul style="list-style-type: none"> <li>• Copies of budget monitoring reports provided to budget holders (1 month), head teacher and governors (6 months)</li> <li>• Details of any earmarked funds and their terms and conditions</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
5.2	The school provides the LEA with accurate and up to date information in accordance with the LEA's needs	<p>a) The school is aware of the LEA's information requirements</p> <p>b) The school is able to meet those requirements on a timely basis</p>	<ul style="list-style-type: none"> <li>• Details of where the LEA's Scheme of Delegation is held within the school</li> <li>❖ IA will seek confirmation from LEA that the school has met the scheme of delegation requirements</li> </ul>
5.3	The school complies with Consistent Financial Reporting requirements on a timely basis	a) The school's accounting summary is in Consistent Financial Reporting format	❖ IA will confirm with the LEA that the CFR requirements are met
5.4	The school has up to date, documented and approved financial regulations that are implemented consistently.	<p>a) The school has either</p> <ul style="list-style-type: none"> <li>• formally adopted the model set of financial regulations provided for its schools by the LEA, together with any additional regulations that the school wishes to include; or</li> <li>• formally approved financial regulations which are based on/consistent with the requirements of the local Scheme of Delegation (and any other specific guidance on regulations from the LEA or other approved model) and tailored to the school's needs.</li> </ul> <p>b) The financial regulations are reviewed on an annual basis to ensure that they still reflect the structure and systems at the school.</p> <p>c) Key governors, the head teacher and bursar are aware of potential areas for fraud and address any vulnerable elements in the work of the school.</p>	<ul style="list-style-type: none"> <li>• Extract from Governors minutes showing adoption of the LEA's financial regulations for schools.</li> <li>• List of staff who have received a copy of the Financial Regulations – staff should sign to confirm receipt</li> </ul>



## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
5.5	The school has up to date, documented and approved detailed financial procedures that are, tailored to the school's need and implemented consistently in practice.	<ul style="list-style-type: none"> <li>b) The school has formally approved financial procedures that are available to all the relevant staff.</li> <li>c) The financial procedures are based on guidance from the LEA or other approved model</li> <li>d) The financial procedures are reviewed on an annual basis to ensure that they still reflect the structure and systems at the school.</li> <li>e) The school has adequate procedures in place to safeguard hardware, software and data.</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of school financial procedures</li> <li>• Extract from governors minutes showing approval and annual review of these procedures</li> </ul>
5.6	The school maintains proper accounting records throughout the year	<ul style="list-style-type: none"> <li>a) Proper books and records are maintained and are kept securely for at least the period recommended by the LEA</li> <li>b) Monthly close down procedures are completed promptly and include bank reconciliation and clearance of control accounts.</li> <li>c) Annual close down procedures are completed promptly and include the requirements of the LEA.</li> <li>d) All transactions and amendments are traceable through the documentation</li> <li>e) Accounting records are all securely retained and access is controlled</li> </ul>	<ul style="list-style-type: none"> <li>❖ IA will seek confirmation from the LEA that closedown procedures have been completed promptly in line with LEA requirement.</li> </ul>

## Guidance Issued on Evidence Required

Standard Ref	What to Aim For	How to Get There	Evidence Suggested/Required
5.7	<p>The governors and staff have evidence that there is effective control over:</p> <ul style="list-style-type: none"> <li>• the financial management system (FMS)</li> <li>• income received</li> <li>• payroll</li> <li>• purchasing</li> <li>• the banking system</li> <li>• petty cash holdings and payments</li> <li>• taxation system</li> <li>• voluntary funds</li> <li>• the school's assets</li> </ul>	<p>a) For the system, the school has in the last 12 months</p> <ul style="list-style-type: none"> <li>• evaluated the system using LEA guidance, the Audit Commission publication <i>Keeping Your Balance</i> or other authoritative guidance <b>or</b></li> <li>• received a clean independent audit opinion on the system <b>or</b></li> <li>• the system and the person responsible for running it have not changed since the assessment or audit <b>or</b></li> <li>• no significant errors have come to light from the system over the same period</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of Keeping Your Balance self assessment</li> <li>• IA will review latest internal audit report and confirm recommendations have been implemented.</li> </ul>

Not included in External Assessment but in self assessment

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Standards Ref	Details	Minuted Y/N	Date & Committee
1.1	Approval of Scheme of Delegation		
1.4	Controls Assurance Statement discussed and agreed		
1.5	Opportunity to declare interests		
1.6	Approval of School Development Plan		
2.2	Annual review of staffing structure		
3.1	Agreement to level of surpluses/deficit at year end		
3.1	Approval of budget		
3.1	Approval to budget changes during year		
3.2	Discussion of benchmarking results		
4.2	Review of LEA sources services		
5.4	Adoption of LEA's financial regulations for schools		
5.5	Approval of School's financial procedures		
5.6	Annual review of School's financial procedures		
5.7	Presentation of School Fund Accounts		
5.7	Presentation of Internal Audit Report		
5.7	Progress of implementation of Internal Audit recommendations		

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Standards Ref	Details
3.5	Confirmation that the school's approved budget has been submitted within the set timescales.
3.7	Confirmation that the school has completed and submitted and annual Best Value statement.
5.2	Confirmation that the school has met the LEA's scheme of delegation requirements.
5.3	Confirmation that the Consistent Financial Reporting requirements have been met.
5.6	Confirmation that year end closedown procedures have been completed promptly in line with LEA requirements.

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## Severance Payments

Schools Forum

14 November 2006

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**Author:** Group Director, Children.

**Parish / Wards Affected:** All

### **Purpose**

To request the Schools Forum agreement to proposals for severance payments in financial year 2006-07.

### **Recommendation**

The Schools Forum is recommended to agree that severance payments arising in financial year 2006-07 may be charged to the Schools Budget.

## **1. Reasons**

- 1.1 Paragraph 35 of Schedule 2 to the School Finance Regulations (England) 2006 (the Regulations) determines that expenditure relating to termination of employment costs may be retained within the Schools Budget with the permission of the Schools Forum.
- 1.2 Any such expenditure must conform to the definition of such expenditure provided in Regulation 1 of the Regulations and any amount for this purpose retained within the Schools Budget must be agreed by the Schools Forum.
- 1.3 Severance payments are required to be paid as a result of school closures or redundancies in schools during financial year 2006-07.

## **2. Detail**

- 2.1 The Schools Forum recommended at its meeting on 17<sup>th</sup> January 2006 that there should be a budget line within the Schools Budget for severance payment costs, of £200,000 per financial year for 2006-07 and 2007-08.
- 2.2 Swindon Borough Council has determined a policy for severance payments for school staff ("the policy"). Severance costs have arisen as a result of applying the policy during financial year 2006-07.
- 2.3 The Schools Forum is also requested to agree that, should the implementation of the policy result in severance payment costs exceeding the severance payments budget, the balance sheet amount brought forward from financial year 2005-06 should be used to meet any excess costs.

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Further information on the subject of this report can be obtained from **Ian Mosley** on or Email [imosley@swindon.gov.uk](mailto:imosley@swindon.gov.uk).

# Severance Payments

Schools Forum

14 November 2006

- 2.4 The School Forum should note that expenditure on severance pay must meet the savings test defined in Regulation 1 (that "the revenue savings that will be achieved are equal to or greater than the costs incurred") and may not under any circumstance include expenditure where this savings test is not demonstrated.
- 2.5 The Schools Forum is requested to agree that the severance payments budget for 2006-07, set out in **Annex A**, may be used for the costs of severance pay arising during the financial year. The expenditure conforms to the definition determined by Regulation 1 of the Regulations.

## Alternative Options

The Schools Forum may agree that severance payment costs described above may be charged to individual school budgets.

### Risk Management

#### *Financial and Procurement Implications*

There is an implication that the Council budget for severance pay will become overspent if the Schools Budget is not used for the purpose of school severance costs.

#### *Legal / Human Rights Implications*

There is a legal right to redundancy compensation if employment is terminated by reason of redundancy.

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

Aim 3 – Children and Young People Strategic Management Plan – Allocating Resources to Priorities

## Consultees

The Schools Budget was recommended by the Schools Forum at its meeting of 17<sup>th</sup> January 2006 and no further consultation is required as a result of this recommendation.

The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.

## Background Papers and Appendices

Annex A – Calculation of costs of severance pay

Further information on the subject of this report can be obtained from **Ian Mosley** on or Email [imosley@swindon.gov.uk](mailto:imosley@swindon.gov.uk).

**Severance Payments requested to be met from Schools Block 2006-07**

<b>School</b>	<b>Cost £</b>	<b>Demonstration of Saving</b>	<b>Value 06-07 £</b>	<b>Notes</b>
St Marys RC Primary School	39,826	Individual School Budget 06/07; DSG 07-08 onwards <i>Future years - per year</i>	23,395 39,692	Reduction in NOR
Moredon Infant School	67,385	Individual School Budget 06/08; DSG 08/09 onwards <i>Future years - per year</i>	38,163 65,423	Amalgamation Sept 06
Salt Way Primary School	130,900	Individual School Budget 06-07; DSG 08-09 onwards <i>Future years - per year</i>	168,112 288,192	School Closure Aug 06
Grange Junior School	3,572	Individual School Budget 06/07; DSG 07-08 onwards <i>Future years - per year</i>	12,735 21,605	Reduction in NOR
<b>Total</b>	<b>241,683</b>	<b>Total - 06-07</b> <b>Total per year future years</b>	<b>242,405</b> <b>414,912</b>	

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## School Balances 2005-06

Schools Forum

14 November 2006

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**Author:** Group Director, Children.

**Parish / Wards Affected:** All

### **Purpose**

To advise the Schools Forum of the level of school balances at year end 2005-06

### **Recommendation**

Schools Forum is requested to:

Recommend whether the Local Authority should take further action where schools retain surplus or deficit balances, including possible removal of surplus balances for redistribution to all schools.

## **1. Reasons**

- 1.1 A report is submitted to the Schools Forum annually on the level of school balances for the previous financial year.
- 1.2 The Swindon Scheme for Financing Schools ("the Scheme") states that schools may not carry forward surplus balances in excess of 5% of the budget share for that financial year, without the express agreement of the Group Director, Children.
- 1.3 The Scheme also states that schools are not permitted to run at a deficit without the express permission of the Group Director, Children.

## **2. Detail**

- 2.1 School balances are determined at the end of each financial year. The balances that are the subject of this report are for financial year 1<sup>st</sup> April 2005 to 31<sup>st</sup> March 2006.
- 2.2 The Scheme states that schools may not carry forward a balance in excess of 5% of the school budget share for that financial year, and provides the method of calculating whether there is an excess balance. The Scheme also contains regulations relating to deficit balances
- 2.3 A list of schools' year-end balances is shown in Annex A, in the order of percentage balance being carried forward. The columns in the list relate to the method of calculating a surplus balance determined by the Scheme.

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Further information on the subject of this report can be obtained from Stuart McGregor e on 01793 465794 or Email [smcgregor@swindon.gov.uk](mailto:smcgregor@swindon.gov.uk).

## School Balances 2005-06

Schools Forum

14 November 2006

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- 2.4 Two schools are shown as being in deficit at the end of 2005-06. One of those schools required no financial support to manage the deficit that has since been cleared in its 2006-07 budget. The other school made a formal application for a loan which was agreed by the Group Director, Children.
- 2.5 Thirty six schools carried forward a surplus balance of more than 6% (an assumption of a tolerance of up to 1% over the 5% threshold was made), of which fifteen schools carried forward a surplus balance of more than 10%.
- 2.6 In February 2006, schools were required to provide an estimate of the balance they proposed to carry forward, together with an application to carry forward a surplus balance for a particular purpose where applicable.
- 2.7 Agreement was given to all schools that put forward an application, with the proviso that a monitoring exercise would take place in September 2006 to ensure that schools were using surplus balances for the purpose they had stated. All schools with surplus balances of more than 6% have been requested to provide confirmation that the balances will be used for the purpose stated, and those schools with surplus balances of more than 10% have received a visit as well.
- 2.8 The outcome of the monitoring process is shown in **Annex B**.
- 2.9 Since the monitoring exercise was carried out, the DfES has published a Directed Revision to the Scheme relating to surplus balances to be implemented from 1<sup>st</sup> January 2007. The Directed Revision is shown in **Annex C**.
- 2.10 The recommendation as a result of the outcome of the monitoring exercise and the proposed introduction of the Directed Revision to the Scheme is that schools should be allowed to retain the balances carried forward from 2005-06 in accordance with the agreement given in 2.7 above. However, the Directed Revision to the Scheme (if recommended by the Schools Forum) will give the Local Authority greater authority to deal with surplus balances appropriately.

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Further information on the subject of this report can be obtained from Stuart McGregor on 01793 465794 or Email [smcgregor@swindon.gov.uk](mailto:smcgregor@swindon.gov.uk).

## School Balances 2005-06

Schools Forum

14 November 2006

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### Alternative Options

- All surplus balances carried forward from 2005-06 may be deducted from the relevant schools' budget shares in 2006-07.
- Bearing in mind that 2007-08 is the first year that school budget income has been able to be predicted with any certainty, no schools should have any deductions made from 2005-06 balances, but they are advised that deductions may be made relating to surplus balances for financial year 2006-07 in accordance with the Directed Revision to the Scheme.

### Risk Management

#### *Financial and Procurement Implications*

The recommendation shown in 2.10 above will have no financial implications. If the Schools Forum recommends that surplus balances are deducted from school budget shares during 2006-07, there are financial implications for individual schools but not for the Schools Budget overall as the money is recycled.

#### *Legal / Human Rights Implications*

Any action taken relating to surplus or deficit balances must be in accordance with the Scheme

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

The Scheme is governed by Section 48 of the School Standards and Framework Act 1998 and provides the Council's legal framework for funding schools.

### Consultees

The relevant sections in the Scheme were consulted upon with all schools and education partners

The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.

### Background Papers and Appendices

- Annex A – list of schools' balances 2005-06
- Annex B – outcome of monitoring of school balances
- Annex C – Directed Revision to the Scheme

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Further information on the subject of this report can be obtained from Stuart McGregor on 01793 465794 or Email [smcgregor@swindon.gov.uk](mailto:smcgregor@swindon.gov.uk).

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NET ROLLOVER INFORMATION - 2005/2006 (LESS CAPITAL & STDS FUND)								ANNEX A
		CFR	CFR	School	School	CFR		
CAP NO.	SCHOOL	GROSS ROLLOVER 2005/2006	CAPITAL BALANCE C/F	STDS FUND BALANCE C/F	NET ROLLOVER 2005/2006	INCOME INCL B/F BALANCE NET OF CAPITAL	NET ROLLOVER % OF NET INCOME	SCHOOL ESTIMATED C/F FEB 05
314	Uplands Special School	246,919	2,259	6,928	237,732	1,349,903	17.61%	
703	Colebrook Infants School	99,307	4,821	14,626	79,859	468,915	17.03%	12.18%
246	Oliver Tomkins CE Infants	118,029	0	1,974	116,054	725,741	15.99%	16.82%
557	Abbey Meads Primary School	153,145	0	1,463	151,682	1,147,369	13.22%	12.60%
243	Holy Rood Infants School	86,805	0	4,602	82,203	652,341	12.60%	16.99%
555	Bridlewood Primary School	75,677	331	4,237	71,109	578,407	12.29%	24.97%
242	Holy Rood Junior School	99,919	1,334	1,686	96,899	833,779	11.62%	10.30%
574	Northview Primary School	129,500	32,713	19,326	77,461	681,651	11.36%	8.05%
213	Gorse Hill Junior School	95,226	13,159	6,404	75,663	669,711	11.30%	11.50%
211	Ferndale Infants School	72,600	9,090	11,437	52,073	475,244	10.96%	
214	Gorse Hill Infants School	68,903	0	0	68,903	656,874	10.49%	11.81%
708	Ruskin Junior School	159,171	0	4,228	154,942	1,489,067	10.41%	10.89%
227	Oaktree Nursery & Primary School	160,670	33,959	4,512	122,199	1,176,333	10.39%	8.95%
709	Beechcroft Infants School	85,349	0	10,192	75,156	742,763	10.12%	12.38%
714	Salt Way Primary School	82,273	721	4,103	77,448	773,867	10.01%	4.58%
561	Haydon Wick Primary School	192,143	95,916	12,057	84,170	845,436	9.96%	8.84%
554	St Francis Primary School	58,879	0	0	58,879	592,146	9.94%	14.21%
232	Pinehurst Infant School	131,299	9,459	39,806	82,034	884,228	9.28%	approx 12%
221	Moredon Junior School	160,057	0	80,584	79,473	872,382	9.11%	7.13%
231	Pinehurst Junior School	122,032	8,848	30,769	82,415	943,708	8.73%	
713	St Catherines Primary School	59,674	10,000	767	48,907	578,713	8.45%	5.35%
249	Shaw Ridge Primary School	95,855	7,162	24,528	64,165	788,574	8.14%	8.36%
780	Tregoze Primary School	72,122	4,380	5,133	62,609	784,102	7.98%	7.17%
545	Freshbrook Primary School	81,990	2,381	11,725	67,884	855,441	7.94%	7.82%
872	Headlands School	403,107	26,208	66,571	310,328	3,932,853	7.89%	
234	Rodbourn Cheney Primary School	79,947	31,787	383	47,777	614,446	7.78%	
565	Southfield Junior School	58,349	402	4,554	53,393	713,777	7.48%	7.36%
217	Lawn Junior School	140,824	687	48,140	91,997	1,238,462	7.43%	?
722	Toothill Primary School	58,281	1,137	5,835	51,309	699,088	7.34%	5.94%
556	Catherine Wayte Primary School	87,571	4,522	11,972	71,077	971,577	7.32%	7.53%
712	Windmill Hill School	46,986	0	3,594	43,392	612,428	7.09%	
640	Nythe Primary School	46,961	3,808	2,991	40,162	613,333	6.55%	5.01%
310	Brimble Hill Special School	132,261	17,497	28,361	86,403	1,348,774	6.41%	5.77%
209	Even Swindon Infants School	46,817	430	0	46,387	737,528	6.29%	4.44%
707	Grange Infants School	151,542	97,646	5,492	48,404	785,711	6.16%	5.55%
755	Brook Field Primary School	95,293	12,845	8,215	74,233	1,207,189	6.15%	5.72%
223	Mountford Manor Primary School	113,981	0	50,909	63,073	1,080,070	5.84%	8.76%
427	St Andrews Primary School	33,006	0	0	33,006	601,242	5.49%	
240	Holy Family Primary School	42,145	228	0	41,917	772,075	5.43%	4.65%
206	Eldene Primary School	92,201	7,705	17,157	67,339	1,347,708	5.00%	3.62%
225	Goddard Park Primary School	87,616	0	0	87,616	1,770,911	4.95%	8.95%
204	Drove Primary School	114,072	3,211	36,379	74,483	1,509,303	4.93%	3.21%
474	Chiseldon Primary School	73,754	28,694	5,720	39,340	803,006	4.90%	
210	Ferndale Junior School	90,423	51,499	6,245	32,679	679,123	4.81%	7.83%
313	Crowdys Hill Special School	85,863	1,297	3,154	81,412	1,709,863	4.76%	3.64%
230	Penhill Primary School	292,216	340	208,534	83,341	1,754,395	4.75%	
306	St Lukes Special School	73,337	3,252	18,583	51,503	1,124,280	4.58%	
203	Robert Le Kyng Primary	55,926	3,856	0	52,070	1,170,696	4.45%	3.03%
573	Eastrop Infants School	28,285	1,353	1,518	25,414	572,124	4.44%	7.04%
704	Colebrook Junior School	23,089	1,436	234	21,420	501,948	4.27%	
219	Lethbridge Primary School	81,174	10,228	10,041	60,904	1,441,784	4.22%	4.91%
424	Bishopstone CE Primary School	19,402	2,357	6,528	10,517	250,867	4.19%	4.47%
498	Covingham Park Infants School	25,230	919	2,557	21,755	521,975	4.17%	
559	Haydonleigh Primary School	51,197	0	16,232	34,965	866,809	4.03%	2.72%
245	Liden Primary School	94,870	37,990	12,704	44,177	1,100,971	4.01%	
216	Lainesmead Primary School	110,668	10,076	50,131	50,460	1,259,756	4.01%	
772	Wroughton Infant School	31,689	1,423	3,658	26,608	672,081	3.96%	
867	Commonweal School	648,642	446,269	15,495	186,879	4,799,034	3.89%	4.27%
239	King William Street Primary	18,471	504	826	17,141	449,465	3.81%	5.85%
818	Highworth Warneford School	560,165	366,634	58,154	135,376	3,613,229	3.75%	3.65%
495	Covingham Park Junior School	43,832	21,102	0	22,730	648,089	3.51%	2.04%
737	Wanborough Primary School	33,715	7,716	0	25,999	742,026	3.50%	3.29%
312	Chalet School	21,050	103	4,183	16,763	544,397	3.08%	4.98%
748	Westlea Primary School	54,214	22,364	0	31,849	1,036,668	3.07%	2.50%
208	Even Swindon Junior School	14,522	0	0	14,522	565,235	2.57%	4.46%

NET ROLLOVER INFORMATION - 2005/2006 (LESS CAPITAL & STDS FUND)								ANNEX A
		CFR	CFR	School	School	CFR		
CAP NO.	SCHOOL	GROSS ROLLOVER 2005/2006	CAPITAL BALANCE C/F	STDS FUND BALANCE C/F	NET ROLLOVER 2005/2006	INCOME INCL B/F BALANCE NET OF CAPITAL	NET ROLLOVER % OF NET INCOME	SCHOOL ESTIMATED C/F FEB 05
706	Grange Junior School	43,216	5,957	10,236	27,022	1,082,506	2.50%	4.07%
560	Greenmeadow Primary School	55,872	6,904	29,541	19,427	899,018	2.16%	6.57%
847	The Ridgeway School	250,971	50,496	68,298	132,177	6,126,856	2.16%	
248	Oliver Tomkins CE Juniors	52,037	3,200	34,934	13,903	733,739	1.89%	4.72%
869	Dorcan Technology College	90,789	2,287	0	88,502	5,139,315	1.72%	0.49%
244	St Marys Primary School	13,896	1,808	0	12,088	734,105	1.65%	-1.40%
771	Wroughton Junior School	37,306	21,063	0	16,243	987,552	1.64%	2.84%
572	Westrop Primary School	20,898	4,449	8,939	7,510	645,337	1.16%	7.04%
222	Moredon Infants School	18,603	6,892	5,201	6,510	573,466	1.14%	n/a
873	St Josephs School	58,238	0	28,257	29,981	4,824,731	0.62%	1.20%
558	Peatmoor Primary School	92,925	88,859	0	4,066	773,725	0.53%	0.52%
834	Kingsdown School	128,815	2,598	107,784	18,434	4,622,521	0.40%	1.19%
236	Sevenfields Primry School	21,156	0	20,928	228	951,989	0.02%	0.00%
694	South Marston CE Primary School	432	0	1,767	-1,334	367,705	-0.36%	
315	Nyland School	979	755	6,419	-6,195	885,864	-0.70%	
868	Churchfields School	129,536	98,127	64,100	-32,690	4,256,231	-0.77%	0.00%
875	Greendown School	-5,385	6,571	50,776	-62,732	4,959,276	-1.26%	
870	Hreod Parkway School	-59,989	105,652	4,257	-169,898	4,697,218	-3.62%	0.00%
	<b>TOTAL</b>	<b>8,020,529</b>	<b>1,869,674</b>	<b>1,457,572</b>	<b>4,693,282</b>	<b>110,212,144</b>	<b>4.26%</b>	

# SCHOOL BALANCES 2005-06 - OUTCOME OF MONITORING EXERCISE SEPTEMBER 2006

Calculation of Net Balances	2004-05	2005-06
	£	£
Gross Balances	7,155,307	8,020,529
Of which Capital:	2,056,895	1,869,674
Of which Standards Fund b/f:	956,742	1,457,572
<b>Net Balances</b>	<b>4,141,669</b>	<b>4,693,282</b>

Use of Net Balances according to returns received 2005-06	Staffing £	Premises £	Project £
Schools c/f 6% - 9.9% of income	219,044	193,000	16,500
Schools c/f > 10% of income	175,809	200,577	59,617
<b>Total £864,547</b>	<b>394,853</b>	<b>393,577</b>	<b>76,117</b>

Status of schools c/f balances	Infant	Junior	Primary	Special	Secondary
Schools c/f 6% - 9% of income	2.4	3.6	14.3	0.0	1.2
Schools c/f > 10% of income	7.1	3.6	4.8	1.2	0.0
<b>Total</b>	<b>9.5</b>	<b>7.1</b>	<b>19.0</b>	<b>1.2</b>	<b>1.2</b>

Using Net Balances 2005-06	2005-06 %	Of which Primary/Special	Of which Secondary	No. of returns received	No. of visits made	Monitoring
Schools c/f 6% - 9.9% of income	42.9	41.7	1.2	9	n/a	
Schools c/f more than 10% of income	17.9	17.9	0.0	5	12	
Schools c/f deficit > 4% of income	0.0	0.0	0.0	n/a	n/a	
Schools c/f deficit < 4% of income	6.0	2.4	3.6	n/a	n/a	

Using Net Balances 2005-06	Staffing/ Falling Roll	Premises /Capital	Other Project
<b>Schools c/f 10% income</b>			
School A	X	X	X
School B	X	X	X
School C	X	X	
School D	X		X
School E	X	X	
School F	X	X	
School G	X	X	X
School H	X	X	
School I	X		
School J		X	
School L		X	
School M	X	X	X
<b>% of schools</b>	<b>83.33</b>	<b>83.33</b>	<b>41.67</b>

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## Local Authority Schemes: Directed Revisions

The following sets out the directed revisions the Secretary of State is making to local authority schemes. Text in normal font denotes the actual directed revision local authorities are required to place in their schemes, unless they have approval from the Secretary of State for an alternative version, while text in italics denotes accompanying guidance. These revisions will take effect on 1 January 2007.

## Controls on surplus balances

The scheme must include a provision that allows a LA to place a control mechanism on surplus balances.

A model text for such a mechanism is provided below but the Secretary of State will be willing to consider variants.

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

- a. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;
- c. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

The condition outlined here is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely. In deciding whether a sum is properly assigned a scheme may make explicit the right of an Authority to take account of a school's previous plans for any surplus balances in the event that such plans have changed. However, an Authority may not take a change in the plans of a school as the only criterion by which it can consider a sum to be properly assigned or not.

- d. if the result of steps a-c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the Authority shall deduct from the current year's budget share an amount equal to the excess.

The thresholds set out in paragraph (d) above are the maximum permitted. The department will accept (a) lower thresholds or (b) higher thresholds for particular types of schools where local authorities can justify them

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

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

## Dedicated Schools Grant

Schools Forum

14 November 2006

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**Author:** Group Director, Children.

**Parish / Wards Affected:** All

### **Purpose**

To advise the Schools Forum of additional Dedicated Schools Grant for 2006/07 and indicative dedicated schools grant for 2007/08

### **Recommendation**

Schools Forum is requested to:

Confirm acceptance of the proposal for utilisation of additional Dedicated Schools Grant (DSG) for 2006/07.

Note the indicative dedicated schools grant settlement for 2007/08.

## **1. Reasons**

- 1.1 As a result of movements in pupil numbers the Dedicated Schools Grant for 2006/07 was £22K higher than anticipated. Therefore there is a need for Schools Forum to recommend its use.
- 1.2 The current two year funding period initially provided an indicative settlement for 2007/08 based on 2005 pupil numbers. The projected settlement for 2007/08 has now been updated to reflect projected pupil numbers based on 2006 actuals.

## **2. Detail**

- 2.1 The Dedicated Schools Grant for 2006/07 is £22K higher than had previously been calculated, due to a small movement in pupil numbers.
- 2.2 The closure of Saltway and mergers of Moredon Junior and Infant and Even Swindon Junior and Infant schools, have given rise to increased pressures on the redundancy/retirement budgets of both schools block and non-schools block budgets. It is therefore proposed that this £22K is assigned to that schools block budget to alleviate the cost pressure. This in turn will allow for a reduction in the request for funds to be drawn down from the balance sheet.
- 2.3 The Dedicated Schools Grant for 2006/07 was £99.6M, for 2007/08 this is expected to be £105.1M based on our local projection, which represents an increase of 6.5% year on year. The current DfEs

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Further information on the subject of this report can be obtained from Stuart McGregor e on 01793 465794 or Email [smcgregor@swindon.gov.uk](mailto:smcgregor@swindon.gov.uk).

## Dedicated Schools Grant

Schools Forum

14 November 2006

projection reflects £104.7M. However the final settlement will not be known until 2007 as it will be based on January 2007 pupil numbers.

- 2.4 There are two risks which are being monitored that may impact on the budget for Schools next year. The first is the impact of the Academy, initial calculations suggest that there will be no material impact if the Academy proceeds and the Dedicated Schools Grant element is withdrawn by DfES and transferred to the Academy directly. However that is subject to movements in pupil numbers in and out of the schools concerned. The second risk is that on present predictions an increase in pupil numbers within the Borough could lead to a £0.500M funding gap if the dedicated schools grant were not to increase proportionately.

### Alternative Options

- Schools Forum may wish to propose an alternative use for the £22K additional Dedicated Schools Grant received in 2006/07.

#### Risk Management

##### *Financial and Procurement Implications*

The financial implications are contained in the main body of the report

##### *Legal / Human Rights Implications*

None

##### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

'Schools will be at the heart of the community'

#### Consultees

There has been no consultation at this time. Budgets for 2007/08 will be consulted on when prepared.

The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.

#### Background Papers and Appendices

None

Further information on the subject of this report can be obtained from Stuart McGregor on 01793 465794 or Email [smcgregor@swindon.gov.uk](mailto:smcgregor@swindon.gov.uk).

## Increased Flexibility at Key Stage 4

The Schools Forum

14 November 2006

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**Author:** Director: Quality & Standards

**Parish / Wards Affected:** All

### **Purpose**

- To secure funding of the Increased Flexibility programme for 2007/08 and beyond, which has previously been received as an earmarked grant from the Learning and Skills Council and is now mainstreamed via the Dedicated Schools Grant

### **Recommendation**

The Schools Forum is requested to

- approve the recommendation, set out in paragraphs 2.3 and 2.4, to use part of the Dedicated Schools Grant (DSG) to guarantee the infrastructure essential to the programme's success

## **1. Reasons**

- 1.1 Changes to the government's funding arrangements mean that the DSG has been increased to 'mainstream' the activity.
- 1.2 This proposal minimises disruption to the programme and to schools, and maintains the benefits for the learners

## **2. Detail**

### **2.1 Context**

The Increased Flexibility (IF) programme has been providing Key Stage 4 learners with the opportunity to undertake vocational and work related learning and qualifications at colleges and training providers, as part of their normal school week. Swindon has been one of the largest IF Partnerships and has been positively evaluated by schools and successfully judged by various Ofsted inspections.

The Swindon Increased Flexibility (IF) Partnership's funding has, since Cohort 1 in 2002, been received as an earmarked grant of £100K per cohort per year from the LSC, administered via Swindon College, the lead partner, and planned and monitored by the IF Management Group. This group is comprised of reps from both FE Colleges, the LSC, the LA and a secondary school. It is chaired by the honorary IF Partnership Co-ordinator.

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Further information on the subject of this report can be obtained from *Type Contact Person here* on *Direct Dial No. here* or Email *Type Employee here@swindon.gov.uk*.

The way in which we have allocated the funding since 2003, when we started having two active cohorts and therefore £200K in any one academic year, has been to set aside the cost of the IF infrastructure (i.e. college co-ordination, partnership administration, learning support) and then use the balance to subsidise the cost of tuition fees to schools which have been set using the pro rata average standard AWPU rate for Yr 10 and Yr 11. The subsidy for Year 11 (Cohort 4) has been 75%, for Year 10 (Cohort 5) 55%. The difference is due to additional LSC funding having been secured for Cohort 4.

### **2.2 Changes for 2007/08 and beyond**

The Swindon 14-16 IF Partnership has been notified by the LSC and DfES of the decision to mainstream IF funding with effect from September 2007. Cohort 5 (who started in September 2006 and will finish in July 2008) will be the last cohort to have their placements subsidised through earmarked IF funding.

In the short term, funding for vocational learning placements will be via the Dedicated Schools Grant (DSG). Nationally for 2007/08 the DSG funding has been increased from the £40m in 06/07 to £110m, to allow for the same level of IF activity to be maintained.

### **2.3 Proposal for 2007/08**

The IF management Group wish to propose that the LA is given permission by the Schools Forum to retain £88.3K of the Dedicated Schools Grant (DSG) and transfers it to the IF partnership, thereby effectively covering the infrastructure costs. The schools contribution for Cohort 6 Year 1 will then only need to be at the same level as Cohort 5 has been (45% of tuition fees).

The advantage of this proposal is that it maintains the status quo, guaranteeing the infrastructure, which is highly valued. It would however, mean a reduction in the DSG already indicated in the school budgets for 07/08.

The Regulation relating to this proposal states that a change to the Formula may be made for 2007-08 by the Schools Forum; "however... Schools Forums must be convinced that the benefit of changing the formula sufficiently outweighs the benefit for schools of having certainty..."

### **2.4 2008/09**

The collaboration and funding situation in Swindon regarding vocational and work related learning out of school at Key Stage 4 will very much

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Further information on the subject of this report can be obtained from *Type Contact Person here* on *Direct Dial No. here* or Email *Type Employee here@swindon.gov.uk*.

## Increased Flexibility at Key Stage 4

The Schools Forum

14 November 2006

depend on whether Swindon has passed through the DfES 'Gateway' and is therefore part of the pilot to deliver specialised diplomas. In order to honour Year 2 of Cohort 6, the IF Partnership would need to have income totalling c£203.5K. If no other funding were available, this would need to come from the DSG and school contributions.

If the school contribution at 45% of tuition fees were to be maintained for 08/09, the LA would need to centrally retain £152.4K of the DSG. An early decision on this would aid planning and ensure the stability of the vocational and work-related learning programme.

### Alternative Options

If this proposal is not approved there would be either;

- a substantial increase in the cost of placements for schools, or
- discontinuation of the programme

### Risk Management

#### *Financial and Procurement Implications*

- Additional costs would be incurred to individual school budgets if the proposal is not agreed but the programme continues.

#### *Legal / Human Rights Implications*

- Educational achievement is linked to the life chances of individuals. The actions taken by local authority seek to ensure that all groups and individuals are able to achieve their full educational potential and so maximise their life chances and access to opportunities.

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

- The proposal strongly supports promises 20 and 33 of the Swindon 2010 Promises.

### Consultees

- Wiltshire and Swindon Learning and Skills Council
- Increased Flexibility Management Group, Swindon 14-19 Partnership
- Key Stage 4 vocational/work related learning co-ordinators in schools
- The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.

### Background Papers and Appendices

Appendix 1 - The financial position for 2006/07, and the projected financial position for 2007/08. .

Further information on the subject of this report can be obtained from *Type Contact Person here* on *Direct Dial No. here* or Email [Type Employee here@swindon.gov.uk](mailto:Type Employee here@swindon.gov.uk).

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## **Appendix 1**

### **The financial position for 2006/07, and the projected financial position for 2007/08.**

#### **The financial position for 2006/07.**

255 learners are participating in Cohort 4 Year 2. Their tuition fees for the year 2006/07, total £88,660.

262 learners are participating in Cohort 5 Year 1. Their tuition fees for the year, 2006/07, total £105,860. The programme has been made available to neighbouring Wiltshire schools, who pay on the same basis as Swindon schools.

The IF annual infrastructure costs of £88,300 are shared between the 2 cohorts.

Total costs	(£280.8K)
IF Grant x2	£200K
Underspend from 05/06	£ 27.4K
Balance	£ (53.4K)

The collection from schools is done on a per placement basis and will bring in £69.3K (£21.7K for Cohort 4, £47.6K for Cohort 5), allowing some underspend to be carried forward to 2007/08

#### **The projected financial position for 2007/08.**

Presuming that all but a very few of this year's 262 learners return for Year 2 of their IF programme, the cost of tuition fees for the year 2007/08 would total c £100,000.

Tuition fees would be set to rise by 7.2% for Cohort 6, to reflect the increased AWPU. If a 6<sup>th</sup> cohort is recruited at the same level as cohort 5, which the DfES, the LA and Key Stage 4 co-ordinators in schools are keen to ensure, their tuition fees would total £113,482, with no incoming IF Grant.

The IF annual infrastructure costs of £88,300 would remain.

Total costs	(£301.8K)
IF Grant x1	£100K
Projected underspend from 06/07& IF Discretionary funding totalling	£ 25K
Balance	(£ 176.8K) to be collected from schools for Cohort 5 placements

For 2007/08 the schools' contribution would therefore need to total £176.8K. For Cohort 5 schools will have already budgeted to spend £45K. They await funding info for Cohort 6, but without the government's changes would have predicted expenditure along the same lines

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## Directed Revisions to the Scheme for Financing Schools

Schools Forum

14 November 2006

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**Author:** Group Director, Resources

**Parish / Wards Affected:** All

### **Purpose**

To advise the Schools Forum that the Secretary of State has directed a revision to the Scheme for Financing Schools to take effect from 1 January 2007.

### **Recommendation**

The Schools Forum is requested to recommend that:

1. the Direction is implemented within the Swindon Scheme for Financing Schools (the Scheme); and
2. a standing committee is set up to review the funding formula for the next funding period to commence in 2008 to ensure that it meets the updated requirements of the Scheme, to include Forum members, Local Authority officers and other stakeholders

### **1. Reasons**

- 1.1 The revision to the Scheme will meet with Secretary of State approval without the requirement for consultation.
- 1.2 The revision to the Scheme will strengthen the Authority's ability to ensure that schools meet with their financial management requirements determined by the Scheme.
- 1.3 The funding formula for the next funding period will meet the requirements of the Scheme.

### **2. Detail**

- 2.1 The DfES consulted with Local Authorities and other stakeholders on proposed revisions to the Scheme, with the consultation closing on 31<sup>st</sup> May 2006.
- 2.2 The response made by Swindon Borough Council was reported to the Schools Forum at its last meeting.
- 2.3 On the 5<sup>th</sup> October 2006 the DfES announced the outcome of the consultation, which was that there should be four directed revisions to the Scheme, to take effect from 1<sup>st</sup> January 2007. The Direction is shown at **Annex A**.

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Further information on the subject of this report can be obtained from Stuart McGregor on 01793 465769 or Email [smcgregor@swindon.gov.uk](mailto:smcgregor@swindon.gov.uk).

## Directed Revisions to the Scheme for Financing Schools

Schools Forum

14 November 2006

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- 2.4 There is no requirement for a consultation with schools or other education partners if the Direction is adopted within the Scheme as it is set out by the DfES. However, if an amended version of the Direction is required to take account of local circumstance, the Schools Forum must recommend that all schools and education partners are consulted, and the outcome of the consultation referred to the Secretary of State for approval.
- 2.5 The text of the directed revisions differ in some instances from the text of the current Scheme, such differences being shown at **Annex B**.
- 2.6 The Schools Forum is requested to recommend that the directed revisions are adopted as set out by the DfES, to take effect from 1<sup>st</sup> January 2007
- 2.7 The Schools Forum is also requested to recommend that a standing committee be set up to review the terms of the funding formula from 2008 onwards to ensure that it meets with the requirements of the directed revisions.

### Alternative Options

An alternative text to that set out in the directed revisions to the Scheme may be determined and consulted upon, and the agreement of the Secretary of State sought. The funding formula may not be reviewed; or it may be reviewed without taking into account the directed revisions.

#### **Risk Management**

##### *Financial and Procurement Implications*

Schools will not be allowed to carry forward surplus balances at the end of the financial year without the express agreement of the Group Director, Children Services. Any surplus balances removed from a school's budget may be put to the Schools Budget. The Local Authority will have greater powers to ensure that schools meet with financial management requirements.

The funding formula for 2008 may increase schools' budgets over the minimum funding guarantee and over the rate of inflation.

##### *Legal / Human Rights Implications*

The Scheme has legal status under Section 48 of the Schools Standards and Framework Act 1998. A funding formula to distribute funding to schools is a requirement of the Scheme.

##### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

- Promise 45 – Schools will be at the heart of all communities

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Further information on the subject of this report can be obtained from Stuart McGregor on 01793 465769 or Email [smcgregor@swindon.gov.uk](mailto:smcgregor@swindon.gov.uk).

## **Directed Revisions to the Scheme for Financing Schools**

**Schools Forum**

**14 November 2006**

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### **Consultees**

All schools and education partners must be consulted on amendments to the Scheme which are outside the directed revisions. All schools and education partners must be consulted on the funding formula for the new funding period commencing 2008.

The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.

### **Background Papers and Appendices**

Annex A – Directed Revisions to the Scheme

Annex B – Current provisions of the Scheme

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**Local Authority Schemes: Directed Revisions by the DfES**

1. The following sets out the directed revisions the Secretary of State is making to local authority schemes. Text in normal font denotes the actual directed revision local authorities are required to place in their schemes, unless they have approval from the Secretary of State for an alternative version, while text in italics denotes accompanying guidance. These revisions will take effect on 1 January 2007.

***Controls on surplus balances***

*The scheme must include a provision that allows a LA to place a control mechanism on surplus balances.*

*A model text for such a mechanism is provided below but the Secretary of State will be willing to consider variants.*

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

- a. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;
- c. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

*The condition outlined here is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely. In deciding whether a sum is properly assigned a scheme may make explicit the right of an Authority to take account of a school's previous plans for any surplus balances in the event that such plans have changed. However, an Authority may not take a change in the*

*plans of a school as the only criterion by which it can consider a sum to be properly assigned or not.*

- d. if the result of steps a-c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the Authority shall deduct from the current year's budget share an amount equal to the excess.

*The thresholds set out in paragraph (d) above are the maximum permitted. The department will accept (a) lower thresholds or (b) higher thresholds for particular types of schools where local authorities can justify them*

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

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

### **Multi-year budget forecasts**

*In the light of the introduction of multi-year budgets LAs must include within their scheme a power to enable them to request multi-year budget forecasts. LAs should consider the extent to which such forecasts may be used for more than just confirming schools are undertaking effective financial planning or not. For instance: they could be used as evidence to support the LA's responsibility for declaring their schools' adherence to the Financial Management Standard in Schools and/or used in support of the LA's balance control mechanism. However, the requirement to submit a financial forecast should not place undue burdens on schools and should be proportionate to need. In requesting such forecasts LAs should state the purposes for which they intend to use this forecast: such a forecast may be used in conjunction with a LA's balance control mechanism. The model text for this is provided below:*

The LA may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.



**Financial Management Standard in Schools**

*The scheme must include a provision that imposes a requirement on specific phases/groups of schools, as defined from time to time by the authority, to demonstrate achievement of and maintain the Financial Management Standard in Schools (FMSiS) as published by the DfES. Such demonstration may be by compulsory external assessment or by a local authority defined process.*

*The text for this provision is set out below. The Department will be willing to consider variants on this.*

All maintained schools must demonstrate compliance with the DfES' Financial Management Standard in Schools in line with the timetable determined by the authority, and at any time thereafter.

The authority may require schools to demonstrate compliance through the submission of evidence showing that the school has undergone an external assessment. External assessment must be carried out by the authority or by a third party that has been approved to carry out such assessment by either the DfES or the local authority.

*This model scheme allows a local authority to set out clearly the expectations on schools and to require external assessment where necessary. The scheme may also describe how the costs of such external assessment must be met including stating that such costs must be met from school budget shares.*

*The Financial Management Standard & Toolkit (FMS&T) was developed and released to schools as a self-management package in June 2004. The standard and toolkit is available at:*

[http://www.ipfbenchmarking.net/consultancy\\_dfes\\_update/](http://www.ipfbenchmarking.net/consultancy_dfes_update/)

*As local authorities will be responsible for declaring their schools' adherence to the Standard, it will be up to them to decide how that compliance is delivered. The evidence to support the declaration is a matter for the CFO's judgement - it need not rely on formal FMSiS assessment of every individual school.*

*This provision is designed to assist local authorities in getting compliance with FMSiS, by allowing them to impose a requirement on schools to demonstrate achievement of and maintain the FMSiS, and to declare external assessment of the standard compulsory for their schools.*

*If schools do not have an external assessment, a review of their self-assessment may provide the LA with the appropriate information to make a judgement. CFOs will of course also take account of relevant comments in the reports of auditors, advisers and inspectors, of budgetary and accounting performance, and of any other relevant information available. Where schools are subject to a local authority-led assessment of the standard the local authority should set out clearly what such an assessment will entail. Where a school chooses to gain external assessment of the standard, despite it not being a requirement of the local scheme, such external assessment should, unless*

*there are exceptional circumstances, be accepted in place of the local authority led assessment.*

### **Notice of Concern**

*The scheme must include a provision that allows a LA to issue a notice of concern to any of its maintained schools. Model text is provided below but the Department will be willing to consider alternative wording, including any additional conditions, prohibitions or limitations a local authority considers to be relevant in support of a notice of concern.*

The LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Chief Education Officer/Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

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

These may include:

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

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

*The purpose of this provision is to enable a local authority to set out formally any concerns it has regarding the financial management of a school it maintains and require a governing body to comply with any requirements it deems necessary. The principal criterion for issuing a notice, and determining the requirements included within it, must be to safeguard the financial position of the local authority or school.*

*It should not be used in place of withdrawal of financial delegation where that is the appropriate action to take; however, it may provide a way of making a governing body aware of the authority's concerns short of withdrawing delegation and identifying the actions a governing body should take in order to improve their financial management to avoid withdrawal.*

*Where a local authority issues a notice of concern the scheme must provide for the notice to be withdrawn once the governing body has complied with the requirements it imposes.*

*In placing this provision in their scheme, a local authority may wish to consider the way in which a dispute between it and the school it is issuing a notice to regarding any aspect of the notice may be resolved.*

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PROVISIONS IN THE CURRENT SWINDON SCHEME FOR FINANCING SCHOOLS WHICH WILL BE REPLACED BY THE REVISION DIRECTED BY THE DfES

**2.2.3 Submission of Budget Plans**

Governing bodies must approve a budget of income and expenditure within the resources available to them, and submit this with such supporting data as may be required to support the allocation of funds across budget headings to the Group Director, Children Services by 30 June each year. The budget plan will take full account of the actual deficit or surplus at the previous 31 March agreed between the school and the Council.

**Section 2.4: The Treatment of Surplus and Deficit Balances Arising in Relation to Budget Shares**

**2.4.1 The Right to Carry Forward Surplus Balances**

(a) Each school's closing balance (either surplus or deficit) under Swindon's LMS scheme as at 31 March 1999 will automatically form the school's opening balance under the Swindon Devolved Funding Scheme.

(b) Schools may make savings in one financial year and roll these forward to deploy them in the next financial year. There is no limit to the level of savings which can be rolled forward except as described in Section 2.4.2.

**2.4.2 Three Year Budgets and Surplus Balances**

**2.4.2.1 Three Year Budgets** At the same time as issuing its budget statement as required by section 52 of the Schools Standards and Framework Act 1998, the Authority will inform each maintained school of its estimate of the school's budget share and central government grant income paid via the LEA for the two financial years following the year for which the statement is being issued. The estimate will be provided in a format determined by the Authority and this format may include provision of information within an electronic budget modelling system. The estimate will use information available to the Authority at the date of preparation and will necessarily be provisional in nature, implying no commitment on the part of the Authority to fund the school at the level shown in the estimate. The Authority may issue additional budget estimates from time to time.

**2.4.2.2 Controls on surplus balances** Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2004:

a. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework (N.B. this will include the delegated budget share balance, and any Standards Fund/School Standards Grant balances, following the redefinition of recurrent balances within CFR which will take

place for 2003-04, when there will cease to be a separate Standards Fund balance within CFR);

b. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year. Prior year commitments are demonstrated by an order sent to a supplier or an invoice received from a supplier for goods or services received prior to 31<sup>st</sup> March

c. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority as listed at paragraph 2.4.2.6 of the Scheme, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority ;*[the last provision is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely]*

d. if the result of steps a-c is a sum greater than 5% of that year's budget share (including funds paid into the budget share account), then the Authority shall deduct from the current year's budget share an amount equal to the excess.

2.4.2.3 Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

2.4.2.4 Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

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

2.4.2.6 The following items may be declared by the governing body as being assigned for specific purposes and deducted from the calculation of the surplus balance referred to in paragraph 2.4.2.2 c :

- Where there is a clear improvement or development issue linked to the School Improvement Plan
- Where balances are to support falling rolls
- Capital Grants and similar ring-fenced grants either from the LEA or external source

Approval must be sought from the Director of Education by January 31<sup>st</sup> each year for these items to be deducted from the calculation of the surplus balance. When seeking approval, the governing body must advise the

Director of Education of the amount it wishes to assign and the length of time the amount is to be carried forward. The governing body will be informed within four weeks whether approval will be given.

2.4.2.7 Where a school disputes the Director of Education's decisions taken under paragraphs 2.4.2.2 or 2.4.2.6, such dispute must be put before the Schools Forum, whose decision will be final.

2.4.2.8 Amounts deducted from a school's current year budget as described in paragraph 2.4.2.2 d shall be redistributed between all schools which have not had an amount deducted under the provisions of Clause 2.4.2.2, the redistribution to be based on the pupil numbers used for budget purposes for the current year (i.e. PLASC).

**There are no existing provisions relating to Financial Management in Schools and Local Authority Intervention arrangements**

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## Deprivation Review

Schools Forum

Date: 14 Nov 2006

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**Author:** Group Director, Children.

**Parish / Wards Affected:** All

### **Purpose**

The Government requires local authorities in conjunction with their Schools Forum to undertake a full review of arrangements for funding social deprivation in schools in order to better target funding on deprived pupils in the three-year funding period commencing 2008.

### **Recommendation**

The Schools Forum is requested to set up a working group for the purpose of reviewing arrangements for targeting social deprivation funding in schools.

## **1. Reasons**

- 1.1 The review is a requirement upon Local Authorities and their Schools Forum by the Government.

## **2. Detail**

- 2.1 The Government has published a joint DfES/HM Treasury report on the ways in which Local Authorities fund schools to meet the extra burdens imposed by social deprivation amongst their pupils. The review is entitled "Child Poverty: Fair Funding for Schools" and sets out the social class attainment gap amongst school pupils, illustrates evidence on the ways in which additional funding can be used to address this issue, and surveys current practice amongst a sample of Authorities.
- 2.2 All Local Authorities were asked to submit to the DfES by 5<sup>th</sup> May 2006 a statement setting out their policy and practice – based on their 2006-07 funding formula – in funding schools for the costs arising from social deprivation amongst their pupils.
- 2.3 Swindon Borough Council submitted a statement by the due date, the contents of which were reported to the Schools Forum at the last meeting.
- 2.4 The Local Authority statements have now been published along with a technical review of deprivation indicators and contextual attainment data comparing, at Local Authority level, the attainment of pupils from deprived backgrounds and their peers at Key Stages 1,2 and 3 at GCSE, and how the attainment gap between the two groups varies across Authorities.

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Further information on the subject of this report can be obtained from Ian Bickerton on or Email [ibickerton@swindon.gov.uk](mailto:ibickerton@swindon.gov.uk).

# Deprivation Review

Schools Forum

Date: 14 Nov 2006

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- 2.5 Local Authorities, in conjunction with their Schools Forum, are now being asked by the DfES to undertake a full review of their local arrangements.
- 2.6 The Schools Forum is therefore requested to set up a standing committee to include members of the Schools Forum, Local Authority Officers and other stakeholders to carry out a review of the funding of social deprivation in Swindon Schools and to undertake the consultation within the timescale required by the DfES.

## 3 Alternative Options

There is no alternative to carrying out the review as it is a requirement of the DfES. However, the Schools Forum may wish to recommend an alternative group to carry out the review other than that proposed.

### **Risk Management**

#### *Financial and Procurement Implications*

There could be an impact on the Schools Budget and on the Budget of individual schools in the funding period 2008 - 2011 dependent upon the outcome of the review.

#### *Legal / Human Rights Implications*

The outcome of the review will have an impact on the funding formula for Swindon schools which carries legal status under the School Standards and Framework Act 1998.

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

*Relates to the Corporate Plan and the Children and Young People's Plan.*

### **Consultees**

All Swindon Schools and relevant partners will be consulted on the outcome of the review.

The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.

### **Background Papers and Appendices**

Annex A – Letter to Directors of Children's Services and School Forum Chairs of 3<sup>rd</sup> August 2006.

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Further information on the subject of this report can be obtained from Ian Bickerton on or Email [ibickerton@swindon.gov.uk](mailto:ibickerton@swindon.gov.uk).

Directors of Children's Services of local authorities in England  
and Chairs of Schools Forums

Our ref: SPS06\_176

Date: 3 August 2006



**Child Poverty: Fair Funding for Schools: Publication of Local Authority  
Deprivation Statements**

When the Government published the report *Child Poverty: Fair Funding for Schools*<sup>1</sup> in December 2005 it set out the steps it would be taking to ensure that pupils from low-income families have equality of opportunity wherever they live. The first two of these steps have now been undertaken: first, information on the Dedicated Schools Grant published in December 2005 identified within each local authority's allocation the funding available to tackle the effects of deprivation; and second, local authorities and Schools Forums were asked to submit a statement detailing their own local distribution methods.

These local authority statements have now been published, along with a technical review of deprivation indicators, and authority by authority attainment data comparing the outcomes of pupils from deprived backgrounds with those of their peers. All of this material can be found on Teachernet at [www.teachernet.gov.uk/deprivationfundingreview](http://www.teachernet.gov.uk/deprivationfundingreview).

The local authority statements published today outline examples of good practice at local level: a number of authorities have undertaken fundamental reviews of their funding formulae over the last few years resulting in the introduction of a range of innovative methodologies for distributing resources. A number of these take advantage of recent developments that allow the integration of pupil level data sets with area based deprivation indexes to sharpen the degree to which funding is targeted to need.

Nevertheless, the statements also confirm the findings of the *Child Poverty: Fair Funding for Schools* Review in that there remains a wide degree of variation between local authorities' strategies for assessing and funding the costs of deprivation and there has in many cases been no systematic approach to reviewing need or how to use funding to drive up the attainment of pupils from deprived backgrounds.

<sup>1</sup> <http://www.teachernet.gov.uk/deprivationfundingreview/>





Both the Department and HM Treasury believe that further progress can and needs to be made to ensure local funding formulae are more equitable and better focus the delivery of resources to need. The publication of these statements is the next step in supporting such progress as they present a systematic overview of arrangements locally. The accompanying technical review, in drawing on the statements and section 52 budget returns, provides a valuable summary and guide to the key issues that local authorities and Schools Forums should be considering in relation to their own practice. Alongside this technical review we are also publishing some contextual attainment data. This is data that is already in the public domain and compares, at local authority level, the attainment of pupils from deprived backgrounds and their peers at Key Stages 2 and 3 and at GCSE, and how the attainment gap between the two groups varies across authorities. This data in particular is vital to any assessment of the effectiveness of local authority funding arrangements.

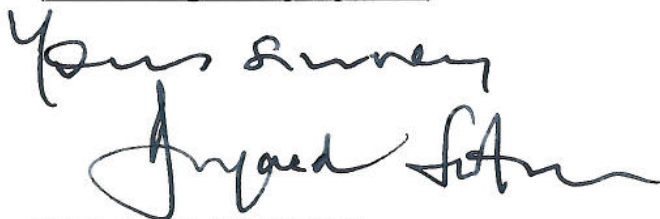
### **Next steps**

In line with the actions outlined in the statement made in December 2005, and in the light of the material published today, all local authorities, in conjunction with their Schools Forum should now begin to undertake a full and systematic review of their local arrangements. Specifically, the material we are publishing today will enable local authorities and Schools Forums to consider the extent to which their own arrangements deliver resources to schools to cover the costs of deprivation in a way that best supports schools to close the gap in pupil outcomes.

Making progress in this area will continue to be a priority for the Department and HM Treasury. The degree of change needed at local authority level will vary, but, where appropriate, we will look to see authorities bringing forward proposals for consultation to ensure that from the start of the 2008 three-year funding period their formula better targets funding on deprived pupils. The Department will maintain contact with the progress of these reviews and assess the adequacy of the actions flowing from them through its Children's Services Advisers. We will write again in the autumn to outline in more detail how we will monitor the progress of these reviews.

I would like to thank you for your work on this important issue so far: progress on it is an important strand in the government's long-term strategy to halve child poverty by 2010 and eradicate it by 2020.

Any queries regarding the issues set out in the letter should be addressed to Philip Moss ([Philip.moss@dfes.gsi.gov.uk](mailto:Philip.moss@dfes.gsi.gov.uk)), John Hall ([John.hall@dfes.gsi.gov.uk](mailto:John.hall@dfes.gsi.gov.uk)) or Nick Dawson ([Nick.dawson@dfes.gsi.gov.uk](mailto:Nick.dawson@dfes.gsi.gov.uk)).

A handwritten signature in black ink, appearing to read 'Dugald Sandeman', written over a horizontal line.

DUGALD SANDEMAN  
Director, School Funding Division