

Cheshire West & Chester Council

Cheshire West and Chester Schools Forum

Tuesday 13 January 2026

4.30pm – 6.30 pm

Virtual Meeting

Schools Forum Clerk
Children and Families
Cheshire West and Chester Council
Telephone: 07889 049428

Notes for members of the public

Cheshire West and Chester Schools Forum

The Council welcomes and encourages you to be at its meetings and Committees.

You are requested to remain quiet whilst the meeting is taking place.

The agenda is sometimes divided into two parts. You are allowed to stay for the first part. When the Forum is ready to deal with the second part you will need to leave the meeting because the business will be of a confidential nature, for example, dealing with individual people, contracts and financial affairs of other parties.

Members of the public wishing to attend Schools Forum meetings should contact the Schools Forum Clerk:

Email: school.relationshipteam@cheshirewestandchester.gov.uk

Telephone: 07889 049428

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Minutes of Cheshire West and Chester Schools' Forum on 13 January 2026

Members	Representing	Attendance
Schools and Academies		
Kate Docherty	Primary headteachers	Attended
Michelle Ashfield	Primary headteachers	Attended
Jan Diamond	Primary headteachers	Attended
Claire Evans	Primary governors	Apologies
Hannah Mather	Primary governors	Apologies
James Bancroft	Primary governors	Apologies
David Curry	Secondary headteachers	Attended
David Rowlands (Vice Chair)	Secondary governors	Attended
Ian Devereux-Roberts	CWAPH Chair	Attended
Vacancy	Secondary governors	Vacancy
Neil Oxley	Special headteachers	Attended
Philip Hopwood	Special governors	Apologies
Andy Stewart	PRU	Apologies
Amanda Lacey (Substitute)	PRU	Attended
Simon Faircloth	Academies - mainstream	Attended
Duncan Haworth (Chair)	Academies - mainstream	Attended
Hannah Broom	Academies - mainstream	Attended
Kevin Simpson	Academies - mainstream	Absent
Alan Brown	Academies - mainstream	Apologies
Sarah Woodward	Academies - mainstream	Attended
Jonathan Deakin	Academies - mainstream	Attended
Louise Smith	Academies - mainstream	Attended
Vacancy	Academies - mainstream	Vacancy
Michelle Duval	Academies - special	Attended
Non Schools		
Paula Adolph	PVI early years providers	Attended
Claire Taylor	PVI early years providers	Attended
Kathryn Magiera	Diocese	Absent
Lorraine Henderson	Diocese	Apologies
Geoff Wright	Unions	Absent
Greg Foster	Unions	Apologies
Vacancy	16-19 providers	Vacancy
Official Observers		
Councillor Adam Langan	Cabinet Member Children & Young People	Absent
Invited Observers		
Councillor Mark Stocks	Shadow Cabinet Member Children & Young People	Apologies
Officers in attendance		
Sal Thirlway	Director of Education & Inclusion	
Verity Dixon	Senior Finance Manager Children and Families	
Sonja High	Finance Manager Education and Inclusion	
Rachel Ridgway	Head of Health and Wellbeing Finance	
Kate Thomson	HR Lead Schools Team	
Kelly Jarvis	Education and Inclusion Officer	

1. Item 1 Introductions and apologies

Apologies were noted.

2. Item 2 Minutes of Schools Forum 9 December 2025

There are no grammatical issues with the Minutes of the last meeting and they are approved.

3. Item 3 Final Allocation of the Dedicated Schools Grant (DSG) for 2025/26

The Local Authority is asking Forum to note the third review forecast position of the DSG, forecasting an overspend of £24.9 million by year end, which is an adverse movement of £1.5 million when compared to mid-year review. It's mostly due to two differences, £0.9million of additional pressure relating to resource provisions and EHCP bandings in mainstream schools, and about £0.5million due to independent special school places.

There is a table at the bottom of the document showing the budget, forecast, variance and the movement since mid-year review. We also ask you to note that the cumulative deficit for 25/26 is currently forecast to be £44.6 million. In terms of next steps, we're asking the Forum to note the forecast deficit both in-year and cumulative and note that the service will continue to monitor and to seek further mitigations where possible.

The Forum agreed to note the third review position.

4. Item 4 Council Financial Position at Third Review 2026-27

The Council's position at Third Review (November) is an overspend of £6.9 million with an underlying forecast pressure of £14.5 million. There continues to be demand-led pressures across social care and whilst investment has been made in Adult and Children's Services to meet the increased demand, the pressure in Adult Services is outstripping additional resources as demonstrated in the chart. Underlying pressures are mostly adult social care which has stabilised, we are seeking to control costs, but this won't be fully achievable in the current financial year.

Services have identified £3.2 million worth of mitigations to support the reported financial pressures, but there is an underlying overspend of £14.5 million a year to support this and other mitigating actions of £7.6 million have been identified.

This brings the forecast down to the £6.9 million. Children's and Families are reporting a forecast overspend of £1.5 million, which includes an Education forecast overspend of £1.1 million, which has increased by £0.4 million since mid-year review (September). The forecast pressure at Third Review includes £600,000 pressures for Education Psychologist Locums due to a national staffing shortage and Education, Health and Care Plan writers, to meet the statutory duty to assess children for Education, Health and Care Plans. The other major

pressure on the Council in the Education section is slippage in achieving home to school transport savings. The remainder of the report provides more information about the national position on the Dedicated Schools Grant.

There is a recent announcement from central government on the plan for mitigating DSG deficits in the longer term as part of the SEN Reform Agenda and the Treasury published documents after the Budget in November. Future funding of SEN would be through central government departmental expenditure.

Further details on SEN funding and plans to support local authorities with accruing deficits and conditions for accessing support is due in the spring alongside the White Paper.

The Council will continue to face significant financial challenges, which will be monitored and in-year mitigations will be sought and the Forum is asked to note the report.

5. Item 5 Central School Services Block (CSSB) 2026-27

Before Christmas, the DfE announced CSSB funding for 2026-27, this report asks the Schools Forum to approve the amounts on each line within the Central School services block, which is tabled further down in the document. Also to approve the local adjustment to be made when the DfE announces the final copyright licence charges for 2026/27. We contacted the DfE for a final figure, but this is not yet confirmed.

Forum is also asked to note the responsibilities of the local authority for all schools in Cheshire West and Chester. The overall grant (which is provisional) is £2.161 million and is lower than it was in the previous year. This is due to pupil numbers, because the unit per funding is 2.13% higher than it was in the previous year, but pupil headcount has reduced.

Forum is asked to approve historic commitments and ongoing responsibilities for admissions, the servicing of Schools Forum, the contribution to responsibilities that local authorities hold for all schools in the Cheshire West and Chester area (Appendix A) and central licences negotiated by the Secretary of State. This figure that has not yet been confirmed by the DfE and a best estimate is currently in place.

Forum noted the report and in particular the figures for:

Prudential borrowing costs £424,426; Admissions £782,617; servicing the Schools Forum £46,825; contribution to local authorities responsibilities for all schools £516,360; and central licences negotiated by Secretary of State £390,807. All Forum members including Neil Oxley (Special Head) and Amanda Lacey (PRU Head) approved Central School Services Block (CSSB) 2026-27 figures including historic commitments and ongoing responsibilities for admissions, servicing of schools forum, contribution to responsibilities that local authorities hold for all schools and central licences.

Forum also approved a balancing budget adjustment be made if necessary, between local authorities responsibilities line and central licences, when the Department for Education announce the copyright license charges for 2026-27, as set out in paragraph 14 of the report.

6. Item 6a De-delegation proposals for 2026-27

Schools Forum is requested to agree the De-delegation for maintained schools only. For free school meals, pooling of funding to cover trade union times, schools improvement team, there are two options in this paper.

The first option excludes maternity cover and suspension cover and the second option includes those items. The cost of suspensions reflects the current cost of suspensions and the cost of maternities reflects the current cost of maternities. This is also covered in the next paper looking at overspends in the year, the primary cost of covering maternities doesn't increase by much however, the cost of suspensions increases from £2.45 to £5.64 per pupil in primaries and suspensions in secondary schools moves from £1.83 to £11.74 per pupil. The increases relate to the significant use of this de-delegated contingency, if someone is suspended the costs are funded from the de-delegated fund which is based on historic costs. The following paper is about the overspend in 2025/26 on this fund.

Primary school representatives in maintained schools: Kate Docherty, Michelle Ashfield and Jan Diamond are in attendance and stated it was a large responsibility for a very small number of primary colleagues to take this vote. Ian Devereux-Roberts (CWAPH Head) offered to facilitate communication with all CWAPH colleagues for a 24 hour return vote with a written response to the Forum Administrator Kelly Jarvis by Friday 16th January 2026 to meet the 22nd January submission deadline of the APT to the DfE.

Following detailed discussion, all Primary Forum members in attendance agreed during the meeting:

- For the costs to cover staff on maternity / paternity / adoption leave to be included in the services agreed to be de-delegated to the LA for 2026/27.
- Regarding the costs to cover suspensions, to continue with this option as part of the de-delegation options.

Secondary school votes were made by David Curry and David Rowlands. David Curry has previously sought the opinion of Head teacher colleagues over the weekend and therefore has a clear steer on all lines.

The vote is to continue to de-delegate the free school meals eligibility assessment.

The vote is to discontinue to pool funding to cover the costs of trade union facilities as there is an argument that it should actually be met by the trade union involved.

There is concern that this may cause some issues around Trade Union reps attending schools across the borough and where the costs will land. There are some reps fielded out of secondary schools and there are no trade union representatives in attendance at Forum.

Conversations with Secondary Heads have been very positive and constructive about facility times for professional associations across the borough however, the overwhelming vote was not to de-delegate the cost of trade union facilities time at secondary level.

Secondary de-delegation for suspensions last year was at £1.83 however, there have been a high proportion of suspensions and the cost has risen. The £11.74 figure is based on historic use of this de-delegated contingency (or centrally held internal "insurance" scheme) per pupil. It was agreed that there would be a vote on this from Secondary schools within 24 hours with a written response to the Forum Administrator Kelly Jarvis by Friday 16th January 2026.

David Curry confirmed in writing on Friday 16th January 2026 that, after having consulted with the Headteachers of the several maintained schools including special schools, it was agreed that they would not wish to de-delegate for contingencies to cover the cost of staff on suspension.

Item 6b De-Delegation overspend

This is a brief paper on how to manage the overspend that has occurred in the de-delegation budget. The Council is asking Forum to note the position and agree its preferred option for managing the shortfall.

There are slight underspends in FSM eligibility, trade union and maternity and a large overspend in suspensions of approximately £118,000. The net underspend is £9,957 as of the end of 31st December 2025, which will not include anyone going on maternity leave over January, February or March as we will not have this information until maternity leave starts.

This does not include any new suspensions over the next three months. It is therefore unlikely that the underspend will remain by 31 March 2026. The options are to:

- 1) offset the suspensions overspend against other de-delegated budgets
- 2) carry forward for recovery in future years so we could uplift the de-delegated cost per pupil.
- 3) apply the DSG reserves, which isn't an option at all for Cheshire West because we don't have a DSG reserve.
- 4) do a recharge to maintained schools in the current financial year, matching the overspend to the year in which it had occurred.

Forum voted option 1 to offset individual de-delegation lines against other de-delegated budgets which might not be overspent and resolved that any overspend at the end of the financial year would be met within the next financial year's de-delegation costs (option 2).

7. Item 7 Growth Funding 2026-27

The report provides Forum members with an update on the Growth Fund of 2026/27, which the DfE has very recently communicated to the local authority. Forum is asked to note the content of the report and approve the amounts and proposals relating to the operation of the Growth Fund.

The Growth Fund for 2026/27 has been allocated as £563,382 by the DfE. It was £674,949 for 2025/26. We had allocated just over £0.250 million to meet the temporary increase in primary and secondary admissions in September 2025. The remainder of the Growth Fund allocation was allocated through the school's block funding formula in the APT.

In this current financial year, we have had further growth pressures of approximately £43,666 due to three new resource provisions that have opened; this must be met from the DSG deficit because there is no available growth funding from 2025/26.

For 2026/27, there is a comprehensive list of the growth that the local authority is aware of - these are indicative or best estimates for now. The first call against the new Growth Fund of £563,382, is for new free school, Kings Moat, that will be opening in a few months on the Wrexham Road in Chester, with an agreed funding allocation of £344,602 for 2026/27. There are also some agreed start-up costs to a maximum value of £10,000 each, for the new resource provisions in Rudheath Senior and Witton Church Walk Primary; the total is a maximum of £20,000 but this is indicative.

The Council is also looking to open three new resource provisions within the next few months and these are estimated to cost £141,000 in 2026/27. Rudheath is 15 places and this paper shows the pro rata funding associated with this provision, the same for Oakview for 10 places and Queens Park High School, which is 12 places from September.

The total Growth Fund requirement for all of these items is £505,625 against the budget of £563,382, with the remainder being designated to fund a slight increase in numbers on roll at a high school. The Council is asking Forum to note the future Growth Fund spend above and approve it. The Council will continue to use the criteria to allocate growth funding as set out in this paper.

The Forum is asked to note the future Growth Fund's spend above and approve so that the council continues to use the criteria to allocate growth funding as set out in this paper.

Forum noted the report and approved the amount and proposals relating to the operation of the Growth Fund in 2026/27.

8. Item 8 Notional SEN 2026-27

Forum is asked to note the content of the Notional SEN 2026/27 report and proposal and approve the Notional SEN budget to be aligned to the national percentage of school SEN support pupils, that is based on £3000 per pupil, and the current Cheshire West & Chester rounded up percentage of pupils with an EHCP, at £6000 per pupil. The Forum is asked to agree the approach of linking the Notional SEN budget with the strategic aims of the high needs recovery block plan.

The report is quite detailed setting out the different steps taken, because the Notional SEN formula has not been updated in quite some time. The Council recognises the increased cost of inclusivity in mainstream schools and updated it this year, requiring Forum's approval to use the updated percentages.

The updated calculation compares Cheshire West & Chester SEN (K) support to national levels and to its statistical neighbours. Based on the October 2025 census, the Cheshire West & Chester SEN Support percentage of pupils is very similar to its statistical neighbours as designated by the Office of National Statistics, although a little bit lower for secondary schools.

It is also lower than national levels, but the calculation has taken the percentage as it stands for national levels to maximise inclusivity.

For EHCPs, Cheshire West & Chester primary schools is at 4.5% and for secondary schools 3.8%. Further EHCPs will have been issued between the census time and the end of the financial year and therefore the figures have been rounded up to 5% and 4% respectively. As percentages of pupils with EHCPs are higher than both national levels and statistical neighbours, the Council used these figures for the Notional SEN calculation to ensure mainstream schools will receive the maximum amount of funding possible for the needs of these children. The full Notional SEN budget is approximately £0.5 million more than in prior years; the calculation as set out in this paper is to designate the different percentages to each of the schools in the APT.

Forum is asked to note the revised Notional SEN calculations and to agree that the Council uses the national level statistics as the comparator in the Notional SEN calculation for SEN Support, and the current Cheshire West & Chester rounded up EHCP percentages for the EHCP element of the calculation.

The Forum noted the contents of the report and approved the proposal relating to Notional SEN budgets for 2026/27 and agreed to use national levels of SEN support and local rounded-up current EHCP levels for Notional SEN budgets in future years.

9. Item 9 Schools Funding – Draft Schools Allocation and Funding Formula for 2026-27

The Forum is asked to note and approve allocations for 2026/27 which have been approved by the Council for the continuation of the existing 0.5% transfer from the school's block to the high needs block and to endorse the draft funding formula submission.

Indicative unit values by school are in Appendix B, for clarity, some of the decisions on that have been made today will mean changes to the figures based on Schools Forum decisions.

Table 2 shows the deficit position for the DSG, and the DSG schools block transfer is just under £1.5 million at 0.5%.

The Wincham exceptional premises factor previously discussed requires Agreement by the Forum. The school does not have a school hall, and has been renting the community hall which is adjacent to their premises since 1984, at a cost of just over £18,000 per annum which is more than 1% of their overall school budget. No other school in the Borough has to spend over 1% of their school budget to access facilities. Schools Forum is asked to agree that this can continue to be funded under the exceptional premises factor.

There was unanimous agreement within the Forum given the circumstances and given the time period that the rental of the hall has been in operation.

The Forum also noted the proposed allocations and proposals to form the opening budget for 2026/27 for approval by the Council on 26th of February.

Forum approved the continuation of a 0.5% transfer from the school's block to the high needs block for one financial year 2026-27.

Forum endorsed the draft funding formula submission to the DfE proposed indicative unit values in Appendix B on page 43.

10. Item 10 Early Years Funding 2026-27

The DfE give the local authority the funding for government funded childcare. There has been no change to entitlements this year except there will now be a full year entitlement for the youngest children, which started in September this year.

The change to the pass through rate, which is the proportion of the total funding for early years which the local authority must pass on to providers has changed from 96% to 97%. The report sets out a proposal which exceeds that target, at

97.03% pass through rate. Forum's attention was drawn to the details in the report and in particular the appendix which shows the base rates for 2025/26 and the 2026/27. There is an increase of 6.24% to the base rate for 3 to 4 year olds, 6.14% for 2 year olds and 6.39% for nine months to 2 year olds. Early Years Members Paula Adolph and Claire Taylor are in attendance. The proposed changes to the base rate funding for 2026-27 were reviewed and endorsed at the Forum as meeting the pass rate of 97%.

11. Item 11 Scheme for financing schools January 2026 – update to align with current CW&C Council Finance Contract and Procedure

Review the Cheshire West and Chester Council Finance and Contract procedure rules to ensure the scheme for financing schools is in alignment. Change to Section 5.1.4 of the scheme, which changes the contracts with a total value over figure which must be sealed by the local authority in addition to the signature by the governing body.

If a school signs a contract of over £100,000 going forward rather than £60,000, they must ask the local authority for approval. This is very rare but must align with the Council's standard procedures.

The second change the Council is proposing is where a school does not buy back HR and finance support from the local authority, but they are in a deficit position. They should then be required to buy back this service for the term in which the notice of concern was issued, the remaining terms of the rest of the financial year and the following financial year until a licence deficit and a deficit recovery plan are agreed or a balanced budget is set - whichever comes first.

The Forum approved the change of the total value moving from £60,000 to £100,000.

The Forum approved the change of requirement that maintained schools with a deficit and issued with a notice of concern should buy back local authority HR and finance support as stated above and in the report at paragraph 7.

12. Item 12 A.O.B

No issues raised.

13. Item 13 Meeting dates schedule

Confirmation of the next Schools Forum on 10th February 2026.

Agenda Item 2

Minutes of Cheshire West and Chester Schools' Forum on 9 December 2025

Members	Representing	Attendance
Schools and Academies		
Kate Docherty	Primary headteachers	Attended
Michelle Ashfield	Primary headteachers	Apologies
Claire Evans	Primary governors	Apologies
Hannah Mather	Primary governors	Apologies
James Bancroft	Primary governors	Attended
David Curry	Secondary headteachers	Attended
David Rowlands (Vice Chair)	Secondary governors	Apologies
Vacancy	Secondary governors	Vacancy
Neil Oxley	Special headteachers	Attended
Philip Hopwood	Special governors	Absent
Andy Stewart	PRU	Attended
Amanda Lacey (Substitute)	PRU	Attended
Simon Faircloth	Academies - mainstream	Attended
Duncan Haworth (Chair)	Academies - mainstream	Attended
Hannah Broom	Academies - mainstream	Attended
Kevin Simpson	Academies - mainstream	Apologies
Alan Brown	Academies - mainstream	Apologies
Sarah Woodward	Academies - mainstream	Apologies
Jonathan Deakin	Academies - mainstream	Attended
Louise Smith	Academies - mainstream	Absent
Vacancy	Academies - mainstream	Vacancy
Michelle Duval	Academies - special	Attended
Non Schools		
Paula Adolph	PVI early years providers	Apologies
Claire Taylor	PVI early years providers	Attended
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Lorraine Henderson	Diocese	Apologies
Geoff Wright	Unions	Absent
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Official Observers		
Councillor Adam Langan	Cabinet Member Children & Young People	Absent
Invited Observers		
Councillor Mark Stocks	Shadow Cabinet Member Children & Young People	Absent
Officers in attendance		
Sal Thirlway	Director of Education & Inclusion	
Verity Dixon	Senior Finance Manager Children and Families	
Sonja High	Finance Manager Education and Inclusion	
Rachel Ridgway	Head of Health and Wellbeing Finance	
Carolyn Davis	Senior Manager Education & Inclusion	
Kelly Jarvis	Education and Inclusion Officer	

1. Introductions and apologies

Apologies were noted.

Neil Oxley, stepped in as Forum Chair as Duncan Haworth experienced technical issues at the start of the meeting.

2. Item 1 Final Allocation of the Dedicated Schools Grant (DSG) for 2025/26

In reference to Paper 1, Schools' Forum was asked to note the amendments to the DSG allocation for this financial year which is £263,402,291. The change in the final allocation of the DSG between the indicative in December and the final allocation in July, is £7 million, mainly due to academisation. The £263,402,291 figure will therefore be used for reporting for the rest of 2025-26.

3. Item 2 DSG 2025-26 Forecast Outturn at Mid-Year Review

In reference to Paper 2, Schools' Forum was asked to note the mid-year forecast position on the DSG which is the pressure of £23.4 million in year deficit, at the end of September.

Increase in demand for specialist provisions over and above maintained place availability has led to a £12.1m overspend against independent school places. There is also increased demand for special schools places £4m, special schools banding top ups £1.7 million, post 16 further education a further £1.7 million overspend, resource provisions £2m overspend, targeted education access which includes tutoring and education outside of school £1.5m, alternative provisions overspend £1.4m. This is partly offset by an underspend in the mainstream education EHCP/Top up forecast of £1.3m due to pupils moving into special resource units or further education provisions after budget setting. Other minor variances totalling £0.7m are slightly offset by an underspend in Early Years of £0.4m, bring the total position to £23.4 million.

4. Item 3 Minor Adjustments of the DSG

Verbal update for initial planning for DSG allocations for 2026-27 and budget setting.

The government has made some minor announcements for 2026-27, Cheshire West's provisional allocation per child is £6,501 against the national average for England of £6,771 and schools will be allocated a different number dependent on circumstances. Funding data is before the October census, prior to national funding formula local adjustments and pupil numbers might change nationally.

There are 441 fewer pupils across Cheshire West (Northwest) from notional figures last year to notional figures this year. This funding data is before the October census, pupil numbers might therefore change nationally. Maximum funding cap for falling rolls fund, growth fund or any notional SEND agreements locally is at 2.48% increase. This equates to £136.53 increase per pupil, on average, across Cheshire West before those factors are taken into account. The minimum per pupil and the minimum funding guarantee for this year, has not yet been announced. The council hopes to receive it on 17th December to be calculated for the next forum date on 13th January.

Please see the DfE link below for information in a downloadable format:-

[National funding formula tables for schools and high needs: 2026 to 2027 - GOV.UK](#)

National funding formula tables for schools and high needs: 2026 to 2027 - GOV.UK
Tables showing provisional national funding formulae (NFF) allocations for the schools and central school services blocks from 2026 to 2027.

5. Item 4 DSG Outturn and Schools Outturn 2024-2025

In reference to Paper 3, as part of developing the DSG management plan, the Forum was asked to note that the local authority has made a disapplication request to transfer funding from the School's Block to the High Needs Block for 2026-27 in line with previous years. This includes a submission to the Secretary of State for a School's Block transfer of 0.5% to the High Needs Block and the continuation of the current exceptional premises factor for Wincham primary school. Approval will be requested at the next Schools Forum in January.

In relation to the exceptional premises factor for Wincham, which does not have its own local hall, costs would exceed 1% of the school's budget. In Wincham's case this equates to £18,320 which is 1.4% of their budget, so the Council is asking to make that exceptional transfer within APT calculations in January 2026. It was noted that the increase in complexity and cost of meeting pupils' SEND needs outstrips the 0.5% transfer request however, the local authority is expected to bring the request to Schools' Forum. It was noted that this will be taken for further discussion at CWASH Head Teachers Forum.

6. Item 5 Directed revisions to the Scheme for financing Schools 2025-2026

The Council is updating the scheme for financing schools to ensure its alignment with maintained schools. Updates will be shown as tracked changes for ease of identification, review and approval at the next Forum meeting. An example of proposed changes is amending the capital de minimis, for maximum spend on a credit card before needing more approval.

7. Item 6.1 Medical Needs / Section 19 Final Dec 25

Appendix A Medical Needs Policy Sept 25

In reference to Papers 6.1, Schools' Forum was asked to note the medical needs policy (Appendix A) which has recently been updated and ratified by senior leaders in Education and Inclusion. Schools Forum is requested to agree that all schools and academy trusts accept the proposed funding arrangements. Colleagues have had an opportunity to read papers 6.1 and Appendix A, looking at two options for a voting process as follows:

1. Vote against allowing pupils with medical needs to carry their funding to their new placement
2. Vote in agreement to allow pupils with medical needs to carry their funding to their new placement, as discussed at the finance subgroup meeting. Recoupment to be calculated on a pro rata basis on the number of full weeks, on a termly timetable, in arrears.

Result: Unanimous vote for Option 2.

Item 6.2 Schools' Forum exclusions agreement - updated Dec 25

Appendix B Exclusion Agreement Draft

In reference to Papers 6.2 and Appendix B, Schools' Forum was asked for agreement to move funding associated with pupils who have been permanently excluded from the school/academy trust who enacted the permanent exclusion (PEX) to the new school or alternative education provision.

Colleagues have had an opportunity to read papers 6.2 and Appendix B looking at two options for a voting process as follows:

1. Vote against allowing permanently excluded pupils to carry their funding to their new placement.

2. Vote agreement to allow permanently excluded pupils to carry their funding to their new placement. Recoupment to be calculated on a pro rata basis on the number of full weeks, on a termly timetable, in arrears. Implement this decision from 1 April 2026.

Result: Unanimous vote for Option 2.

8. Item 7 GST budget summary

In reference to Papers 7, 7a, 7b and 7c, Schools' Forum was asked to note the S251 2025-26 budget return as set out in Table 1, Table 2 and the Early Years Proforma.

The Council will publish final S251 data returns for Budget and Outturn 2024/25 and 2025/26 and future years as required by the Department for Education on the Cheshire West and Chester Council website. The information is required under the legislation with budget guidance that it is important that schools, forums and other stakeholders can compare funding between different local authorities to allow for an informed debate about budget levels and use of funds.

The information has been presented in detail and Verity Dixon may need to answer any questions after the meeting. The local authority conducts benchmarking to compare itself with other local authorities and it is therefore best to review the Outturn for 2025-26 rather than the budget. Council officers will bring something to next October's Forum.

The DfE uses some data to make comparisons per head of population which is a blunt tool for local authorities benchmarking and national benchmarking. Verity Dixon explained the council may categorise things differently, spending more money in special areas but there is some possibility for local authorities benchmarking and national benchmarking. The council will have a look at what could be of interest to the Schools' Forum.

9. Minutes from previous meeting

Opportunity to raise any items from the previous meeting – no items raised.

10. Any other business

Sal Thirlway suggested including the proposed Schools' Forum High Needs subgroup into the Schools' Forum Finance subgroup which meets to work through

papers. This would ensure Schools' Forum has strong oversight of what's happening within the Dedicated Schools Grant with a particular focus on high needs and can be seen holistically rather than seen as a completely separate and independent entity of budget management.

It would also be helpful for Schools' Forum to understand the High Needs Block and the work being done to further manage the deficit and the change in the spend curve as part of a broader oversight. Members agreed to feed back to CWASH/CWASSH colleagues and amend the Terms of Reference of the Finance subgroup to increase membership and ensure the right people would be included in the subgroup for a holistic view.

Reminder for Forum members to inform the wider school sector of all developments and anyone wishing to put their name forward for the Schools' Forum Finance and High Needs subgroup should contact Kelly Jarvis.

The local authority will ensure appropriate education and finance officers are available for the Finance subgroup meeting as the scope widens as it has yet to decide whether it should be a regular attendee or different attendees, depending on the agenda.

11.Meeting Dates Schedule

The next Schools' Forum will be held on 13th January, with the Finance subgroup on 27th of January.

Neil Oxley was thanked and congratulated for stepping into the Chair for Schools' Forum.

13 January 2026

Agenda Item 3

Dedicated Schools Grant 2025-26 Forecast Outturn at Third Review

Purpose of the Report

1. The purpose of the report is to provide an update on the financial forecast outturn position for 2025-26 for centrally held Dedicated Schools Grant (DSG) as reported at the Third Review of Financial Performance. This is based on the forecast position on 30 November 2025.

Recommendations

2. The Forum is asked to note the Third Review position on the DSG and next steps.

Forecast Outturn

3. The service is currently forecasting an overspend of £24.9m on DSG budgets, an adverse movement of £1.5m compared to the forecast overspend of £23.4m Mid-Year Review position at the end of September 2025, which was reported to Forum in December.
4. The £1.5m additional pressure since mid-year review relates to £0.9m additional pressure relating to Resource Provisions and EHCP banding costs in mainstream schools, £0.5m additional Independent Special school place pressures. A £0.4m pressure relates to EHCP banding costs at Post-16 education establishments and a £0.1m pressure on special school places. These pressures are offset by a £0.4m reduction in forecast spend in five service areas including Education other than at school (EOTAS); direct payments; personal travel budgets; speech & language and sensory support.
5. The key variances within the 2025-26 deficit forecast of £24.9m are set out in the table at Appendix A, and summarised as follows.
 - The most substantial area of pressure is the £12.5m forecast overspend on Independent and Non-Maintained Special School placements, which is 51% of the total forecast DSG pressure.
 - Additional places in Special Schools including satellites and Resourced Provisions (specialist provision within mainstream schools) create £4.1m and £2m pressures respectively.
 - Targeted Education Access, including tutoring and education outside of school, adds £1.5m to the pressure.
 - Alternative Provision, including Hospital School places, has a pressure of £1.4m.
 - Banding top-ups in special schools is a £1.7m pressure.
 - and Post-16 Further Education contributes a £2.1m pressure.



- These are partly offset by a reduction in Mainstream top-ups (£0.4m underspend), due to pupils moving into special/resource/further education provisions after budget-setting.
- Other net pressures total £0.3m, bringing the overall High Needs Block forecast pressure to £25.3m.
- A forecast underspend in the Early Years Block of £0.4m, brings the overall DSG position to a net forecast overspend of £24.9m.

DSG Reserve

6. The table below summarises the forecast position on the DSG reserve as at Third Review 2025-26:

	£m
DSG reserve brought forward (deficit)	19.7
Forecast in year deficit 2025-26	24.9
Forecast deficit reserve for 2025-26	44.6

Next Steps

7. The service will continue to monitor the position and seek mitigations where possible. However, the forecast position is a further increase to the brought forward deficit on the DSG reserve with a cumulative £44.6m deficit forecast by the end of 2025-26.



Appendix A

Dedicated Schools Grant (DSG) Forecast at Third review (November 2025)

DSG Key Variances to Budget	Budget	Forecast	Variance	Movement since Mid Year	Narrative
	£m	£m	£m	£m	
Independent School Places	9.0	21.6	12.6	0.5	Increase in demand for specialist provisions over and above maintained place availability has led to an increase in the use of independent provisions.
Special school places	8.6	12.7	4.1	0.1	Increased demand for placement in special schools, over and above originally commissioned numbers, has resulted in growth in this sector with a growth in satellite branches.
Resourced Provision places	0.7	2.7	2.0	0	Four new Resource Provisions to be opened in 2025/26 financial year, with an increase in pupils accommodated.
Special School banding top ups	14.2	15.9	1.7	0	The increased number of pupils placed at special schools has led to a higher level of EHCP top ups paid
Post 16 banding top up funding	2.4	4.4	2.0	0.4	Higher number of pupils with EHCPs moving into further education.
Targeted Education Access	0.2	1.8	1.6	0	Increased demand for bespoke education and tuition services
Alternative Provision and Hospital school places	2.4	3.8	1.4	0	Increased number of pupils accessing bespoke Alternative Provisions to meet need
Mainstream Education Health & Care Plans/Top Ups	14.7	14.3	(0.4)	0.9	Savings against mainstream EHCPs as the pupils newly moved to special schools/resource provisions were originally budgeted to remain in mainstream. This reduction in EHCP spend is fully offset against the increases in special schools and resource provisions detailed above.
Other Net High Needs Variances	5.6	5.9	0.3	(0.4)	Increased demand for support in education other than at school, direct payments, personal travel budgets, speech & language, and sensory support costs.
High Needs Sub Total	57.8	83.1	25.3	1.5	
Early Years	55.4	55.0	(0.4)	0	Underspend in Early Years offsetting part of the HNB overspend
Other DSG Budgets	147.7	147.7	0.0	0	Schools Block and Central Block
Total DSG Variance	260.9	285.8	24.9	1.5	

13 January 2026

Agenda Item 4

Council Financial 2025-26 Forecast Outturn at Third Review

Purpose of the Report

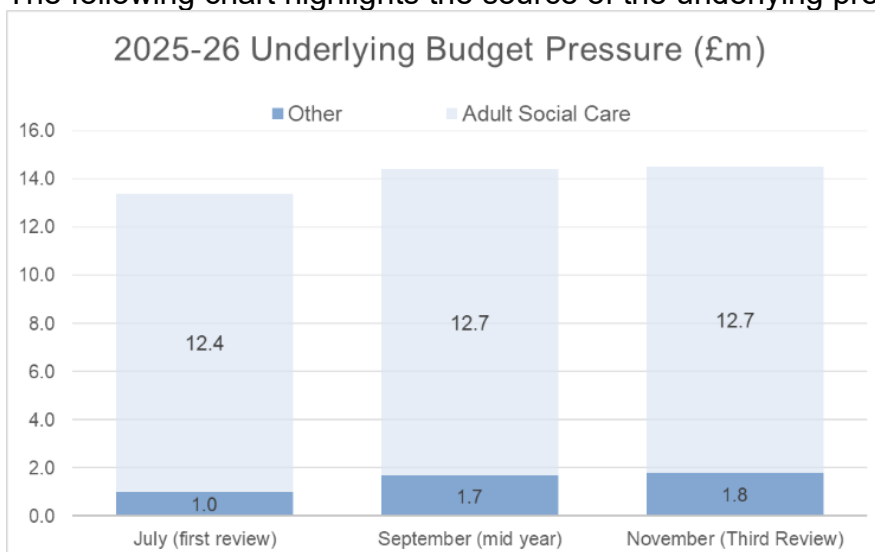
1. This report sets out the financial performance of the Council at the Third Review of the 2025-26 financial year. This covers the period from 1 April 2025 to 30 November 2025.

Recommendations

2. The Forum is asked to note the Third Review position of the Council.

Forecast Outturn

3. At Third Review the Council is forecasting an overspend of £6.9m (£9.6m at September Mid-Year Review), with an underlying forecast pressure of £14.5m (£14.4m at September Mid-Year Review) and mitigating actions of £7.6m.
4. There are continuing demand-led pressures across social care and whilst investment has been made in both Adults and Children’s services to meet the increased demand, the pressure reported in Adults Services is outstripping the additional resources provided. The demand in Children’s Social Care has stabilised and is reflected in the forecast position presented in the report. For 2025-26 Adult Social Care are forecasting an underlying overspend of £12.7m. The main pressure is the full year effect of increased demand in 2024-25 for adults social care (Communities and Older People) over and above 2025-26 budgeted growth, increasing demand for support to younger adults (18-25) and delays in delivering savings targets in the Communities and Older People and VIVO care services.
5. The following chart highlights the source of the underlying pressures facing the Council:



6. The Adults position has stabilised since mid-year and whilst Adults services have a number of initiatives seeking to control cost and reduce demand, this will not be fully achievable in the current financial year due to the lead-in time that some of the actions and decisions will require, and consequently savings on other activities and services outside these areas will be necessary to avoid drawdowns from reserves which would weaken the Council's financial resilience.
7. Services have identified £3.2m of mitigations to support the reported financial pressures. These are a mix of alternative funding sources and constraining expenditure through deliverable actions, such as vacancy management or reducing non-pay-related spend. In addition, a mitigation of £2.4m as a result of capital financing underspends and an additional mitigation of £2.0m from the flexible use of capital receipts for transformational projects are being used to support the in year financial position, subject to Council approval.
8. The Council is forecasting an underlying overspend of £14.5m, a deterioration of £0.1m from the £14.4m at mid year review. To support the position, mitigating actions of £7.6m (£4.8m at mid year review) have been identified which reduces the forecast overspend to £6.9m, an improvement of £2.7m from the £9.6m reported at mid-year review. There are forecast overspends in Adults (£12.3m), Children's and Families (£1.5m) and Corporate Services (£0.4m) offset by underspends in Place and Growth (£1.8m), Council wide (£1.1m), capital financing (£2.4m) and exceptional flexible use of capital receipts (£2.0m).
9. Children's and Families are reporting a forecast overspend of £1.5m, which includes a forecast Education overspend of £1.1m, which has increased by £0.4m since mid-year review.
10. The forecast overspend pressure at third review includes £0.6m pressures on Education Psychologist locums, due to a national staffing shortage, and Education, Health and Care plan writers. Both of these roles are required to meet the statutory duty to assess Children for Education, Health and Care plans. The other major pressure is slippage in achieving home-to-school transport savings.

Dedicated Schools Grant

11. As set out in Agenda item 3 Dedicated Schools Grant 2025-26 Forecast Outturn at Third Review, the 2025-26 forecast overspend is £24.9m on the Dedicated Schools Grant (DSG) budget. The forecast cumulative deficit position on the DSG reserve as at Third Review 2025-26 is £44.6m.
12. The forecast is due to the continuing increase in the SEND needs of children, and cost pressures on the high needs provision budgets for Special Education Needs (SEN) pupils with key pressures including independent school placements, special school places and top up funding, alternative provision places and targeted education access including tutoring.
13. The Council's DSG deficit position is similar to other English local authorities. The Local Government Association stated in April 2025 that English councils face a £2.3 billion funding gap in 2025-26, rising to £3.9 billion by 2026-27.
14. Since 2020, the government has allowed local authorities to exclude DSG deficits from their main revenue budgets. This accounting treatment ('the statutory override') means local



authorities can avoid breaching their statutory duty to set a balanced budget. The Government announced a further two-year extension to the statutory override which will now expire on 31st March 2028.

- 15. There has been a recent announcement from central government on the plan for mitigating these deficits in the longer term, as part of the wider SEND reform agenda. Documents published by the Treasury following the Chancellor's Budget in November 2025 stated that future funding (for 2028-29 onwards) of SEND would be through central government departmental expenditure.
- 16. The Government confirmed in the provisional Local Government Financial Settlement that they will provide further details on their plans to support local authorities with historic and accruing deficits and conditions for accessing such support later in the Local Government Finance Settlement process.

Next Steps

- 17. The significant financial challenges facing the Council will continue to be monitored and further in year mitigations sought to reduce the forecast overspend.



Agenda Item 5

Central School Services Block (CSSB) 2026-27

Purpose of the report

1. This report provides Schools' Forum with a line-by-line breakdown of the Central School Services Block (CSSB) for 2026-27, and seeks approval for the amounts on each line.
2. This report reminds Schools' Forum of the responsibilities that local authorities hold for all Schools.

Recommendations

3. That Schools Forum
 - i. approves the amounts on each line within the CSSB for 2026-27;
 - ii. approves a local adjustment be made when the Department for Education announce the copyright license charges for 2026-27, as set out in paragraph 14.and
 - iii. notes the responsibilities of the Local Authority for all schools in the Cheshire West and Chester area.

Background

4. The CSSB was introduced in 2018-19 to fund local authorities for the statutory duties they hold for both maintained schools and academies. The CSSB brought together:
 - Funding historically allocated through the retained duties element of the Education Services Grant (ESG).
 - Funding for ongoing central functions, such as admissions, previously top-sliced from the schools block.
 - Residual funding for historic commitments, previously top-sliced from the schools block.
 - Funding for the Teachers' Pension Employer Contribution Grant (TPECG) for centrally employed teachers

CSSB 2026-27

5. The overall CSSB provisional funding allocation for 2026-27 is **£2,161,035**.

Historic Commitments

6. Funding for historic commitments in 2026-27 is **£265,343** compared to £331,679 in 2025-26 and £414,598 in 2024-25.
7. Historic commitments funding has been reduced by 20% in 2026-27 when compared to 2025-26. This is the same 20% reduction seen in previous years. The Department for Education's (DfE) expectation is that historically committed DSG expenditure will reduce over time, as contracts and other commitments reach their end points, and they will continue to monitor this expenditure year-on-year. The DfE will seek explanations of expenditure recorded on section 251 returns where this is not reducing as expected.

Ongoing Responsibilities

8. In 2026-27, ongoing responsibilities have been funded in broadly the same way as previously, with updated baselines in line with the 2025-26 Dedicated Schools Grant (DSG) allocations.
9. Funding for ongoing responsibilities in the CSSB is calculated using a simple per pupil formula, the structure of which is unchanged from 2025-26. 90% of the funding will be distributed through a basic per pupil factor, and 10% of the funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools.
10. The Department for Education has said "Local authorities continue to be protected so that the maximum per pupil year-on-year reduction in funding for ongoing responsibilities is at -2.5%, while the year-on-year gains cap will be set at the highest affordable rate, of 2.13 %."¹
11. Cheshire West and Chester's funding allocation for ongoing responsibilities for 2026-27 is **£1,895,692** (Pupil head count of 45,831 x £41.36 unit of funding), which is 2.13% higher than the allocation of £1,856,156 received in 2025-26. This means that Cheshire West and Chester receives the highest increase possible for this element within the national funding formula.

School Forum Responsibilities

12. Where local authorities hold duties in relation to all schools (as set out in schedule 2 part 1 to 5 of The School and Early Years Finance (England) (No. 2) Regulations 2023 all schools must be treated on an equivalent basis.
13. Schools' Forum approval is required to confirm the amounts on each line. Table 1 below provides a line-by-line breakdown of the local authority CSSB allocations for 2026-27, and for comparative purposes the 2024-25 and 2025-26 values.
14. As in previous years, we are awaiting confirmation from DfE of the central licences charge for 2026-27 and an estimate has been included. Approval is requested to make a necessary adjustment in 2026-27 to budget lines for "Contribution for responsibilities held for all schools" and "Central licences", balancing the CSSB budget to the total funding allocation shown in Table 1.

¹ [The national funding formula for schools and high needs 26-27](#)

Table 1 - Central School Services Block Allocations 2026-27

Description	2024-25	2025-26	2026-27	Notes
	£	£	£	
Historic Commitments (Prior to April 2013)				
Prudential borrowing costs	414,598 (Against actual spend of £424,426)	331,679 (Against actual spend of £424,426)	424,426 (Against funding of £265,343)	(Schedule 2, paragraph 2(a)). Schools Forum approval is required. 22/23 & 23/24 funding of £425,116 Note that we are reporting an overspend against Prudential borrowing costs in 2025-26, as the allocated budget is £331,679 but the actual costs incurred are £424,426. 2026/27: Schools Forum to vote on whether the budget should match the forecast cost or whether the budget should match the allocated funding of £265k. The Prudential borrowing cost is set at £424k per annum until 2031.
Sub Total	414,598	331,679	424,426	
Ongoing Responsibilities				
Admissions	707,060	707,060	782,617	Expenditure on the operation of the system of admissions of pupils to schools (including expenditure incurred in carrying out consultations under section 88C (2) of the 1998 Act(b)) and in relation to appeals. The increase includes the full year effect of pay inflation for 2025-26 and part year 2026-27. Schools Forum approval is required.
Servicing of schools' forum	41,476	41,476	46,825	Expenditure incurred in connection with the LA's functions of running the forum as defined under section 47A of the 1998 Act (addition under Section 43 of Education Act 2002). The increase includes the full year effect of pay inflation for 2025-26 and part year 2026-27. Schools Forum approval is required.
Contribution to Responsibilities that Local Authorities hold for all Schools	662,948	716,812	516,360	Appendix A provides details of the services included under this line. Schools Forum approval is required.

Central licences negotiated by the Secretary of State	364,899	369,147	390,807 NOT YET CONFIRMED BY DFE	<p>The DfE has agreed with the following agencies to purchase a single national licence managed by the Department for all state funded schools in England:</p> <ul style="list-style-type: none"> • Christian Copyright Licensing International (CCLI) • Copyright Licensing Agency (CLA) ID 12506021 • Education Recording Agency (ERA) • Filmbank Distributors Ltd. (for the PVSL) ID 12500803 • Mechanical Copyright Protection Society (MCPS) • Motion Picture Licensing Company (MPLC) ID 12500200 • Newspaper Licensing Authority (NLA) ID 12515000 • Performing Rights Society (PRS) • Phonographic Performance Limited (PPL) • Schools Printed Music Licence (PMLL) <p>Schools' Forum approval is not required (although they should be consulted).</p>
Sub Total	1,776,383	1,856,155	1,895,692	
Total Central School Services Block	2,190,981	2,187,835	2,161,035	Note that 2025-26 is currently reporting an overspend of £93k

Appendix A:

Responsibilities of the Local Authority hold for all Schools

Statutory and regulatory duties

- Director of children's services and personal staff for director (Schedule 2, paragraph 15a)
- planning for the education service as a whole (Schedule 2, paragraph 15b)
- authorisation and monitoring of expenditure not met from schools' budget shares (Schedule 2, paragraph 15c)
- formulation and review of local authority schools funding formula (Schedule 2, paragraph 15d)
- internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of the Local Government Act 1972 except duties specifically related to maintained schools (Schedule 2, paragraph 15e)
- consultation costs relating to non-staffing issues (Schedule 2, paragraph 19)
- plans involving collaboration with other local authority services or public or voluntary bodies (Schedule 2, paragraph 15f)
- standing Advisory Committees for Religious Education (SACREs) (Schedule 2, paragraph 17)
- provision of information to or at the request of the Crown other than relating specifically to maintained schools (Schedule 2, paragraph 21)
- revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Schedule 2, paragraph 22)

Education welfare

- functions in relation to school attendance (Schedule 2, paragraph 16)
- responsibilities regarding restrictions on the employment of children (Schedule 2, paragraph 18)
- functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Schedule 2, 20)

Asset management

- management of the local authority's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Schedule 2, paragraph 14a)
- landlord responsibilities, including those in relation to land leased to academies for schools (Schedule 2, paragraph 14b)

Agenda Item 6a

De-delegation proposals for 2026-27

Purpose of the Report

1. The purpose of this report is to agree the services to be de-delegated by maintained schools for 2026-27.

Recommendations

2. Schools Forum (maintained school representatives) is requested to agree the services to be de-delegated to the Local Authority for 2026-27 as detailed for:
 - a) Free school meals eligibility assessments (primary and secondary representatives separately)
 - b) Pooling of funding to cover the costs of trade union facilities time (primary and secondary representatives separately)
 - c) School improvement team (primary, secondary and special/alternative provision representatives separately)

Background

3. Since 2013, Schools Forum has agreed annually the de-delegation of funds for maintained schools. The principles of de-delegation previously agreed are included in the [Appendix](#). This arrangement of pooling funds to cover specific purposes is proposed again for 2026-27 to cover maintained schools collectively from costs arising from free school meals eligibility assessments, trade union facilities time, and school improvement services.
4. Note that in 2026-27, the Council is not proposing de-delegated schemes for:
 - a) Contingencies to cover the cost of staff on suspension (primary and secondary representatives separately)
 - b) Covering the cost of staff on maternity/paternity/adoption leave (primary representatives only)

	Primary	Secondary	Special/ Alternative Provision
Contingencies to cover the cost of staff on suspension			
Free school meals eligibility assessments	✓	✓	
Covering the cost of staff on for maternity/ paternity/ adoption leave			
Pooling of funding to cover the costs of trade union facilities time	✓	✓	
School Improvement core and additional improvement activities	✓		✓



5. The current de-delegated funding for the Cheshire West and Chester School Improvement budget for 2025-26 (excluding secondary schools) is £223k. This is used flexibly to support both core and additional improvement activities. There is a team structure of officers and school improvement advisors, both permanent staff and bought-in services to respond flexibly to deliver school support and intervention.
6. Schools Forum should consider how the funding will enable the Local Authority to undertake the intervention activities and statutory responsibilities for the Borough's maintained schools collectively. As with other de-delegation arrangements, where pooled funds are created schools will be able to access the service offer when needed and not all schools will necessarily require access to that service each year.
7. De-delegating funding from the schools block into the central block for Local Authority use provides a strategic mechanism to safeguard essential services and ensure consistency across all maintained schools. By pooling resources centrally, the Local Authority can deliver statutory functions such as school improvement, free school meal eligibility assessments, and trade union facilities time in a way that is equitable and sustainable. This approach prevents fragmentation and guarantees that every school, regardless of size or budget, has access to critical support services that underpin quality education and compliance.
8. Centralised funding enables the Local Authority to achieve economies of scale, securing better value for money and specialist expertise that individual schools may struggle to access independently. Through collective commissioning, duplication is reduced, and resources are deployed where they will have the greatest impact—such as targeted interventions for vulnerable pupils or rapid response to schools requiring improvement. This shared funding model strengthens resilience within the system, ensuring that schools can access support when needed without facing unpredictable costs.
9. De-delegation also fosters collaboration and fairness across the education community. By contributing to a common pool, schools participate in a collective effort to raise standards and share best practice. The Local Authority can coordinate improvement strategies, deliver consistent professional development, and provide data-driven interventions that benefit all schools, not just those with the capacity to invest independently. This inclusive approach ensures that smaller or financially constrained schools are not disadvantaged, promoting equity and improving outcomes for all learners.
10. Moving funding into the central block provides stability and enables long-term planning. The Local Authority can allocate resources strategically, anticipating future needs and responding proactively to emerging challenges such as demographic shifts or policy changes. This reduces reliance on short-term fixes and supports sustainable improvement across the system. By entrusting certain functions to the Local Authority, schools can focus on their core mission of teaching and learning, confident that essential services and compliance requirements are managed effectively.



Proposed amounts for de-delegation 2026-27

The proposed level of de-delegation for 2026-27 is based on establishing pooled budgets at 2025-26 expenditure levels, adjusted for pupil numbers and inflation/pay awards. The proposed rates for 2026-27 de-delegation are shown in the table below against 2025-26 rates.

	2026-27 rates			2025-26 rates		
	Lump sum	Per pupil	Per FSM pupil	Lump sum	Per pupil	Per FSM pupil
Primary Total		£13.54	£7.55	£2,498.69	£40.16	£7.16
Contingencies to cover the cost of staff on suspension					£2.45	
Free school meals eligibility assessments			£7.55			£7.16
Covering the cost of staff on for maternity leave				£2,498.69	£24.88	
Pooling of funding to cover the costs of trade union facilities time		£2.69			£2.55	
School Improvement		£10.85			£10.28	
Secondary Total		£5.00	£7.55		£6.57	£7.16
Contingencies to cover the cost of staff on suspension					£1.83	
Free school meals eligibility assessments			£7.55			£7.16
Pooling of funding to cover the costs of trade union facilities time		£5.00			£4.74	
School Improvement (voted against)					£0.00	
Special/Alternative Provision Total		£7.23			£6.85	
School Improvement		£7.23			£6.85	



Alternative option for de-delegation 2026-27

If Schools Forum would like to continue with maternity and suspension de-delegation schemes, then the below table shows the proposed rates for 2026-27. Note that the proposed rates for suspensions is based on the actual cost of suspensions in 2025-26 and the proposed rates for maternity is based on the budgeted cost for maternity expenditure. The proposed rates for 2026-27 de-delegation are shown in the table below against 2025-26 rates.

	2026-27 rates			2025-26 rates		
	Lump sum	Per pupil	Per FSM pupil	Lump sum	Per pupil	Per FSM pupil
Primary Total	£2,636.12	£46.14	£7.55	£2,498.69	£40.16	£7.16
Contingencies to cover the cost of staff on suspension		£5.64			£2.45	
Free school meals eligibility assessments			£7.55			£7.16
Covering the cost of staff on for maternity leave	£2,636.12	£26.96		£2,498.69	£24.88	
Pooling of funding to cover the costs of trade union facilities time		£2.69			£2.55	
School Improvement		£10.85			£10.28	
Secondary Total		£16.75	£7.55		£6.57	£7.16
Contingencies to cover the cost of staff on suspension		£11.74			£1.83	
Free school meals eligibility assessments			£7.55			£7.16
Pooling of funding to cover the costs of trade union facilities time		£5.00			£4.74	
School Improvement (voted against)					£0.00	
Special/Alternative Provision Total		£7.23			£6.85	
School Improvement		£7.23			£6.85	

Next Steps

- Schools Forum to decide on the de-delegation table to be implemented for 2026-27.
- The agreed rates for de-delegation to be included in the School Funding Formula submission to the DfE for the January 2026 deadline. De-delegated funds will be deducted from schools opening budgets and details included in the budget letter issued to individual schools before the statutory deadline of 28 February 2026.



Appendix

Principles of de-delegation

Guidance on the operation of de-delegated services issued by the DfE remains unchanged from previous years and includes the following requirements:

- the requirement to make a clear statement of how the funding is to be taken out of the formula
- reporting unspent de-delegated funding at the year end to Schools Forum
- local authorities retaining de-delegated funding up to 1 September for Academy conversions occurring up to this date. Full year de-delegation to be retained for conversions after 1 September. This is to allow services to plan operations for the financial year.
- local authorities are able to carry over unspent de-delegated central expenditure to be used for the same purpose. This ensures that funds can be carried forward without having to be allocated through the formula again and ensures funding that maintained schools de-delegate continues to be available for the use of maintained schools.

Principles for managing de-delegated fund

The principles for managing de-delegated funds as agreed with Schools Forum in 2014- 2015 will continue so that:

- (i) Any underspend/overspend arising on individual funds is carried forward as allowed by the School Finance Regulations to offset/be offset against further de-delegation in the following financial year.
- (ii) Primary and Secondary de-delegation to be managed separately to ensure the de-delegation rates reflect expenditure within each sector.
- (iii) Total de-delegation to reduce as schools transfer to Academy in line with reduced pupil numbers and number of schools as the level of expenditure will reduce accordingly with fewer schools



Agenda Item 6b

De-delegation: Management of Overspend

Purpose of the Report

1. To seek Schools Forum approval on how to manage overspends arising from de-delegated budgets within the Schools Block of the Dedicated Schools Grant (DSG).

Recommendations

2. Schools Forum is asked to note the position regarding the overspend.
3. Schools Forum is asked to agree the preferred option for managing the shortfall.

Background

4. De-delegation allows maintained schools to collectively fund certain services through the Schools Block. Budgets for these services are agreed annually by Schools Forum. Occasionally, actual expenditure may exceed the approved budget, creating an overspend that must be addressed in line with DSG conditions of grant.

Current Position

5. The de-delegation Suspensions budget of 2025-26 is overspent by £0.12m due to the high number of long-term staff suspensions during the financial year.

De-delegation	Budget	Other Income or c/fwd balance	Forecast	Over/(Under)
FSM eligibility	33,874	35,634	33,874	(35,634)
Trade Union	81,037	75,464	122,766	(33,736)
Maternity	636,635	(60,916)	516,887	(58,832)
Suspensions	56,717	0	174,963	118,246
Sch Improvement	178,389	0	178,389	0
TOTAL	986,653	50,182	1,026,878	(9,957)



Options for managing de-delegation overspends

a) *Option 1: Offset Against Other De-delegated Budgets*

Where underspends exist in other de-delegated areas, these can be used to offset the overspend, subject to Forum agreement. There are underspends in the Trade Union, FSM and Maternity de-delegation budgets, though this is subject to change as there are still 3 months of the financial year in which costs can be incurred. The amounts can be utilised to offset the overspend in Suspensions. However, a second option would need to be agreed in the eventuality that the currently reported underspends do not materialise.

b) *Option 2: Carry Forward and Recover in Future Years*

The overspend can be carried forward and recovered from the following year's de-delegated budgets. This would require a substantial uplift against all future de-delegated budgets and all schools would incur the cost.

c) *Option 3: Apply DSG Reserves*

If the authority holds DSG reserves, these can be used to cover the shortfall, subject to Forum approval. This option does not apply to Cheshire West & Chester Council, as there are no DSG Reserves.

d) *Option 4: Recharge to Maintained Schools*

The overspend could be recharged to maintained schools that benefit from the service. This option is rarely used and would require clear communication and agreement.

Next Steps

6. Schools Forum to vote on how to manage the overspend.

Note that Option 1 cannot be chosen in isolation as the underspend may be insufficient to cover the Suspensions overspend, depending on the number of new maternity leavers in January to March 2026 and the number of new suspensions. Option 3 cannot be chosen as there is no DSG reserve.

Option 1	Offset Against other de-delegated budgets, provided the underspends continue to Year End. <i>This option cannot be chosen in isolation.</i>	
Option 2	Carry Forward & Recover in Future Years through the APT	
Option 3	Apply DSG Reserves – <i>not applicable</i>	
Option 4	Recharge to Maintained Schools via journals in current financial year	
	4a Equal share to all maintained schools	
	4b Equal share of primary overspend to primaries and secondaries to secondaries	
	4c Equal share based on Numbers on Roll at October 2025 census	



Agenda Item 7

Proposed use of the Growth Fund 2026-27

Purpose of the Report

1. To provide Forum members with an update on how growth funding was allocated in 2025-26.
2. To obtain approval to set a growth fund of £563,382 for 2026-27, and to continue with the current growth funding criteria and methodology.

Recommendations that the Schools Forum

- i. notes the content of the report; and
- ii. approves the amount and proposals relating to the operation of the growth fund for 2026-27 onwards.

Background

3. Growth funding is within local authorities' schools block allocation. For 2026-27, the growth funding has again been allocated to local authorities using a formulaic method based on lagged growth data, instead of a historic basis.
4. The 2025-26 growth funding allocation for Cheshire West and Chester within the schools' block totals £674,949.
5. The 2026-27 growth funding allocation for Cheshire West and Chester within the schools' block totals £563,382.
6. As it is within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks.
7. The growth fund is one-off funding which can only be used to:
 - Support growth in pre-16 pupil numbers to meet basic need.
 - Support additional classes to meet the infant class size regulation.
 - Meet the costs of new schools



8. The growth fund may not be used to support:
- Schools in financial difficulty (any such support for maintained schools should be provided from a de-delegated contingency).
 - General growth due to popularity (which is managed through lagged funding).
9. In accordance with Department for Education (DfE) guidance local authorities are required to produce criteria on which growth funding is to be allocated. It should provide a transparent and consistent basis for the allocation of funding. The criteria should both set out the circumstances in which payment could be made and provide a basis for calculating the sum to be paid.
10. The local authority is also required to consult the Schools' Forum and gain agreement on the total size of the growth fund and the criteria used to allocate funding.
11. Any funds remaining at the end of the financial year must be added to the following year's Dedicated Schools Grant (DSG) but may be earmarked for the same purpose.
12. The criteria agreed by Schools Forum, following DfE's framework guidance which is used to allocate funding consists of the following:
- Allocation based on basic need only.
 - Applicable to schools where the local authority have officially agreed a change in Published Admission Number (PAN).
 - Funding is for pupils in Reception (Year 3 for Junior schools)/Year 7, above the original PAN up to and including the new PAN, based on the change in pupil numbers between October Censuses.
 - Anything above the new PAN is classified as general growth.
 - Funding will continue year on year until the PAN change has filtered through all year groups.
 - Funding for a bulge class will be a one-off payment based on the agreed number of pupils in the bulge class.
 - For 2026/27: Primary schools AWPU £4,064 per pupil, Secondary schools **KS3 only** AWPU £5,686 per pupil multiplied by 7/12 representing the period September to March which is not funded within the school's budget share. For 2025/26, this is £3,840 for primary pupils and £5,415 for KS3.
13. In accordance with DfE guidance where growth funding is payable to academies, the local authority is required to fund the increase for the period from the additional September intake through until the following August. The local authority should enter the cost of growth funding for the April – August period on the recoupment tab of the Authority Proforma Tool (APT) so that the recoupment calculation can be adjusted accordingly.



Growth Fund 2025-26

14. The 2025-26 growth fund was set at £674,949, which was a decrease from the £777,653 budget set in 2024-25.
15. Of the £674,949 growth allocated to Cheshire West & Chester, £256,566 was required to meet temporary increases in primary and secondary admissions in September 2025 and growth in resource provisions. The remainder of the growth fund allocation of £423,383 was allocated through the schools block funding formula in the APT and was distributed to schools through the formula allocations.
16. In addition, further growth pressures of £43,666 have materialised since the allocation of the remaining growth fund, in relation to three new resourced provisions. This value has therefore been met from the High Needs Block.

Total effect on 2025/26: £43,666 to be met from HNB

Growth Funding 2026-27

17. The Growth Funding allocation for 2026-27 allocation has decreased from £674,949 to £563,382.
18. The following funding commitments have been made for 2026/27:
- a) The new free school, Kings Moat, has an agreed funding allocation of £344,602 for 2026/27.
 - b) Start-up costs of £10,000 each for Rudheath Secondary Resource Provision and Witton Church Walk Primary Resource Provision (total £20,000)
 - c) New Resource Provisions: £141,023
 - i) Rudheath 15 places from January 2026 (15 x £5,686 /12 months x 9 months) £63,968
 - ii) Oakview Primary Academy 10 places from March 2026 £40,640 (£4,064 x 10 places /12 months x 11 months) £37,253
 - iii) Queen's Park High School 12 places from September 2026 £39,802 (£5,686 x 12 places / 12 months x 7 months) £39,802
- Note that all of these schools are academies.
19. The total 2026/27 funding requirement is therefore **£505,625** which is slightly less than the allocation.
20. The remainder of the allocation is designated to fund a slight increase in NOR in a high school.



Next Steps

21. The local authority will continue to use the criteria to allocate growth funding because, in accordance with DfE guidance, it contains clear objective trigger points for qualification and a clear formula for calculating allocations. The only change will be that the primary and secondary funding values will increase in line with the values included within the schools funding formula for 2026-27.

22. Schools Forum to note the future growth funding spend detailed above.



Agenda Item 8

Notional SEN 2026-27

Purpose of the Report

1. To provide Forum members with an update on how Notional SEN funding will be allocated in 2026-27.
2. The recommended approach uses the latest guidance together with updated pupil numbers to construct a Notional SEN calculation that represents a quantum of funding that enables all schools within each mainstream sector to fund the meeting of needs of SEND pupils, at current levels of EHCP and at national or statistical neighbour levels of pupils with SEN Support.
3. The Notional SEN does not represent an actual grant level, it highlights the level of funding schools should be considering as available from their revenue formula funding to meet the needs of pupils with SEND. The data signals that schools, on average, will need to allocate more resources than is signalled by the current formula.
4. The report highlights the opportunity to link review of the notional SEN budget with strategic developments concerning the high needs block deficit, in particular the achievement of national levels and proportions of pupils with SEN Support being educated in mainstream schools.

Recommendations that the Schools Forum

- i. notes the content of the report;
- ii. approves the proposal relating to Notional SEN budget for 2026-27;
- iii. approves the Notional SEN budget to be aligned to the national proportion of school support pupils at £3,000 per pupil, and the current rounded up percentage of pupils with an EHCP at £6,000 per pupil;
- iv. agrees the approach of linking the notional SEN budget with the strategic aims of the high needs block recovery plan, that notional SEN budget is sufficient for an increased number of pupils with support.

Building the notional SEN budget

- Step 1: establish the current Cheshire West & Chester proportions (of pupils on roll) of EHCP and school support based on the October 2025 Census and establish the national and statistical neighbour proportions.
- Step 2: Using the DfE guidance of £3,000 per school support, and £6,000 for EHCP, establish the quantum of funding required to meet those proportions.
- Step 3: Establish each factor to calculate the Notional SEN budget to deliver the required quantum of funding for each sector and distribute according to current need.
- Step 4: Check answer is credible

Steps 1 & 2 Quantification

5. The below Table 1 shows that the current level of EHCP supported pupils in mainstream schools at Cheshire West & Chester is higher than both national and statistical neighbour levels. Note that the percentages have been rounded up from 4.5% at primary level and 3.8% at secondary level to account for additional EHCPs between the point of census and the financial year end.
6. The percentage of pupils receiving SEN Support in mainstream schools is lower in Cheshire West & Chester than at national levels, though fairly similar to statistical neighbour levels for primary schools.

TABLE 1

		SEN support K %	EHC plans %	K Support	E funded	TOTAL FUNDING
CWaC Levels (2025)	Primary	13.8%	5.0%	£ 11,343,000	£ 8,241,900	£ 19,584,900
	Secondary	12.3%	4.0%	£ 7,923,000	£ 5,173,200	£ 13,096,200
	TOTAL	13.1%	4.2%	£ 19,266,000	£13,415,100	£ 32,681,100
At National levels	Primary	14.8%	3.5%	£ 12,198,012	£ 5,769,330	£ 17,967,342
	Secondary	13.4%	3.1%	£ 8,665,110	£ 4,009,230	£ 12,674,340
	TOTAL	14.1%	3.3%	£ 20,863,122	£ 9,778,560	£ 30,641,682
Statistical Neighbours (2024)	Primary	13.3%	3.6%	£ 10,953,164	£ 5,907,879	£ 16,861,043
	Secondary	13.3%	3.5%	£ 8,578,231	£ 4,499,884	£ 13,078,115
	TOTAL	13.3%	3.5%	£ 19,531,395	£10,407,763	£ 29,939,158



7. Table 1 also shows the implied level of notional SEN budget for different proportions of school support/EHCPs, with notably higher levels of financial support required for the higher levels of EHCPs.

Steps 3 Choosing each factor percentage

8. For step 3 we need to establish the required quantum for school support and EHCP plans. From the table above, the recommendation is to use the current rounded-up level of EHCPs for Cheshire West & Chester, because schools will need to fund that level whilst they provide support, and to use the national levels of SEN Support, as the aim is to reach national levels of inclusion in Cheshire West & Chester. These percentages have been highlighted in burgundy in the table.
9. Creating this “headroom” implies a total 2026-27 Notional SEN budget of £0.5m more than the current Notional SEN budget.
10. The calculated funding is then apportioned on a school-by-school basis that uses the SEN data submitted in the October 2025 Census to ensure the funding is allocated where the need lies. As a result, more inclusive schools would benefit from increased Notional SEN budgets.
11. A key outcome is that there must be a greater proportion of pupils with EHCPs and Support educated in mainstream schools, and fewer in specialist provision. This is a critical outcome for Cheshire West & Chester to stabilise, and then repay the current and forecast deficit on the high needs block element of the Dedicated Schools Grant, and it is in line with the DfE’s most recent announcements on High Needs.
12. The revised proposed Notional SEN budget allows for the right quantum of funding for proposed levels of pupils identified as requiring School Support, which appears to be low compared to national and statistical neighbours, and will foster inclusivity. It also allows funding for the current proportion of pupils with an EHCP in mainstream schools.
13. Whilst the Notional SEN calculation cannot guarantee each individual school will have a Notional SEN budget that exactly meets its actual numbers of identified school support and pupils with EHCPs (or actual costs for each individual pupil), the proposals do ensure there is sufficient quantum of funding for each sector, primary and secondary.

Implications and Considerations:

14. Impact on schools: The proposed new Notional SEN budget gives a clear signal to schools about a proportion of their budgets to meet current and future levels of school SEN Support and EHCP pupils. It directly benefits schools with higher levels of SEN to ensure they can meet the needs of their pupils and maintain their inclusive culture.
15. Financial implications: There are no direct financial implications. This is a notional



budget, however there is the expectation that schools, governors and SENCos will use this information to consider the resources applied to pupils on school support and with EHCPs.

- 16. Legal implications: The requirement to identify this budget for their schools is set out in regulation 11(3) of the School and Early Years Finance (England) Regulations 2023.
- 17. Risk implications, including risk appetite: The LA is now required to review the notional SEN budget annually and is subject to scrutiny by the DfE. Reviewing the Notional SEN calculation and budget annually will ensure that the funding is allocated to where the need lies and will follow demographic changes.
- 18. Equality implications: The notional SEN budget is intended to help schools to meet their obligations to pupils with special needs as outlined in the Children’s Act 2014 and equalities legislation.

Next Steps

- 19. For Schools Forum to note the revised Notional SEN calculations.
- 20. For Schools Forum to agree to use the national levels of SEN support and the rounded-up current levels of EHCP support percentages.



Cheshire West and Chester Schools Forum

13 January 2026

Agenda Item 9

Schools Funding Update

Purpose of the Report

1. This report details the draft School Allocation and Funding Formula for 2026-27, taking into account the decisions taken previously on the principles of the local funding formula and the October 2025 census data.

Recommendations

2. The Forum is asked to note:
 - (i) Note the proposed allocations and proposals to form the opening budget for 2026-27 for approval by Council on 26 February 2026.
 - (ii) Approve the continuation of the existing 0.5% transfer from schools block to high needs block for 2026-27
 - (iii) Approve the proposed 2026-27 Notional SEN calculation at 8.1.
 - (iv) Schools Forum representatives for School, Academy and PVI:
 - (v) Endorse the draft funding formula submission to the Department for Education. Proposed unit values are included in Appendix B.

Background including 2026-27 NFF Changes

3. The provisional DSG allocation for 2026-27 was published on 17 December 2025 and forms the basis of the budget proposals for 2026-27. The submission of the Schools Block Funding Formula for primary and secondary schools and academies is required by 22 January 2026.
4. Under the National Funding Formula (NFF), Local Authorities must continue to bring their local formula closer to the Schools NFF, and where a Local Authority is mirroring the NFF, they must continue to do this.
5. The Council has historically mirrored the National Funding Formula factors and values, and will therefore continue to do so in 2026-27. This decision will be endorsed by Cabinet at the meeting on 14 January 2026.
6. The Council is required under the Schools and Early Years Finance (England) Regulations 2025 to confirm local funding rates to schools and early years providers by 28 February 2026. The final budget approval and formula values will be taken by Council on 26 February 2026.



7. Key changes to the schools National Funding Formula in 2026 to 2027 include rolling the School Budget Support Grant (SBSG) and the National Insurance contributions (NICs) grant from 2025 to 2026 by:
 - a. adding amounts representing what schools receive through the grants into their baselines
 - b. adding the value of the lump sums, basic per pupil rates and free school meals Ever6 (FSM6) parts of the grants onto the respective factors in the NFF
8. The DfE annualised the SBSG grant rates before rolling them into the NFF. This annualisation was not necessary for the NICs grant funding, as this was provided on a full year basis in 2025-26.
9. The NICs grant and SBSG funding which was allocated to mainstream schools with Special SEN Units or Resourced Provisions has not been rolled into the schools NFF for 2026-27. Instead, this funding has been rolled into High Needs Block allocations.
10. Changes have been made to the Central Schools services block (CSSB) including rolling in of the centrally employed staff elements of both the annualised SBSG and NICs grant for 2026-27.
11. Historic commitments funding will continue to be reduced by 20% each year using 2025-26 allocations as the ongoing baseline, rather than the previous year's funding. This means that all this funding will be phased out over a 5-year period, except where protections are applied. Cheshire West & Chester is in the process of applying for protection, but it is not guaranteed that it will be approved.
12. The DfE has also stated that "further increases are applied to NFF factor values as can be afforded for 2026 to 2027".

Dedicated Schools Grant 2026-27

13. Following confirmation of the allocations through National Funding Formula, the DSG allocation will continue to consist of four blocks of funding in 2026-27. The gross allocation for the Local Authority (prior to academy recoupment) is to increase by £27m from £405m in 2025-26 to £432m in 2026-27.
14. The DSG allocation funds both schools and academies, as well as central services and retained budgets for education and schools. The changes are summarised in table 1 below:



TABLE 1

DSG Allocation Block	2025-26 (Dec 2025) £000	2026-27 (Dec 2025) £000	Change £000
Schools Block	285,308	295,207	9,899
High Needs Block	62,656	66,645	3,989
Early Years Block	55,022	68,256	13,234
Central School Services Block	2,188	2,138	- 50
Total DSG Allocation	405,174	432,246	27,072

15. The school funding formula to be used to allocate the School Block funding is as agreed by Cabinet on 14 January 2026 and reflects the decision to mirror the National Funding Formula and values in the local formula.
16. In accordance with the DfE requirement to ringfence the Schools Block allocation, 99.5% of the Schools Block will be allocated through the funding formula approved by Cabinet on 14 January 2026.
17. This assumed the continuation of the existing 0.5% transfer to other funding blocks will be approved by Schools Forum as requested at the Schools Forum meeting on 9 December 2025. The value of the transfer for 2026/27 is £1.476m, which is 0.5% of the total Schools Block allocation.
18. Appendix A sets out the draft Schools Block allocations for 2026/27. These allocations are subject to Schools Forum and the DfE amendments and/or approval.
19. The 2026-27 formula is based on pupil numbers, demographics and characteristics taken from the October 2025 census. This data was made available on 17 December 2025 and forms the basis of the formula values proposed in this report for the final formula submission.

DSG Deficit

20. Each year, the Council sets a DSG Budget based on funding received, however since 2020-21, expenditure for the High Needs Block (SEN) has outstripped funding, leading to a forecast cumulative deficit of £44.1m as at March 2026. The level of deficit continues to increase, from £12.2m in 2024-25 to a forecast £24.9m in 2025-26, driven by both an increase in the number of children with an EHCP (forecast increase of 24% during 2025/26), as well as a shortage of special school placements in expensive independent provisions.
21. The DSG reserve position is summarised in Table 2 below.



TABLE 2: DSG ANNUAL & CUMULATIVE RESERVE DEFICIT 2020-21 TO 2025-26

DSG Reserve	In-Year Deficit	Cumulative Deficit 31st March
	£m	£m
2020-21	1.032	1.032
2021-22	0.938	1.970
2022-23	0.742	2.712
2023-24	4.769	7.481
2024-25	12.22	19.701
2025-26 Third Review Forecast	24.901	44.602

22. This overspend does not currently impact the General Reserve as there is a DSG statutory override in place, which means any deficit can be carried forward. In June 2025, this override was extended from 31 March 2026 to 31 March 2028. DSG deficits are a national issue, with an LGA survey in June 2025 finding that over half of Councils would have been unable to set a balanced Budget for 2025-26, had the override not been extended.
23. Documents published by the Treasury following the Chancellor’s Budget in November 2025 stated that future funding (for 2028-29 onwards) of SEN deficits would be through central government departmental expenditure, but the exact mechanism remains unclear.
24. The Education Funding announcement on 17 December 2025 confirmed the government will bring forward plans to assist local authorities with both historic and accruing deficits, and further detail would be provided later in the Financial Settlement process. The announcement also made clear support offered by government would be contingent on assurance that local authorities are taking steps to move towards an inclusive education system, ahead of SEND policy reform. A Schools White Paper is expected in 2026.
25. To address the cumulative deficit, the service is undertaking a wider review of DSG funded budgets and will pursue a number of cost mitigation proposals in 2026-27 arising from the SEND Strategic Review, which forms the basis of a recovery plan to bring the in-year DSG position into balance.

Premises Led Factors

26. There are two premises factors within the formula for which funding allocations have been applied as set out below.
- a. Approved exceptional circumstance:

Lease agreement for Wincham Primary School to ensure that they have sufficient school hall premises. The sum is more than 1% of the school's budget and only impacts upon this school. This exceptional circumstance was in place pre-2013 (since 1984) and a reapplication has been submitted to the DfE for 2026-27, within an inflation uplift in line with RPI applied to the agreement.



b. PFI funding:

Delegated amounts are an apportionment of affordability gap across the 6 PFI schools. The affordability gap for each school has been calculated using a combination of direct and apportioned costs to give a percentage for each school which is set out in the revised governing body agreements. Amounts have been inflated from 2026-27 values to meet the RPI increase in the unitary charge.

Notional SEN

27. The 2025-26 Council Notional SEN calculation has historically been based on percentages determined from the funding reforms and mapping of the local funding formula in 2013-14. This is now 12 years old, and requires updating to ensure that the current SEN climate is accurately reflected in the proportion of Notional SEN allocated to schools and to account for any demographic changes that have taken place over the last decade. As part of the Notional SEN calculation, local authorities are expected to validate SEN growth in both Support and EHCPs against national and statistical neighbour levels.

28. The allocation of the Notional SEN further ensures that it recognises the increased cost of inclusivity required by schools to continue meeting the needs of pupils.

29. The updated percentages are:

Formula Factor	Primary	Secondary
Basic Entitlement	5.57%	3.25%
Low Attainment	95.0%	86.5%%
Mobility	20.0%	20.0%
FSM Ever6	43.0%	30.0%
IDACI	30.0%	24.0%
Lump Sum	3.0%	2.0%
Minimum Pupil Funding Level	65.0%	65%
Small School Protection	100%	100%

This distributes Notional SEN funding of £34.28m with a variance to the target of (£15) in primary schools and £15 in secondary schools, distributed across all schools (not per school). Prior year Notional SEN funding was £33.64m, which means this year has an increase of £0.64m.

Confirmation of centrally retained budgets

30. The draft formula presumes that the Schools Block allocation will be distributed in full except for the Growth Fund and the continuation of the 0.5% transfer to the high needs block. Other budget setting items will not affect the total amount to be distributed to primary and secondary schools.



Next Steps

31. Further to any amendments described within this report, the School Funding Formula will be submitted to the Department for Education for the 22 January 2026 deadline for final approval.
32. A draft funding statement will be sent to schools following this so that schools are notified as early as possible of the proposed allocations. As per the requirements of the School Finance Regulations, final funding statements will be issued to individual maintained schools by 28 February 2026.
33. Further detail on early years funding rates and high need funding arrangements to be tabled for discussion with Schools Forum at the meeting on 11 February 2026.
34. To include the central spend budgets in the 2026-27 Section 251 Budget statement submission to the DfE in May 2026.



APPENDIX A

Please note the below are draft indicative allocations and are subject to alteration. Allocations assume that all de-delegation items are agreed and deducted, and all NNDR deducted.

URN	LAESTAB	School Name	Draft Indicative: 2026-27 Budget after De-delegation and after deduction of 26-27 NFF NNDR allocation
896126	8960126	Kings Moat Community Primary School	270,196
139377	8962000	St Martin's Academy Chester	928,435
139379	8962001	Rudheath Primary Academy and Nursery	1,903,582
140664	8962005	The Oak View Academy	787,887
146538	8962007	Grange Community Nursery and Primary School	1,261,501
146642	8962008	Weaverham Primary Academy	769,517
146779	8962009	The Grosvenor Park Church of England Academy	1,082,079
147638	8962010	Eaton Primary School	885,100
149077	8962011	Frodsham Primary Academy	600,732
152079	8962012	Hoole Church of England Primary School	2,031,110
134249	8962013	The Oaks Community Primary School	1,155,636
135736	8962014	Saughall All Saints Church of England Primary School	1,383,163
150475	8962015	Huxley CofE Primary School	528,481
110976	8962055	Newton Primary School	1,908,422
110983	8962065	J H Godwin Primary School	1,090,496
148455	8962066	Belgrave Primary School	1,116,840
110987	8962100	Neston Primary School	869,887
110993	8962108	Aston by Sutton Primary School	600,642
110995	8962111	Kingsley Community Primary School and Nursery	873,193
149089	8962113	Whitley Village School	565,873
111003	8962119	Alvanley and Manley Village School	720,504
111004	8962123	Helsby Hillside Primary School	889,552
146131	8962181	Sandihay Primary School	1,048,771
146202	8962182	Little Leigh Primary School	799,960
111052	8962183	Moulton School	1,072,161
111053	8962186	Charles Darwin Community Primary School	1,806,166
111054	8962187	Weaverham Forest Primary School	1,110,440
111055	8962189	Byley Primary School and Nursery	575,473
149674	8962190	Wimboldsley Community Primary School	774,463
111057	8962191	Winsford High Street Community Primary School	2,597,260
146622	8962196	Cuddington Primary School	1,027,930
111082	8962233	Mickle Trafford Village School	960,085
144529	8962234	Childer Thornton Primary School	1,207,054
111084	8962235	Cambridge Road Community Primary and Nursery School	1,471,504
149675	8962237	William Stockton Community Primary School	2,166,002
148984	8962239	Westminster Community Primary School	1,098,599
111087	8962240	Whitby Heath Primary School	2,145,835
144562	8962242	Wolverham Primary and Nursery School	1,566,924
111093	8962247	Huntington Community Primary School	1,802,297

URN	LAESTAB	School Name	Draft Indicative: 2026-27 Budget after De-delegation and after deduction of 26-27 NFF NNDR allocation
111100	8962260	Upton Westlea Primary School	1,000,207
111103	8962268	Sutton Green Primary School	1,662,537
138742	8962269	Kelsall Primary and Nursery School	1,113,218
111106	8962272	Waverton Community Primary School	1,007,749
111107	8962273	Farndon Primary School	1,467,685
111108	8962274	Tattenhall Park Primary School	955,008
111109	8962275	Ashton Hayes Primary School	771,374
147995	8962276	Tarvin Primary School	1,193,205
111112	8962279	Rossmore School	1,023,217
149663	8962288	Hartford Primary School	2,025,674
141621	8962292	Mill View Primary School	1,097,761
111126	8962298	Parkgate Primary School	967,380
111129	8962301	Horn's Mill Primary School	1,143,488
140097	8962307	Over Hall Community School	1,272,875
111133	8962311	Darnhall Primary School	2,400,371
148459	8962316	Leftwich Community Primary School	994,706
111144	8962329	Hartford Manor Primary School & Nursery	2,042,658
111149	8962334	Christleton Primary School	1,115,358
147809	8962339	Comberbach Nursery and Primary School	950,255
111160	8962350	Wincham Community Primary School	1,094,587
141614	8962357	Boughton Heath Academy	1,150,875
147489	8962678	ACRESFIELD ACADEMY	1,152,054
111209	8962688	Cherry Grove Primary School	1,354,846
111212	8962695	Winnington Park Community Primary and Nursery School	1,880,139
111218	8962701	Dee Point Primary School	2,790,948
111225	8962708	Elton Primary School	951,380
143164	8962709	Victoria Road Primary School	840,780
151416	8962713	Oldfield Primary School	1,083,095
151417	8962718	Meadow Primary School	2,116,868
111236	8962719	Frodsham Manor House Primary School	1,170,852
144541	8962721	Parklands Community Primary and Nursery School	1,370,610
130270	8962725	Rivacre Valley Primary School	1,817,984
131421	8962727	Highfield Community Primary School	1,207,466
150470	8962729	Lache Primary School	1,049,979
144058	8962730	Barnton Community Nursery and Primary School	2,178,827
131956	8962732	Brookside Primary School	1,046,459
111245	8963101	Willaston CofE Primary School	1,085,003
111247	8963103	Frodsham CofE Primary School	1,046,258
111248	8963104	Great Budworth CofE Primary School	359,224
150463	8963105	Norley Church of England Primary School	604,314
136553	8963128	Delamere CofE Primary Academy	940,067
111260	8963132	Tarporley CofE Primary School	1,335,367
111262	8963134	St. Chad's Church of England Primary and Nursery School	1,028,835
111263	8963135	Over St John's CofE Primary School	870,300
111270	8963149	Barrow CofE Primary School	452,043
152084	8963150	Capenhurst CofE Primary School	618,516
150464	8963151	Dodleston CofE Primary School	530,676

URN	LAESTAB	School Name	Draft Indicative: 2026-27 Budget after De-delegation and after deduction of 26-27 NFF NNDR allocation
111273	8963152	Guilden Sutton CofE Primary School	1,030,902
145075	8963155	Little Sutton C of E Primary School	889,281
145076	8963162	Clutton Church of England Primary School	424,765
111281	8963163	Duddon St Peter's CofE Primary School	478,188
111282	8963164	Malpas Alport Endowed Primary School	1,250,991
111283	8963165	Shocklach Oviatt CofE Primary School	533,481
111284	8963166	Tilston Parochial CofE Primary School	643,131
111285	8963167	Tushingham With Grindley CofE Primary School	646,779
152085	8963171	Lostock Gralam CofE Primary School	1,047,421
150917	8963172	Overleigh St Mary's Church of England Primary School	2,154,189
145074	8963180	Upton Heath CofE Primary School	1,667,000
111311	8963415	St Clare's Catholic Primary School	1,037,593
111312	8963500	Bishop Wilson Church of England Primary School	512,586
111313	8963501	St Winefride's Catholic Primary School	901,125
111317	8963507	Kingsley St John's CofE (VA) Primary School	379,281
111336	8963532	Crowton Christ Church CofE Primary School	408,235
152173	8963533	Lower Peover CofE Primary School	1,059,116
111338	8963534	Whitegate CofE Primary School	855,116
111341	8963538	St Bede's Catholic Primary School, Weaverham	835,921
111349	8963550	Eccleston CofE Primary School	614,608
111350	8963551	Saighton Church of England Primary School & Pre-School	649,361
111351	8963552	Ellesmere Port Christ Church CofE Primary School	1,181,312
140896	8963556	St Bernard's Roman Catholic Primary & Nursery School	1,133,062
111357	8963558	St Mary of the Angels Catholic Primary School	1,157,311
111379	8963633	St Luke's Catholic Primary School	486,872
111384	8963641	St Werburgh's and St Columba's Catholic Primary School	1,558,997
150173	8963643	St Joseph's Catholic Primary School, a Voluntary Academy	1,730,960
152083	8963645	Davenham CofE Primary School	1,555,075
111388	8963646	St Theresa's Catholic Primary School	1,007,335
149628	8963647	St Oswald's CofE Primary School	674,508
111389	8963800	Witton Church Walk CofE Aided Nursery and Primary School	1,282,531
134336	8963802	Kingsmead Primary School	1,597,538
149092	8963803	The Acorns Primary and Nursery School	1,885,525
134897	8963804	The Arches Community Primary School	1,220,527
150118	8963807	Woodfall Primary and Nursery School	1,919,280
135136	8963813	Woodlands Primary School	2,434,304
135246	8963815	Our Lady Star of the Sea Catholic Primary School	1,538,073
150472	8963817	Willow Wood Community Nursery and Primary School	1,853,967
135505	8963820	St Saviour's Catholic Primary and Nursery School	1,100,113
135635	8963822	Wharton CofE Primary School	1,452,533
137582	8964000	The Rudheath Senior Academy	4,625,988

URN	LAESTAB	School Name	Draft Indicative: 2026-27 Budget after De-delegation and after deduction of 26-27 NFF NNDR allocation
138148	8964001	Hartford Church of England High School	7,658,254
143817	8964002	Queen's Park High School	4,889,248
144742	8964003	Chester International School	1,450,365
111396	8964006	Blacon High School, A Specialist Sports College	5,470,439
146742	8964009	Ellesmere Port Church of England College	6,219,368
149631	8964010	Ellesmere Port Catholic High School, a Voluntary Academy	6,833,304
138318	8964100	Neston High School	10,420,389
149614	8964132	Weaverham High School	8,055,969
138743	8964134	The County High School, Leftwich	7,311,986
138483	8964135	Tarporley High School and Sixth Form College	6,953,634
136645	8964149	Christleton High School	7,359,592
111422	8964153	Upton-by-Chester High School	9,813,537
111424	8964158	Bishop Heber High School	7,250,012
111429	8964167	The Whitby High School	9,379,596
111440	8964221	Helsby High School	7,495,934
139343	8964603	The Catholic High School, Chester	4,886,381
111450	8964610	St Nicholas Catholic High School	7,459,142
136543	8964623	The Bishops' Blue Coat Church of England High School	7,340,914
111461	8965202	St Wilfrid's Catholic Primary School	1,055,280
111246	8965204	Antrobus St Mark's CofE Primary School	576,917
136806	8965205	Chester Blue Coat Church of England Primary School	1,846,598
136184	8966906	The Winsford Academy	7,836,956

Appendix B	2025-26	2026-27
Funding Factors	SNFF	Indicative
	Formula	Formula
	Values	Values
	£	£
Basic per-pupil funding		
Basic entitlement: Primary	3,847	4,057
Basic entitlement: Secondary – Key Stage 3	5,422	5,679
Basic entitlement: Secondary – Key Stage 4	6,113	6,405
Minimum per pupil funding level Primary	4,995	5,115
Minimum per pupil funding level Secondary	6,465	6,640
Additional needs funding		
Current Free School Meal (FSM) top up (Pupils currently claiming FSM at the last census): Primary	505	505
Current FSM top up (Pupils currently claiming FSM at the last census): Secondary	505	505
FSM6 (Any pupil that has ever claimed FSM in the past 6 years): Primary	1,210	1,210
FSM6 (Any pupil that has ever claimed FSM in the past 6 years): Secondary	1,725	1,725
Income Deprivation Affecting Children Index (IDACI) band A: Primary	700	700
IDACI band B: Primary	530	530
IDACI band C: Primary	500	500
IDACI band D: Primary	455	455
IDACI band E: Primary	290	290
IDACI band F: Primary	240	240
Income Deprivation Affecting Children Index (IDACI) band A: Secondary	970	970
IDACI band B: Secondary	760	760
IDACI band C: Secondary	710	710
IDACI band D: Secondary	650	650
IDACI band E: Secondary	460	460
IDACI band F: Secondary	345	345
Low prior attainment: Primary	1,175	1,200
Low prior attainment: Secondary	1,785	1,825
English as an additional language: Primary	595	610
English as an additional language: Secondary	1,595	1,630
Mobility: Primary	965	985

Appendix B Funding Factors	2025-26 SNFF Formula Values £	2026-27 Indicative Formula Values £
Mobility: Secondary	1,385	1,415
School led funding		
Lump sum: Primary	145,100	152,700
Lump sum: Secondary	145,100	152,700
Sparsity: Primary	57,400	58,600
Sparsity: Secondary	83,400	85,200
Premises		
Split Sites (criteria specified locally)	81,000	82,700
Private Finance Initiative (PFI) (criteria specified locally)	Government criteria	Government criteria
Rates (to be funded based on actual charges)	Funded on actual charges	Funded on actual charges
Exceptional factors (criteria specified locally)	Reapplication of criteria to ESFA	Reapplication of criteria to ESFA

[The national funding formula for schools and high needs 26-27](#)

**Cheshire West and Chester
Schools Forum
13 January 2026**

Agenda Item 10

Early Years Funding for 2026-27

Purpose of the report

1. This report provides Schools' Forum with a summary of the changes to the local early years' funding formulae for 3- and 4-year-olds, 2-year-olds and 9 month to 2-year-old funding rates.
2. Seek approval from Schools' Forum for the central early years block provision.

Recommendations

3. That Schools' Forum reviews the proposed changes to the local early years' funding formulae and endorse the base rate funding for 2026-27.
4. That Schools' Forum approves the central early years block provision, which meets the pass through rate of 97% in Department for Education (DfE) guidance.

Background

5. The Department for Education's "*Local authority funding rates under the 3 and 4-year-old funding formula, 2-year-old and under 2s funding formula and maintained nursery school (MNS) funding formula*" sets the hourly funding rates that each local authority is paid to deliver the universal and additional entitlement. There are separate formulae for each age bracket.
6. On 17 December 2025 the '*Early years entitlements: local authority funding operational guide 2026 to 2027*' was published, which outlined the main changes as follows:
 - confirmation of an increased minimum pass-through requirement for local authorities in 2026 to 2027 – **the minimum pass-through rate has increased from 96% to 97%**.
 - confirmation that the date by which local authorities must announce their funding rates to childcare providers (28 February) is now a statutory requirement.
 - information on how the DfE will be allocating funding to local authorities when all the early years funding streams are moved to a termly funding system from financial year 2026 to 2027.
 - information on changes to the eligibility criteria for the special educational needs inclusion fund (SENIF).

7. The early years entitlements for 2026-27 are:
 - the 30 hours entitlement for qualifying children of working parents aged from 9 months until the child turns 2 years old
 - the 30 hours entitlement for qualifying children aged 2-3, of working parents
 - the 15 hours entitlement for families with 2-year-olds receiving additional forms of support
 - the universal 15 hours entitlement for all 3 and 4-year-olds and the additional 15 hours entitlement for qualifying children of working parents aged 3 and 4.
8. The Early Years' national insurance contributions and teacher's pay grant (EYNTPG) has been rolled into early years block national average funding rate for 3 and 4-year olds, 2 year-olds and 9 months to 2-years-old. Local Authorities will not receive separate EYNTPG or teacher's pay grant allocations in 2026-27.
9. Historically, teachers' pay notional rates were only rolled into the 3 and 4-year-old entitlement, this has changed from 2026-27, with EYNTPG rolled-in across the three age range entitlements.

Termly Funding System Change

10. From April 2026, DfE are moving to a termly funding approach for all early years entitlements. The new working parents' entitlements for 2s and under is currently funded on a termly basis (that is, using a combination of counts of the number of places taken up in the spring term, the summer term and the autumn term), and from financial year 2026 to 2027 DfE will also be funding the 3 and 4-year-old entitlements and the 15 hours entitlement for the families of 2-year-olds receiving additional support entitlement on a termly basis.
11. This change will ensure that funding allocations to local authorities are more accurate and better match the number of children taking up the entitlements across the year. Using data provided by local authorities to inform decisions, except the disability access fund, which will remain an annual allocation, DfE will be providing local authorities with funding for all the early years funding streams on the following basis:
 - 13 weeks in the summer term.
 - 14 weeks in the autumn term.
 - 11 weeks in the spring term.
12. The move to a termly funding model for 3 and 4-year-olds will result in a lower number of funded hours being reported across the year at a national level. Without adjustment, this would result in lower budget allocations for local authorities. DfE recognise that local authorities will still have to fund the same number of hours locally. In financial year 2026 to 2027, DfE have adjusted the 3

and 4-year-old rates to reflect the termly variation at the national level to help mitigate the impact on local provider rates.

Early Years Dedicated Schools Block (DSG) Allocation 2026-27

13. On 17 December 2025 the Department for Education confirmed early years' revenue funding for 2026-27 and published the individual DSG allocations for each local authority based on the spending review settlement and agreed early years budget for 2026 to 2027. The DfE's hourly funding rates for Cheshire West and Chester Council are:

Department for Education Early Years Hourly Funding Rates Cheshire West and Chester	Funding 2025/26 at Dec 25 £/hour	Funding 2026/27 at Dec 26 £/hour	Change £/hour	Change %
3- and 4-year-olds	5.71	6.20	0.49	8.58%
2-year-old entitlement	7.97	8.41	0.44	5.52%
Under 2's	10.81	11.40	0.59	5.46%

14. The total DSG 2026-27 initial allocation for the early years block is £68.26m. This an indicative allocation based on January 2025 Census and will be updated in July 2026 based on the January 2026 census.
15. The breakdown of the initial allocation for 2026-27 is shown below, the previous year's funding announcement is shown for comparison purposes. The 2026-27 funding allocation includes the full year impact of the Under 2's entitlement, the termly funding adjustment at paragraph 12, and the annual cost pressure uplift:

Early Years Block Funding	Funding 2025/26 at Dec 24 £m	Funding 2026/27 at Dec 25 £m
3- and 4-year-olds	22.70	24.75
2-year-old entitlement - Additional Support	2.96	3.19
2-year-old entitlement – Working Parents	11.61	15.76
Under 2's	17.15	23.82
Subtotal	54.40	67.52

Early Years pupil premium	0.34	0.47
Disability access fund	0.27	0.27
Subtotal	0.62	0.74

Total	55.02	68.26
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Early Years Budget Proposals and Formulae 2026-27

16. The DfE usually publish Early Years financial data early in order to facilitate consultation, however the necessary information was not published until 15th December 2025, after the last Schools Forum on 9th December 2025, and the guidance website was updated on 7th January 2026.
17. Schools' Forum must be consulted on any changes to the early years local authority funding formulae. Schools Forum approve the central spend budget. The final decision on early years funding needs to be published by 28th February each year, and responsibility for the formula rests with the local authority.
18. Local authorities are required to plan to pass-through 97% of their funding from the government to early years providers in 2026-27. This is a 1% increase from the 96% pass-through in 2025-26. The increase in the pass-through rate outlined in this report is to meet DfE statutory guidance, and therefore outside the scope for consultation.
19. The proposed early years' funding formulae for 2026-27 is detailed in Appendix A.
20. In relation to the early years base rates the proposals are to increase the base rate for each age range as shown in the "Proposed 2026/27" column:

CW&C Early Years Base Rate	Approved 2025/26 £/hour	Proposed 2026/27 £/hour	Change £/hour	Change %	Pass Through %
3- and 4-year-olds	5.45	5.79	0.34	6.24%	97.1%
2-year-old entitlement - Additional Support	7.65	8.12	0.47	6.14%	97.0%
2-year-old entitlement – Working Parents	7.65	8.12	0.47	6.14%	97.0%
Under 2's (15 hour entitlement from Sept 2024, 30 hours from Sept 2025)	10.33	10.99	0.66	6.39%	97.0%

21. The 97% includes the following budget lines:
 - base rate funding for all providers
 - supplements for all providers
 - lump sum funding for MNS (3 and 4 year-olds only, and excluding supplementary funding allocations which some other local authorities receive)
 - the funding paid directly to providers from the SENIF (this includes funding drawn from both the early years block and the high needs block)
 - contingency funding.
22. Appendix B provides a calculation of the local authority's compliance with the new 97% pass-through requirements for all formulae for 2026-27.

23. The guidance states that the remaining 3% expenditure, could be used for the following:
- centrally retained funding (for central services or services in-kind, including special educational needs and disability (SEND) services)
 - transfer of funding to any of the other early years entitlements
 - any extra hours that local authorities choose to fund in addition to the government's entitlement hours
 - any funding movement out of the early years block.
24. For 2026-27 a pass-through rate of 97.03% with central services spend of 2.97% of £2.003 million is proposed for approval by Schools Forum. This funds local authority investments associated with supporting early years' sufficiency, transactions processing capacity required to deliver the increased total to £68.26m of funding, local Early Years services and supporting the historically grant funded wraparound service on a permanent basis.
25. For information, the Department for Education publishes an "easy explainer" for Early Years funding rates here:

[Early years funding rates 2026 to 2027: easy explainer - GOV.UK](#)

Next Steps

26. To implement the early years funding rates for 2026-27 and notify providers on or before 28 February 2026.

Appendix A - Proposed Cheshire West and Chester Council Early Years Funding Formulae 2026-27

Description	Funding method	2025-26	2026/27	% Increase
3- to 4-year-olds				
Base Rate	per funded hour	£5.45	£5.79	6.24%
Supplements:				
Deprivation - Additional payment based on the hours claimed for individual children who reside in the 30% most disadvantaged areas in England on the Income Deprivation Affecting Children Index (IDACI).	per funded hour	£0.50	£0.50	
Quality - Additional payment for eligible providers for the distribution of the Teachers Pay and Pensions Grant (TPPG) that was previously received directly by schools however is now included within the Early Years Block of the Dedicated Schools Grant (DSG).	per funded hour	£0.07	£0.07	
Rural - Additional payment for settings defined as being in a Predominantly Rural Census Output Area under the Rural / Urban Classification, has few competitors within 2 miles (sparsity) and occupancy below 77%.	annual lump sum	£2,000	£2,000	
2-Year-olds (additional support and working parents)				
Base Rate	per funded hour	£7.65	£8.12	6.14%
Supplements:				
Deprivation – See above.	per funded hour	£0.50	£0.50	
Quality – See above.		£0.00	£0.00	
Rural – See above.	annual lump sum	£2,000	£2,000	
9 months to 2-year-olds				
Base Rate	per funded hour	£10.33	£10.99	6.39%
Supplements:				
Deprivation – See above.	per funded hour	£0.50	£0.50	
Quality – See above.		£0.00	£0.00	
Rural – See above.	annual lump sum	£2,000	£2,000	
Anticipated Budget for SEN Inclusion Fund				
Funding for children with EHCPs will come from the High Needs DSG Block.		£440,005	£459,932	
Anticipated Budget for Contingency – for 2-year-olds and under 2s.		£218,000	£325,000	

Appendix B – Early Years’ Formulae Compliance Calculation 2026-27

E: The pass-through requirement will be met for 2026-27 if ‘(A – B) ÷ C’ is equal to or greater than 97% of D.

	Line	Description	3- and 4-Year Olds	2 Year Olds (Disadvantaged)	2 Year Olds (Working Parents)	Under 2s
A	1	Anticipated budget for base rate (including funding to MNS)	£23,114,872.16	£3,079,043.10	£15,214,152.49	£22,962,606.01
	2	Anticipated budget for lump sums (including funding to MNS)	£0.00	£0.00	£0.00	£0.00
	3	Anticipated budget for supplements: Deprivation (including funding to MNS)	£441,737.58	£96,694.09	£154,577.29	£156,705.68
	4	Anticipated budget for supplements: Quality (including funding to MNS)	£81,097.67	£0.00	£0.00	£0.00
	5	Anticipated budget for supplements: Flexibility (including funding to MNS)	£0.00	£0.00	£0.00	£0.00
	6	Anticipated budget for supplements: Rurality (including funding to MNS)	£28,000.00	£0.00	£30,000.00	£20,000.00
	7	Anticipated budget for supplements: EAL (including funding to MNS)	£0.00	£0.00	£0.00	£0.00
	8	Anticipated budget for SEN inclusion fund (top up grants element)	£358,100.87	£24,875.03	£39,346.95	£37,609.36
	9	Anticipated budget for contingency	£0.00	£-107,000.00	£-150,000.00	£-68,000.00
		Subtotal	£24,023,808.28	£3,093,612.22	£15,288,076.73	£23,108,921.06
B	10	DfE quantum allocation to local authority of MNS supplementary funding	£0.00	£0.00	£0.00	£0.00
C	11	Planned total base rate hours for core 15 and additional 15 hours	3,992,206	379,193	1,873,664	2,089,409
D	12	Equivalent average rate to providers for entitlement hours	6.02	8.16	8.16	11.06
		= (A-B) / C (lines 1+2+3+4+5+6+7+8+9) / (line 10)				
	13	LA funding hourly rate (published by DfE)	6.20	8.41	8.41	11.40
E	14	Test of meeting 97% requirement ((line 13) / (line 12)) *100%	97.06%	97.01%	97.02%	97.02%

**Cheshire West and Chester Schools Forum
13 January 2026**

Agenda item 11

Revisions to the Scheme for Financing Schools

Purpose of the report

1. To review and update the Scheme for Financing Schools to be consistent with Chester West and Chester Council's Finance and Contract Procedure rules.

Recommendations

That Schools Forum:

2. approve the updated Scheme for Financing Schools (January 2026) at Appendix A, to reflect updates to Chester West and Chester Council's Finance and Contract Procedure rules (Financial Regulations).
3. agree that CW&C officers shall publish a statement confirming the January 2026 Scheme for Financing Schools (Appendix A) as the new version to be applied from the date of the Forum meeting 13 January 2026 on the Schools Forum internet site available to all Maintained schools, and on the Forum website for public inspection.

Background

4. The Council periodically updates Cheshire West and Chester Council's Finance and Contract Procedure rules (Financial Regulations) to comply with changing regulations. This update ensures that the Scheme for Financing Schools aligns with the Council's Finance and Contract Procedure rules.

Proposal

5. The first proposed change is to update the minimum values procurement thresholds for obtaining quotes and tenders from £60,000 to £100,000.
6. Extract from 5.1.4 in the Scheme for Financing Schools – amendment highlighted:

5.1.4 The application of the Contract Procedure Rules in relation to contracts entered into by Schools funded by their delegated budget is limited as follows:
b. for any Contracts with a total value of below £60,000, there is no general requirement for the Governing Body to seek the agreement or signature of any Local Authority officer in order to enter into the Contract. The Governing Body however should however comply with all other terms of the Contract Procedure Rules for such Contracts. Contracts with a total value of over £100,000 must be sealed by the Local Authority in addition to signature by the Governing Body.

7. The second proposed change is to ensure that the Local Authority's Schools Finance and Schools HR teams which are funded through schools buying back their services have the resources to provide the detailed support needed to a school in deficit. Schools with forecast or budget deficits require detailed support from Schools HR for restructures, and dedicated advice from Schools Finance.

4.2.6	In order to support schools with deficits, schools which have a current notice of concern (NOC) will be required to buy back Schools Finance and Schools HR services for the term in which the NOC was issued, the remaining terms of the current financial year, and the following financial year until both a licenced deficit and deficit recovery plan are agreed, or a balanced budget is set.
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Next steps

8. To publish a statement confirming that the January 2026 Scheme for Financing Schools, attached as Appendix A (without the highlighting of the amendment per 5.1.4 b above) as the current version on the Schools Forum website for public inspection.

**Cheshire West and
Chester Schools
Forum
13 January 2026**

Agenda Item 11

Appendix A Scheme for Financing Schools

See next page

Scheme for Financing Schools

Including

[The Scheme Specific Financial Regulations](#)

Updated July 2025

Scheme for Financing Schools

1. **Introduction – The Outline Scheme**
 - 1.1 The Funding Framework
 - 1.2 The role of the Scheme
 - 1.3 Application of the Scheme
 - 1.4 Publication of the Scheme
 - 1.5 Revision of the Scheme
 - 1.6 Maintenance of schools
 - 1.7 Role of the Local Authority
 - 1.8 Role of the Section 151 Officer
 - 1.9 Role of the Director of Children's Services
 - 1.10 The Role of the Schools Forum
 - 1.11 The Role of the Governing Body
 - 1.12 Delegation of powers to the Headteacher
 - 1.13 Declaration of interests
 - 1.14 Hospitality and gifts

2. **Accounting Policies and Procedures**
 - 2.1 Accounting principles
 - 2.2 Accounting records
 - 2.3 Payment of salaries and payment of bills
 - 2.4 Central funds and earmarking
 - 2.5 Audit: General
 - 2.6 Whistle blowing
 - 2.7 Audit of voluntary and private funds
 - 2.8 Spending for the purposes of the school
 - 2.9 Capital spending from budget shares
 - 2.10 Notice of Concern
 - 2.11 Fraud

3. **Control of assets**
 - 3.1 Control of assets
 - 3.2 Inventory of assets
 - 3.3 Stocks
 - 3.4 Cash

4. **The Delegated Revenue Budget**
 - 4.1 Preparation and planning
 - 4.2 Planning for deficit budgets
 - 4.3 The budget plan and detailed allocation of the budget
 - 4.4 Submission of financial forecasts
 - 4.5 School Resource Management
 - 4.6 Virement
 - 4.7 Budgetary control
 - 4.8 Anticipating future years' budgets
 - 4.9 Licensed deficits
 - 4.10 Suspension of a delegated budget

- 5. Purchasing, Tendering and Contracting Requirements**
 - 5.1 Raising orders for goods and services
 - 5.2 Entering into contracts
 - 5.3 Declarations of interest
 - 5.4 General
 - 5.5 Lease or hire agreements

- 6. Expenditure on Capital Items**
 - 6.1 Definition of capital expenditure
 - 6.2 Financing capital expenditure
 - 6.3 Business Financing Scheme
 - 6.4 Approval to incur capital expenditure
 - 6.5 Purchase or lease of land or buildings
 - 6.6 Monitoring capital expenditure
 - 6.7 Voluntary Aided and Special Agreement Schools

- 7. Banking Arrangements**
 - 7.1 Responsibilities of the Finance Service
 - 7.2 Choice of bank and building society accounts
 - 7.3 Local bank accounts
 - 7.4 Cash advances
 - 7.5 Abatements – methods of calculation
 - 7.6 Non pay local bank account
 - 7.7 Using Local Authority banking facilities
 - 7.8 Purchase cards
 - 7.9 Borrowing by schools
 - 7.10 Budget shares for closing schools
 - 7.11 Other provisions

- 8. The Treatment of Surplus and Deficit Balances**
 - 8.1 The right to carry forward surplus balances
 - 8.2 Controls on surplus balances
 - 8.3 Interest on surplus balances
 - 8.4 Obligation to carry forward deficit balances
 - 8.5 Writing off deficits
 - 8.6 Balances of closing and replacement schools

- 9. Income**
 - 9.1 Income from lettings
 - 9.2 Income from fees and charges
 - 9.3 Income from fundraising activities
 - 9.4 Income from the sale of assets
 - 9.5 Administrative procedures for the collection of income
 - 9.6 VAT on income

- 10. The Charging of School Budget Shares**
 - 10.1 Charging of the budget share
 - 10.2 Circumstances in which charges may be made

- 11. Taxation**
 - 11.1 Value Added Tax
 - 11.2 CIS (Construction Industry Scheme)

- 12. The Provision of Services and facilities by the Local Authority**
 - 12.1 Provision of services from centrally retained budgets
 - 12.2 Provision of services bought back from the Local Authority using delegated budgets
 - 12.3 Packaging of services
 - 12.4 Service level agreements
 - 12.5 Teachers' pensions

- 13. The School Meals Service**
 - 13.1 Delegation of the School Meals Service

- 14. Private Finance Initiative**

- 15. Insurance**
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 - 16.13 Statistical returns
 - 16.14 Child protection
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 - 16.17 Schools Financial Value Standard (SFVS)

- 17. Responsibility for Repairs and Maintenance**

[Annex A](#) The Funding Framework – Main Features

[Annex B](#) List of Cheshire West and Chester Schools included in the Scheme

[Annex C](#) School Resource Management

[Annex D](#) Responsibility for Redundancy and Early Retirement Costs

[Annex E](#) Community Facilities

[Annex F](#) Record of amendments to the Scheme

[The Scheme Specific Financial Regulations](#)

Cheshire West and Chester Council Scheme for Financing Schools

The Outline Scheme

References throughout this statutory guidance to:

“the Act” are to the School Standards and Framework Act 1998;

“the authority” means the local authority; and

“the Regulations” are to the School and Early Years Finance (England) Regulations 2023 made under the Act.

The Regulations state that schemes must deal with the following matters:

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

14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act.
15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.
21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

1. Introduction

1.1. The Funding Framework

- 1.1.1. The main features of the current Funding Framework are set out in [Annex A](#).

1.2. The role of the scheme

- 1.2.1. The scheme sets out the financial relationship between the Local Authority and the schools which it maintains. It contains requirements relating to financial management and associated issues which are binding on both the Local Authority and on schools.

1.3. Application of the scheme to the Local Authority and Maintained Schools

- 1.3.1. This scheme applies in respect of all community, nursery, special, voluntary, foundation (including trust), foundation special schools and pupil referral units (PRUs) maintained by the authority, whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to academies. The schools are listed for information in Annex B.

1.4. Publication of the scheme

- 1.4.1. A copy of the scheme will be supplied to the Headteacher and to the Governing Body of each school covered by the scheme, and any approved revisions will be notified to each school. Copies will also be made available on the Local Authority's internet site. A copy of each year's budget and outturn statements will also be made available to each school covered by the scheme and published on the Local Authority's internet site.

1.5. Revision of the scheme

- 1.5.1. Any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the authority before they are submitted for approval to the Schools Forum. It is anticipated that the scheme will be reviewed from time to time. All proposed revisions must be submitted to the schools forum for approval by members of the forum representing maintained schools. Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval. It is also possible for the Secretary of State to make directed

revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.

1.6. Maintenance of Schools

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

1.7. Role of the Local Authority

1.7.1. The role of the Local Authority is to:

- plan service provision
- monitor the performance of schools
- determine the total resources available
- review and recommend educational policies
- review the Scheme for the Financing of Schools
- provide services to schools, pupils and the community
- manage the non-delegated elements of the budget
- operate in partnership with schools and other partners in delivering the wider Children's Services agenda.

1.7.2. The Local Authority is accountable to:

- children, parents and carers
- partner organisations
- the Department for Education (DfE)
- the Council Taxpayers of Cheshire West and Chester

1.7.3. The Local Authority provides a network of support and advice, together with policies and guidelines providing a compatible framework, consistent with discharging its legal obligations.

1.8. Role of the Section 151 Officer

1.8.1. The Section 151 Officer (Chief Operating Officer) has a statutory responsibility to ensure the proper administration of the Local Authority's financial affairs, including those of schools. To fulfill this responsibility the Local Authority will provide the Section 151 Officer with all necessary access to information, documents and records. In addition, the Section 151 Officer or their representative has the right to attend governors' meetings to give advice or information on financial matters that may affect the S151 officer's statutory responsibilities.

1.9. Role of the Director of Children's Services

1.9.1. The Director of Children's Services is responsible for the management of the Scheme for Financing Schools, for monitoring the effectiveness of the Scheme and for recommending to the Local Authority withdrawal of delegation where appropriate.

1.10. Role of the Schools Forum

1.10.1. The Schools Forum's powers are set out in Regulations. In this context, the Forum is responsible for approving any changes to the Scheme for Financing Schools.

1.11. Role of the Governing Body

1.11.1. The role of the Governing Body is to exercise responsibility for:

- the management of the school within its delegated budget
- the management of devolved budgets and funds generated by the school
- the maintenance of effective controls within financial systems
- the operation of the Scheme within the school
- deployment of resources within the schools budget to meet the schools needs and priorities.
- securing that the necessary provision is made for any pupil who has special educational needs
- development and implementation of the School Improvement Plan for the school within the general conditions and requirements of the Local Authority's Scheme.
- fulfilment of its tenant obligation for maintenance of the premises and adherence to the appropriate Health & Safety requirements.
- liaison with the Local Authority.

1.11.2. The Governing Body or a committee of the governing body must approve the first formal budget plan of each financial year.

1.11.3. The Governing Body is accountable to:

- pupils, parents and carers
- the local community
- the Local Authority
- the Department for Education (DfE)
- Council Tax payers of Cheshire West and Chester.

1.12. Delegation of powers to the Headteacher

1.12.1. Full or partial management of the school's budget may be delegated to the Headteacher and other members of the school's staff, where this is

considered appropriate and enhances control over the budget. The extent of such delegation, and the limits of financial authorisation, should be documented in a formal Scheme of Delegation for the school, approved and minuted by the full Governing Body.

- 1.12.2. References in this scheme to Governing Bodies also apply to the staff to whom powers have been delegated.

1.13. Declaration of interests

- 1.13.1. Any Governor, Headteacher or other member of staff who has any financial interest, either personally or through a partner or family member, with any firm, or organisation that has any involvement with the school must declare that interest in writing. If the governor or member of staff is attending a meeting of the Governing Body or a committee at which matters affecting the firm or organisation are to be discussed they must declare their interest at the start of the meeting, refrain from participating in the discussion and not vote when a decision is being made.

- 1.13.2 The Governing Body of each school must have a register which lists for each member of the Governing Body and the Headteacher:
- Any business interests they or any member of their immediate family have;
 - Details of any other educational establishments that they govern;
 - Any relationships between school staff and members of the governing body.

The governing body must; keep the register up to date with notification of changes and through annual review of entries, make the register available for inspection by governors, staff and parents, and the authority and publish the register, for example on a publicly accessible website.

1.14. Hospitality and gifts

- 1.14.1. Governors, the Headteacher or any member of staff shall not accept any offer or gift, favour or hospitality on a personal level, from suppliers and contractors, and shall abide by all relevant legislation.

2. Accounting Policies and Procedures

2.1. Accounting Principles

- 2.1.1. The Local Authority adheres to the general accounting principles recommended by the Chartered Institute of Public Finance and Accountancy. Schools are required to abide by these principles and by procedures issued by the Authority which relate to accounting and year-end closure of accounts. More detailed guidance will be issued by the Local Authority as appropriate.
- 2.1.2. In its management of the delegated budget, the Governing Body is also required to abide by the Local Authority's requirements on financial controls and monitoring, not only those in the Scheme but also those requirements contained in more detailed publications referred to in the scheme and compatible with it. These include the Local Authority's Financial Regulations, Standing Orders, the Scheme Specific Financial Regulations, the Schools Financial Value Standard and the Code of Conduct for Employees. If however these are inconsistent with the provisions of this scheme, then the provisions of this scheme shall prevail.
- 2.1.3. All accounting codes used shall conform to the approved standard code list, which will be issued annually by the Finance Service in accordance with Consistent Financial Reporting (CFR).
- 2.1.4. All financial transactions which affect the school's budget must be processed through the Local Authority's bank account, the school's local bank account or imprest account, as approved by the Local Authority under an appropriate local financial processing scheme.
- 2.1.5. The Section 151 Officer will provide the Governing Body with details of the school's accounts as soon as possible after the conclusion of each financial year, including the carry-forward balance. It is these accounts which form the statutory accounts for each school.

2.2. Accounting Records

- 2.2.1. Financial records and accounts kept by schools must be in a form which is compatible with those of the Local Authority, as it is the latter which form the statutory records and accounts of each school. Schools using their own financial software will be required to meet any costs of modification to provide output required by the authority.
- 2.2.2. Schools are required to provide the Local Authority with details of anticipated and actual expenditure and income, in a form and at times determined by the Local Authority. Such details will not be required to be submitted more often than once every three months except for those connected with tax or banking reconciliation – unless the Local Authority

has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation. The restriction to a minimum 3 month interval does not apply to schools which are part of an on-line financial accounting system.

2.2.3. Accounting records and associated documents must be retained for a period specified by the Section 151 Officer. This is currently six years after the end of the financial year. At the year-end, Governing Bodies Authority will submit any information requested as part of the process to close the Local Authority's accounts and to comply with those legislative requirements which relate to the publication of financial information.

2.2.4. The Local Authority has a responsibility to ensure Governing Bodies are exercising effective financial control over the school's delegated budget, and may therefore, at any time, request accounts and records to be produced and a full explanation given of any figures therein.

2.3. Payment of salaries and payment of bills

2.3.1. Schools must abide by any separately published administrative procedures for the payment of salaries and bills. Further guidance is also included in the [Scheme Specific Financial Regulations](#), sections 2 and 4.

2.4. Central funds and earmarking

2.4.1. In addition to the Schools Delegated Budget, the Local Authority may make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares. Such allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used.

2.4.2. Such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, and is to be spent in the financial year to which it relates or within the period over which schools are allowed to use the funding if different. Allocations cannot be vired into the budget share. Separate accounting analysis must be kept in a form prescribed by the Section 151 Officer. Schools must be able to demonstrate that these requirements have been complied with.

2.4.3. Earmarked funds must be returned to the Local Authority if not spent within the period stipulated over which schools are allowed to use the funding.

2.5. Audit: General

- 2.5.1. The Governing Body is responsible for ensuring that this Scheme is observed in schools and that a system of internal controls is established, which ensures all activities under their control are conducted in a proper, efficient and well ordered manner.
- 2.5.2. The internal audit regime for schools will be determined by the Local Authority. Schools will also fall within the Local Authority external audit regime as determined by the appointed external auditors. Schools are required to co-operate with both regimes.
- 2.5.3. The Internal Audit Manager is responsible for providing an independent internal audit of all the Local Authority's activities. The main purpose of the audit is to review, assure, alert and advise on the controls and systems employed by the Local Authority in carrying out its activities, and to assist the Local Authority in achieving optimum economy, efficiency and effectiveness.
- 2.5.4. Internal Audit staff shall have full access to schools' assets, Local Authority and School Fund records and transactions. They are entitled to ask for information and explanations to help them complete their research.
- 2.5.5. Any matters which involve, or are thought to involve irregularities affecting cash, stores, other school property or the School Fund, shall be notified by the Headteacher to the Chairman of Governors and to the Section 151 Officer. The latter will then advise as to the best course of action to be followed.
- 2.5.6. The Governing Body shall ensure that the staff of the Local Authority's external auditors are also granted full access to schools' assets, Local Authority and School Fund records and transactions.
- 2.5.7. When undertaking investigations internal and external audit staff may require access to all financial or other records, staff and explanations that they require to enable them to complete their investigations.
- 2.5.8. The Governing Body may, if it so determines, spend funds from its budget share to obtain an independent external audit certification of its accounts for its own purposes. If undertaken this would be entirely separate from and additional to the Local Authority's internal and external audit arrangements and would not in any way replace them. Any external appointed external auditors by the school should take into account the status of the school as a spender of Local Authority funds.

2.6. Whistleblowing

- 2.6.1. The Governing Body shall encourage members of staff who have concerns about matters of probity or integrity to report them in the

appropriate manner and will ensure that they are protected as required by the Public Interest Disclosure Act 1998.

- 2.6.2. The Local Authority has issued to schools the procedure to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school, and how such complaints will be dealt with.

2.7. Audit of voluntary and private funds (School Funds)

- 2.7.1. A voluntary or private (unofficial) School Fund is defined as any fund established to support school activities but generated by funds which are independent of school's official resources. Schools are required to provide audit certificates in respect of voluntary and private funds held and of the accounts of any trading organisations controlled by the school.

- 2.7.2. The end of year audited accounts, comprising an income and expenditure account and balance sheet and an audit certificate prepared by the auditor, shall be presented annually to a meeting of the full Governing Body. Further guidance is given in the [Scheme Specific Financial Regulations](#), which will be updated or further guidance given from time to time.

2.8. Spending for the purposes of the school

- 2.8.1. Although s.50 (3) allows governing bodies to spend budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme. As well as the various standard provisions LAs may wish to propose their own restrictions on this freedom, arising from local circumstances. By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

- 2.8.2. Under s.50 (3) (b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools and academies.

2.9. Capital spending from budget shares

- 2.9.1. A Governing body can use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the Governing Body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998. If the Governing Body proposes to undertake capital expenditure from the budget share, the Governing Body must notify the Director of Children's Services and must take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure if it exceeds £20,000. If the premises are owned by the Local Authority, or the school has Voluntary Controlled status, then the Governing Body should seek the consent of the Local Authority to the proposed works. Such consent can be withheld only on health and safety grounds.
- 2.9.2. These requirements do not affect expenditure from any capital allocation made available by the Local Authority outside the delegated budget share.

2.10. Notice of Concern

- 2.10.1. The Local Authority may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Section 151 Officer and the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the Local Authority or the school.
- 2.10.2. Such a notice will set out the reasons and evidence for it being made and may place on the Governing Body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. 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 support packages; and
 - imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

2.10.3. The notice will clearly state what these requirements are, 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.

2.11. Fraud

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

2.11.2. The Governing Body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

3. Control of Assets

3.1. Control of assets

- 3.1.1. Recording assets, ensuring their safe custody and their proper management, is the responsibility of the Governing Body which should maintain proper security for all furniture, equipment, plant, stores and other assets, including data, held both manually and on computer systems.
- 3.1.2. The Governing Body is also responsible for the security of the school's buildings and land, and should ensure that procedures are operated to control access to the buildings and land at all times. Keys should be held by a nominated officer who should have responsibility to ensure that buildings are securely locked when not in use.
- 3.1.3. The Governing Body is responsible for ensuring that all computer software used is properly licensed.

3.2. Inventory of Assets

- 3.2.1. An inventory should be maintained of all moveable non-capital assets over £1000 in value, whether purchased, leased or donated. This should include vehicles, visual aid equipment, computer equipment, expensive tools, camping and sports equipment.
- 3.2.2. Schools must determine their own arrangements for assets worth less than £1000, but a register must be kept in some form for anything that is portable and attractive, such as a camera.
- 3.2.3. Items should be clearly and permanently marked as being Local Authority property and should be included in the inventory as soon as they are received. Whenever an item is disposed of, the inventory entry should be annotated with a reference to the reason or circumstances of the disposal. A copy of the inventory, specifying the source of funding for each item, should also be kept away from the school site. (This requirement will be most easily met if the inventory is in electronic format and saved automatically when the computer system is backed up).
- 3.2.4. The Governing Body should ensure that a person, independent of the school's inventory maintenance, checks the inventory at least annually and certifies it as correct. Any major discrepancies in the inventory should be investigated and reported to the Governing Body and to the Finance Service, Internal Audit Section.
- 3.2.5. No Local Authority property should be removed from the school except in the ordinary course of school business when its removal and return should be fully documented. No items can be used for other than school

business without specific written permission from an authorised member of staff.

3.3. Stocks

- 3.3.1. The Governing Body is responsible for the control of all school stocks (defined as consumable items constantly required for school purposes) and for ensuring that these do not exceed reasonable requirements. The Section 151 Officer will advise upon the form of the stock records. Where the Governing Body considers the level of stocks held to be significant, they should ensure that full stock records are maintained and that an annual stock take is performed, with any significant discrepancies being reported to the Governing Body.

3.4. Cash

- 3.4.1. The amount of cash held on school premises shall be minimised by at least weekly banking, shall be held securely and shall not exceed the limits of the school's insurance cover.
- 3.4.2. Keys for safes, alarm systems etc. should be held by a nominated officer and must be removed from the school overnight etc. Any loss must be reported immediately to the Headteacher who should take whatever action is felt necessary to ensure that the safe or area remains secure.

4. The Delegated Revenue Budget

4.1. Preparation and Planning

- 4.1.1. Each school will receive notification of its budget for the following financial year, by 31 March each year. The Governing Body must prepare and formally approve both a budget plan and a detailed allocation of its budget. Governing Bodies must not plan a deficit budget, after taking into account carried forward balances. (but see 4.2 below)
- 4.1.2. The Local Authority will supply schools with all income and expenditure data that it holds which is necessary for efficient planning by schools. The Local Authority will provide schools with an annual statement showing when this information will be available throughout the year. Schools with online access to their accounts have permanent access to their data.
- 4.1.3. The Governing Body, in considering its budget allocation for the new financial year, should give consideration to the level of carry-forward from the previous year. In particular they should consider whether the amount was as expected, and if not, why not; whether the amount is considered reasonable in comparison to the total school budget, and the level of contingency provision thought necessary. By reference to the School's Improvement Plan they should also consider for what purposes the carry forward balance should be used.
- 4.1.4. If a school with delegated management decides, at the beginning of the financial year, to put aside part of its delegated budget to be spent in a subsequent year (long term deposits), or budget is put aside to be spent later in the current financial year, interest will be paid on these specific amounts, through a scheme and at a rate determined by the Section 151 Officer (a scheme is not currently in operation). (See also Section 7: Banking Arrangements and Section 8: The Treatment of Surplus and Deficit Balances).

4.2. Planning for deficit budgets

- 4.2.1. The Department for Education guidance states that Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. In addition, should any school submit a forecast during the financial year which shows a deficit or more than 5%, the Local Authority may require a school to submit a licenced deficit and action plan as set out in 4.2.2 to 4.2.5 below.
- 4.2.2. Governing Bodies should not plan a deficit budget, after taking into account carried forward balances. Schools with a deficit carry forward are usually able to achieve a balanced budget in the following financial year. However exceptionally, where schools can demonstrate that achieving such a balance within the next financial year will prove to be

severely detrimental to the functioning of the school, the Director of Children's Services, advised by the Section 151 Officer, may sanction Governing Body approval of deficit budget plans over a longer period, normally of two years, but not exceeding three years. In such instances the Governing Body must provide in writing to the Director of Children's Services:

- (i) A full explanation of the situation, demonstrating that attempting to balance the budget in the next financial year would prove to be severely detrimental to the functioning of the school.
- (ii) A detailed action plan with proposed timescales designed to achieve a balanced budget within the shortest acceptable time.
- (iii) It is recommended that Licenced deficit proposals should not exceed a negative balance control mechanism e.g. 5% of each year's budget share across the deficit recovery period for Secondary Schools and 8% for Primary and Special Schools.
- (iv) The maximum length of the licensed deficit proposal not to exceed 3 years, over which schools will repay the deficit (reach at least a zero balance).

4.2.3 The Governing Body is responsible for ensuring that the action plan, once approved, is fully implemented.

4.2.4 If a school has received an approval license deficit and the school proposes to increase the deficit position by incurring expenditure on purposes other than outlined in the licensed deficit, the Local Authority must agree to such a proposal in advance.

4.2.5 Should a school submit an in-year forecast which exceeds the deficit licence, the Local Authority may require a school to submit a revised three year plan (which reaches at least a zero balance over the same period as the original licence).

4.2.6 In order to support schools with deficits, schools which have a current notice of concern (NOC) will be required to buy back Schools Finance and Schools HR services for the term in which the NOC was issued, the remaining terms of the current financial year, and the following financial year until both a licenced deficit and deficit recovery plan are agreed, or a balanced budget is set.

4.3. The Budget Plan and detailed allocation of the budget

4.3.1. The first formal budget plan of each financial year must be approved by the full Governing Body, or by a committee of the Governing Body. The budget plan should state the intention for expenditure and anticipated income during the forthcoming financial year and the assumptions

underpinning the plan. The budget plan should be returned to the Finance Service Schools Finance Team by 1st June each year.

- 4.3.2. The budget plan should facilitate the achievement of the school's educational objectives in line with its School Improvement Plan.
- 4.3.3. The detailed allocation of the budget which reflects the content of the budget plan shall be prepared in a format specified by the Section 151 Officer and returned to the Finance Service Schools Finance Team by 1st June each year.
- 4.3.4. The Governing Body, or a committee of the Governing Body with delegated powers, must formally consider and approve any variations from spending plans, which result from significant policy changes. Where the Governing Body approves such a significant change then Virement should be used to effect that change to the detailed allocation. (See 4.6 below)

4.4. Submission of financial forecasts

- 4.4.1. To comply with best practice and the requirements of Schools Financial Value Standard (SFVS), schools are required to prepare three year financial plans to support their annual budget plan. Year two and year three of these plans should be based on best estimates available at the time. These financial plans may be used to; assure the Authority of the school adhering to SFVS, establish the sustainability of the three year School Improvement Plan and to give the Authority early notice of any school that appears to be heading into a period of financial difficulty. Each school must submit a three year budget plan to the Authority with their approved budget by 1st June. Termly updates will also be requested from all schools.

4.5. School Resource Management

- 4.5.1. Schools must seek the effective management of resources and value for money, to optimize the use of their resources and to invest in teaching and learning.
- 4.5.2. Annex C lists the principles of School Resource Management.

4.6. Virement

- 4.6.1. Provided overall spending is contained within the total delegated budget, the Governing Body may approve transfers of budget between budget heads to facilitate a more effective deployment of resources and thereby aid their budget management.
- 4.6.2. Budget virement should not however be undertaken merely to match budgets to actual expenditure and income.

- 4.6.3. The Governing Body should establish and approve a written policy in terms of budget virement. This should state which members of the school's staff have authority to undertake virement and at what financial level, and that the Governing Body's approval is necessary for any virement in excess of a specified amount or which relates to a significant change of policy.

4.7. Budgetary Control

- 4.7.1. Budgetary responsibility should be defined within the scheme of delegation approved by the Governing Body.
- 4.7.2. The Headteacher is responsible for providing the Governing Body with regular reports, in a suitable format, of the school's financial position. This recommends that the report presents as a minimum the appropriate level of detail, actual and committed expenditure, comparison with the budget and an explanation of any variances.

4.8. Anticipating future years' budgets

- 4.8.1. Governing Bodies may plan to carry resources forward for projects such as the replacement of equipment.
- 4.8.2. Only after prior agreement with the Section 151 Officer shall a Governing Body: -
- (i) Enter into a commitment which affects spending in a subsequent year, and then only when the Governing Body is satisfied that any such expenditure can be met from its likely budget for that year;
 - (ii) Finance work in the current year by anticipating its budget for the following year.

4.9. Licensed deficits

- 4.9.1. This scheme does not permit a school to plan for a deficit budget.

Where in exceptional circumstances deficits cannot be avoided, then such deficits need to operate under license. This requires the school to work with Education and Inclusion services, for example Schools Improvement, Cheshire West and Chester Council's Finance service and either the school's own HR provider or Cheshire West and Chester HR as appropriate to agree a recovery plan to be submitted to the Director of Children's Services and the Chief Financial Officer, or their delegated deputies for approval in writing.

The plan should establish:

- (i) the purposes relating to the provision of Education and recovery of costs for which the deficit arrangement may be agreed
- (ii) comply with a maximum deficit limit, which is -8% for primaries and -5% for secondary schools as calculated using the balance control mechanism in any of the three years of the recovery period.
- (iii) robust and realistic proposals for repaying the deficit
- (iv) the maximum length over which the school will repay the deficit (i.e. reach at least a zero balance). Schools with a deficit balance should plan to repay the deficit over a maximum of three years.

4.9.2. If a school has a licensed deficit, and the school receives any unexpected income, that income should normally be applied to the deficit, any other use should be agreed in advance with the LA.

4.9.3. Balances held by a school in an external bank account remain the property of the local authority, if made available by the authority initially, and therefore may legally be taken into account by the authority in assessing the total level of licensed deficit which it might wish to make to schools.

4.10. Suspension of a Delegated Budget

4.10.1. If a Governing Body substantially or persistently fails to comply with the requirements of this Scheme, the Local Authority's Standing Orders and Financial Regulations, or fails to manage the resources at its disposal to the satisfaction of the Local Authority, the Director of Children's Services may suspend the Governing Body's right to operate a delegated budget in accordance with provisions contained in the SSAF Act.

5. Purchasing, Tendering and Contracting Requirements

5.1. Raising Orders for Goods and Services

5.1.1 The Governing Body is responsible for all orders raised in relation to the school budget. Schools must abide by the Local Authority's Contract Procedure Rules which can be accessed on the Council's website at the following link. Please see Part 3, Section 6 Finance and Contract Procedure Rules.

<https://www.cheshirewestandchester.gov.uk/your-council/how-we-work/constitution/constitution.aspx>

5.1.2 Key requirements set out in these Rules include:

- Identifying a clear specification for the goods or services to be purchased.
- Ensuring that goods and services are procured in a competitive manner to achieve best value.
- Carrying out appropriate checks on the financial standing, technical capacity and capability and if relevant health and safety competence of contractors.
- Entering into an appropriate contractual document to set out the terms and conditions agreed by the School and the contractor.
- Further guidance is included in the [Scheme Specific Financial Regulations](#).

5.1.3 The value of the Contract (normally the maximum price payable for the goods or services being purchased over its whole duration) will determine the procurement process which should be followed by the Governing Body. These processes are set out in the Contract Procedure Rules. A formal tendering process should be undertaken in respect of any Contract with a total value in excess of the WTO GPA Threshold. Compliance with the Contract Procedure Rules will ensure that the Governing Body does not breach the requirements of the Public Contracts Regulations 2015 or the EU Procurement Directive.

5.1.4 The application of the Contract Procedure Rules in relation to contracts entered into by Schools funded by their delegated budget is limited as follows:

- (a) for any Contracts with a total value of below £60,000, there is no general requirement for the Governing Body to seek the agreement or signature of any Local Authority officer in order to enter into the Contract. The Governing Body however should however comply with all other terms of the Contract Procedure Rules for such Contracts. Contracts with a total value of over **£100,000** must be sealed by the Local Authority in addition to signature by the Governing Body.

- (b) in the event of any conflict between the terms of this Scheme and the Contract Procedure Rules, the terms of this Scheme take precedence.

5.2. Entering into Contracts

- 5.2.1. Although Governing Bodies are empowered under Paragraph 3 of Schedule 10 of the School Standards and Framework Act 1998, to enter into contracts, in most cases they do so on behalf of the Local Authority as maintainer of the school and the owner of the funds in the budget share.
- 5.2.2. Contracts referred to in this section mean any agreements entered into for the supply of goods, services or works, but do not include contracts of employment. Examples of such contracts include window cleaning, equipment purchase maintenance and support, and construction work. Other contracts may be made solely on behalf of the Governing Body, when the Governing Body has clear statutory obligations – for example, contracts made by Aided or Foundation schools for the employment of staff.
- 5.2.3. Part of the assessment process for a supplier should include a review in advance, where relevant, of the health and safety competence of contractors, taking account of the Local Authority's policies and procedures.
- 5.2.4. Governing Bodies may opt out of contracts arranged by the Local Authority, with certain exceptions which are detailed below. However, once a Governing Body has opted into a Local Authority contract it cannot opt out until the contract expires. Governing Bodies will need to have regard to the principles of Best Value when making their decision.
- 5.2.5. Governing Bodies shall ensure that all tendering procedures comply, with the Public Contracts Regulations 2015, and shall have regard to the requirements of the Local Government Act 1988 in respect of services defined by the Act as subject to competitive tendering.
- 5.2.6. Before entering into a contract for the supply of goods, works or services, the Governing Body is recommended to consult the Local Authority's Procurement Service to consider whether the item can be obtained from an existing central purchase arrangement. If a Governing Body buys work, goods or services through a central purchasing contract, the terms of that contract are binding until the contract expires.
- 5.2.7. A quotation or tender which is not the lowest in financial terms may be accepted, provided that it was disclosed to potential suppliers when quotes or tenders were invited that other non-price factors would be considered in evaluating the quotes or tenders, and that the factors to

be considered were clearly identified (e.g. quality of service). The Governing Body must consider quotes or tenders in accordance with these pre-disclosed evaluation criteria and select the best value provider on this basis.

- 5.2.8. Variations to an existing contract must be approved by the Governing Body and recorded in the minutes.
- 5.2.9. Any costs incurred by a Governing Body as a result of breaking the terms of a contract, either with an outside contractor or with the Local Authority, will be charged to the school's delegated budget.
- 5.2.10. It is recommended that a Governing Body obtains legal advice before entering into any contract based on a supplier's standard terms and conditions. If the School buys into the Local Authority's legal helpline service, initial advice can be obtained through this helpline. Schools may also seek advice on a range of compliant deals via Buying for schools <https://www.gov.uk/guidance/buying-for-schools>

5.3. Declarations of Interest

- 5.3.1. The Governing body must have a register of interests as detailed in section 1.13 within which governors and staff should declare any links they have with local firms from which the school may wish to buy goods or services.
- 5.3.2. Any Governor, Headteacher or other member of staff who has a direct or indirect personal or financial interest in a contract or other matter and is present at a Governors' meeting when the issue is to be considered, shall disclose their interest at the start of the meeting when invited to do so by the Chair and should not take part in any associated discussions or vote.
- 5.3.3. The Code of Conduct for employees prohibits staff from receiving gifts, apart from minor promotional material such as diaries and calendars. The appointed external auditors recommend that all authorities establish arrangements for recording the receipt of gifts and hospitality by members and staff.

5.4. General

- 5.4.1. Quotations are not required in respect of contracts negotiated by Procurement or Local Government Consortia, recurring payments such as electricity, water, fuel oil, gas or contract payments. These prices have been market tested and will be deemed to have met the principles of Best Value.

- 5.4.2. The Governing Body shall ensure that sufficient budgetary provision is available to meet all associated costs, before giving approval to accept a quotation or tender.
- 5.4.3. The Governing Body shall ensure that any contractor employed by them, has full insurance cover to an appropriate level for any claims made against the contractor by a third party, arising from their contract with the Governing Body, and that the Local Authority and/or Governing Body are fully indemnified in respect of any such claims.
- 5.4.4. Technical advice in relation to contracts and tendering procedures should be obtained from the Local Authority's Procurement.
- 5.4.5. All actions in relation to quotations, tendering and contracts should be fully documented and retained by the school for a minimum of 6 years after the Contract end date.
- 5.4.6. Tenders for the provision of goods and services may be received which quote prices in euros or a choice of sterling or euro. The Local Authority Section 151 Officer shall be consulted before a contract requiring payment in euros is signed.
- 5.4.7. The fact that an authority contract has been let in accordance with EU procurement procedures does not in itself make it possible to bind a school into being part of that contract. For the purposes of the procurement directives schools are viewed as discrete contracting authorities.

5.5. Lease or Hire Agreements

- 5.5.1. A Governing Body must not enter into any agreement to lease, rent or hire items or services without first consulting the Finance Service, Schools Finance Team, and verifying that the agreement provides better value than direct purchase. If purchase is the better option, the Governing Body may wish to consult the Finance Service, about financing an item costing between £5,000 and £25,000 by means of a Local Authority Business Finance loan (the Loan Scheme is not currently in operation).
- 5.5.2. A Governing Body must not enter into a lease under which:
 - (a) the risks and rewards of ownership rest mainly with the school;
 - (b) the item leased is computer equipment where the maximum possible period under the agreement is longer than three years;
 - (c) a vehicle is to be acquired and the school has not first contacted the Schools Travels Team for advice;

(d) a finance lease.

- 5.5.3. The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.
- 5.5.4. The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the [IFRS16 Maintained Schools Finance Lease Class Consent 2024](#). Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives.
- 5.5.5. The Section 151 Officer reserves the right to refuse permission for a school to enter into a lease agreement if in his/her opinion, the school would be unable to meet the payments under the agreement, or the school could easily fund the capital expenditure from its balance.
- 5.5.6. Closing schools or any schools changing status to leave the Local Authority control will be required to pay all cancellation of outstanding lease charges. This is required for leases taken out on behalf of the school by the Local Authority and for leases taken out by the school in their own right.

6. Expenditure on Capital Items

6.1. Definition of Capital Expenditure

- 6.1.1. Capital expenditure is broadly defined as expenditure in excess of £10,000, on the acquisition of a tangible asset, or expenditure which adds to (rather than merely maintains), the value of an existing asset and/or extends the useful life of an asset and increasing usability, provided that the asset yields benefits to the Council and the services it provides is for a period of more than one year.

6.2. Financing Capital Expenditure

- 6.2.1. A Governing Body considering undertaking a capital scheme can fund such a scheme from its delegated budget, taking into account any carry forward built up for this purpose. This includes expenditure by the Governing Body of a Voluntary Aided school on work, which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998. Alternatively, they may wish to take advantage of the Local Authority's Business Financing Scheme (See paragraph 6.3.1 – this scheme is not currently in operation). The Governing Body must ensure that it has sufficient funds available to meet all one-off and on-going costs and must have regard to the requirements concerning tendering procedures detailed in the Scheme Specific Financial Regulations.
- 6.2.2. If the expected capital expenditure from the budget share in any one year will exceed £20,000 the Governing Body must notify the Local Authority and take into account any advice from the Director of Children's Services, as to the merits of the proposed expenditure. This includes schools seeking to bid for specialist school status, for national lottery projects, or any other grant aided capital projects.
- 6.2.3. If the premises are owned by the Local Authority, or the school has Voluntary Controlled status, then the Governing Body must seek the consent of the Local Authority to the proposed works. Such consent will not unreasonably be withheld.

6.3. Business Financing Scheme *This Scheme is not currently in operation.*

- 6.3.1. The Local Authority operates an internal loan scheme that can be used to spread the cost of an asset over 3, 4 or 5 years, provided that period of the loan is no longer than the useful life of the asset. The minimum loan is £5,000 and the maximum loan is £25,000 (exceptional circumstances may be considered). Further details are available from the Finance Service. Approval is at the discretion of Section 151 Officer who may seek the advice of the Director of Children's Services. The Scheme cannot be used to finance either budget deficits or items of routine revenue expenditure. In addition, the Section 151 Officer

reserves the right to refuse to grant a loan if in his/her opinion either the school would be unable to afford to repay the loan or would easily be able to meet the capital expenditure from its school balances.

- 6.3.2. Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.

6.4. Approval to Incur Capital Expenditure

- 6.4.1. The Governing Body shall formally approve any proposal to incur capital expenditure having first been presented with a detailed report of the proposal, which clearly states all the one-off and on-going financial implications of the proposal and the method of financing such costs. The report should also relate the proposal to the objectives and action plan contained within the school's development plan.
- 6.4.2. Any additions to or changes from the original proposal shall be approved by the Governing Body before any commitment is entered into.
- 6.4.3. Approval for all capital expenditure shall be considered gross of any income, capital receipts, grant income, donations, reimbursements etc. even if the net cost is nil. A Governing Body may approve gross capital expenditure up to a limit of £100,000. Gross capital expenditure of greater than £100,000 requires the approval of the Local Authority before any commitment may be entered into.
- 6.4.4. The Governing Body must comply with the conditions applied by the DfE and other external bodies to specific types of capital expenditure, e.g. specialist schools or lottery projects. The Governing Body should take account of any additional guidance which the Director of Children's Services or the Section 151 Officer may issue on the financial management of particular schemes.

6.5. Purchase or Lease of Land or Buildings

- 6.5.1. Leases relating to land or property require the approval of the Director of Places Strategy. Only the Monitoring Officer or his/her authorised deputies, or persons specifically authorised by the Service Scheme of Delegation, may sign such agreements.

6.6. Monitoring Capital Expenditure

- 6.6.1. All capital expenditure must be separately coded in the school's accounts, in order that it can be clearly identified by the Local Authority.
- 6.6.2. Subject to the Governing Body's Scheme of Delegation, each cycle of meetings of the Governors shall receive a report of all capital expenditure, which shall include details of actual expenditure incurred compared to that originally approved, with reasons for any variance and proposals for financing any projected overspendings.

6.7. Voluntary Aided and Special Agreement Schools

- 6.7.1. The SSAF Act empowers the Governors of Voluntary Aided and Special Agreement Schools, to use their school's budget share to meet the 10% element of the trustees' expenditure on repair and capital works, which is not reimbursed through DfE grant aid. Where Governors choose to use the delegated budget in this way, VAT is recoverable on that contribution, irrespective of who is actually responsible for carrying out the work. However, care must be taken to ensure that VAT is not recovered in relation to any expenditure which is funded by VAT-inclusive grant aid.

7. Banking Arrangements

7.1. Responsibilities of the Finance Service

7.1.1. The Finance Service, on behalf of the Section 151 Officer, is responsible for the cash flow management of the Authority and for ensuring, in accordance with Section 50(1) of the SSAF Act, that sufficient resources are available to meet the expenditure incurred by schools throughout the year. Banking arrangements, loans and investments made in support of such cash flow management are made by the Section 151 Officer in accordance with the general Financial Regulations of the Authority, which reflect the CIPFA Code of Practice for Treasury Management in Local Authorities. Linked to these arrangements are facilities for the payment of invoices, salaries, wages and the collection of income. The Local Authority's banking arrangements also include the operation of imprest accounts.

7.2. Choice of bank and building society accounts

7.2.1. All Maintained Schools can choose to either have external bank accounts (referred to as local bank accounts) into which their budget share instalments are paid, or to use the Local Authority's banking facilities. For the purposes of this section, Budget Share includes any place-led funding for special schools or pupil referral units.

7.2.2. New bank account arrangements may only be made with effect from the beginning of each financial year. Any school wishing to opt for its own bank account may only do so after giving a period of notice of at least four months before the start of the financial year.

7.2.3. If a school opens an external bank account the Local Authority will, if the school desires, transfer immediately to the account an amount agreed by both school and the Local Authority as the estimated surplus balance held by the LA in respect of the school's budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed. The surplus balance to be transferred would be based on the latest estimate obtained from accounts submitted by the school and would be subject to audit of the school accounts.

7.2.4. A school may choose to have a Local Bank Account for:

(a) payment of invoices relating to all non-pay expenditure and for receipt and banking of locally collected income (**Non Pay Local Bank Account**).

Or

(b) payment of salaries and wages and other employee related costs and payment of invoices relating to all non-pay expenditure and for

receipt and banking of locally collected income (**Full Local Bank Account**)

- 7.2.5. If a Non Pay Local Bank Account is chosen, payment of salaries and wages and other employee related costs will be paid through the Local Authority's banking facilities.
- 7.2.6. If a school decides not to purchase the Employee Service Centre services and/or Payments and Income facilities then it will require a Local Bank Account.
- 7.2.7. Bank accounts denominated in euro may only be opened with the written agreement of the Section 151 Officer.

7.3. Local Bank Accounts

- 7.3.1. A full description of the Local Bank Account Scheme is available from the Finance Service, Schools Finance Team.
- 7.3.2. The local bank account must be selected from the designated list institutions produced by the Finance Service. No other institutions may be used.
- 7.3.3. Any school closing an account used to receive its budget share and opening another must select the new bank or building society from the designated list. This applies even if the closed account was with an institution not on the designated list.
- 7.3.4. A local bank account must be impersonally titled in the name of the school indicating the account is for the purpose of administering the school's official, delegated budget. The title should be sufficiently different from the name of any other bank account operated by the school.
- 7.3.5. If a school has a local bank account the account mandate should provide that the Local Authority is the owner of the funds in the account; that the Local Authority is entitled to receive statements; and that the Local Authority can take control of the account if the school's right to a delegated budget is suspended by the Local Authority.
- 7.3.6. Schools can retain all interest payable on the local bank account unless they choose to have an account within a Local Authority contract which makes other provision.
- 7.3.7. Local bank accounts must not go overdrawn, nor can a school arrange overdraft facilities at any time. Schools in deficit cannot have a local bank account until the deficit balance has been cleared.

7.3.8. Money paid by the Local Authority and held in a local bank account remains Local Authority property until spent (Section 49 (5) of the SSAF Act).

7.3.9. The Local Authority reserves the right to withdraw Local Bank Account facilities from any school which:

- fails to keep adequate records and accounts.
- fails to meet the financial information requirements prescribed by the Local Authority.
- fails to adequately monitor and control the Local Bank Account balances.
- becomes insolvent i.e. falls into deficit
- has delegation withdrawn

7.4. Cash advances

7.4.1. A school choosing a Local Bank Account will receive its budget share in a series of cash advances from the Local Authority. The school is responsible for managing its own cash flow. For a school NOT choosing a Local Bank account, the budget share is effectively available for the schools to draw on from the start of the financial year.

7.4.2. The cash advances made to a school are net of an abatement which reflects the loss of interest to the Local Authority resulting from the advances profile. The Local Authority is barred from making any deduction, in respect of interest costs to the Local Authority, from payments to schools of devolved specific or special grants. Therefore the Local Authority will not pay interest to schools on devolved, specific or special grants.

7.4.3. The Local Authority will add interest to late payments of budget share instalments, where such late payment is the result of LA error. The interest rate used will be that used for clawback calculations.

7.4.4. Schools choosing to take payroll budgets (**Full Local Bank Accounts**) will receive monthly cash advances of equal weighting.

7.4.5. **Non-pay only bank accounts** receive cash advances three times per year weighted in the following manner:

- first advance 40%
- second advance 35%
- third advance 25%

7.4.6. The first advance each financial year will be based on the draft budget of the non-pay budget allocation as determined by the school.

Subsequent advances will be based on the schools final assessment of its non-pay budget (School Determined Budget).

- 7.4.7. Top up payments for pupils with high needs will be made on a monthly basis unless alternative arrangements have been agreed with the provider.
- 7.4.8. If a school wishes to change the levels of its pay and non-pay budgets then virement must be submitted in order that a cash adjustment can be made with the next advance. Virement between pay and non-pay budgets should be approved by the Governing Body.
- 7.4.9. Year-end carry-forward balances on the pay element of the budget will be advanced to schools as soon as the balance has been agreed. Conversely any overspend on the pay budget at the end of the financial year, the amount having been agreed by the school, will be deducted from the next cash advance. Both under spends and over spends will attract interest payments/charges.

7.5. Abatements– Method of Calculation

- 7.5.1. The cash advances made to a Local Bank Account school are net of an abatement which reflects the loss of interest to the Local Authority resulting from the advances profile.
- 7.5.2. The calculation used to determine the deduction is detailed below.
 - i. The main income components of the Local Authority's budget are given a weighting according to their amounts and the dates of receipt. From this is identified the "average income date" for the financial year, i.e. the date which would be financially equivalent to receiving all the year's income in one amount.
 - ii. The various schemes for making budget advances to schools are subjected to similar calculations in order to arrive at an "average budget advance date" for each.
 - iii. The number of days between the average budget advance date and the average income date is divided by 365 (including leap years).
 - iv. This factor is multiplied by the Local Authority's market rate at the time of each advance (March, July and December) to obtain the interest percentage abatement that will be applied to each advance.
- 7.5.3. The amount of the abatement will be deducted from the actual budget advances made during the year pro rata to the proportion of the budget actually advanced.

7.6. Non Pay Local Bank Account

- 7.6.1. Net interest will be charged on overspent pay budgets where the school has a non-pay local bank account. Net interest may be charged on other budget overspends should the Manager of the LA's Schools' Finance Team find it to be appropriate. The rate of interest payable will be determined by the Section 151 Officer.

7.7. Using Local Authority Banking Facilities

- 7.7.1. Where schools choose to use the Local Authority's banking services interest will be paid on a "cash flow" basis where schools monthly expenditure is less than the profile determined by the Section 151 Officer. The scheme for so doing and the rate of interest payable will be determined by the Section 151 Officer.

- 7.7.2. The Local Authority reserves the right to charge interest on deficit balances.

7.8. Purchase Cards

- 7.8.1. The Section 151 Officer will make available purchase card facilities to schools that do not operate their own school bank accounts. The Section 151 Officer reserves the right to withdraw the purchase card facility should a school fail to meet the requirements set out in the financial regulations.

- 7.8.2. Purchase cards should be used to purchase goods and services under £500 where possible, unless a Catalogue or Corporate Contract is in place or an invoice has been submitted for payment. Where a supplier does not accept a purchase card, an official purchase order must be raised.

7.9. Borrowing by schools

- 7.9.1. Borrowing of money by Governing Bodies by way of a loan from an organisation other than the Local Authority is not allowable. This is with the exception of certain schemes approved by the Secretary of State. Borrowings by a Governing Body will count against the total borrowing limits of the Local Authority and therefore the Local Authority must be notified if a Governing Body wishes to seek the permission of the Secretary of State to borrow. The term borrowing encompasses finance leases in addition to loans.

- 7.9.2. Borrowing by Trustees and Foundations, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to

provide as a consequence of their own borrowing. Governing Bodies do not act as agents of the Local Authority when repaying loans.

7.10. Budget shares for closing schools

7.10.1. Budget shares of schools for which approval for discontinuation has been secured, will be made available until closure on a monthly basis.

7.11. Other provisions

7.11.1. Separate detailed rules and guidance in respect of other aspects of banking arrangements, with which schools will be required to comply, will be issued from time to time.

8. The Treatment of Surplus and Deficit Balances

8.1. The right to carry forward surplus balances

- 8.1.1. Schools can carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year, subject to the balance control mechanism.

8.2. Controls on surplus balances: The Balance Control mechanism

- 8.2.1. Surplus balances held by schools as permitted under this scheme are subject to the restrictions of the mechanism. The Balance Control Mechanism has regard for the principle that schools should not be constrained from making early efficiencies to support their medium term budgeting in a tighter financial climate.

- (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
- (c) the Local 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 Local Authority. In considering whether any sums are properly assigned the Local 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.
- (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 £15,500 (where that is greater than either percentage threshold), then the authority shall review these balances where they have been over the threshold for 3 or more years. Each school balance consistently over threshold will be reviewed on an individual basis and on those schools which have built up significant excessive uncommitted balances. Clawback of excess balances may be considered where some level of redistribution would support improved provision across a local area.

- 8.2.2. The Balance Control calculation is based on the schools revenue balance (A) and school budget share funding (B). The surplus balance calculation is, (surplus balance %) = (A) / (B) x 100.
- 8.2.3. For this purpose, the revenue balance (A) is the sum of these two lines as defined in the consistent financial reporting framework:
- B01 committed revenue balances
 - B02 uncommitted revenue balances
- 8.2.4. The school budget share (B) is the sum of the following income, as defined in the consistent financial reporting framework:
- I01 funds delegated by the Local Authority
 - I02 funding for sixth form students
 - I03 High needs top up funding
 - I04 funding for ethnic minority pupils
 - I05 pupil premium

8.3. Interest on surplus balances

- 8.3.1. Governing Bodies may request the Finance Service, Schools Finance Team to place monies from their delegated budget, including carried forward balances, on deposit with the Local Authority in accordance with the Deposit Savings Scheme, in order to earn interest (this scheme is not currently in operation). The Section 151 Officer will decide upon the appropriate interest rate in line with prevailing market rates.

8.4. Obligation to carry forward deficit balances

- 8.4.1. Any overspending on a school's budget at year-end will be the first call on any monies invested in the Deposit Savings Scheme (this scheme is not currently in operation), and any overspending remaining thereafter will be deducted from the school's budget for the following year.

8.5. Writing off deficits

- 8.5.1. The Local Authority cannot write off the deficit balance of any school. If the Local Authority wishes to give assistance towards elimination of a deficit balance this should be through the allocation of a cash sum, from the authority's schools budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum).

8.6. Balances of closing and replacement schools

- 8.6.1. When a school closes, any balance (whether surplus or deficit) reverts to the Local Authority. Balances cannot be transferred as a balance to any other school, even where the school is a successor to the closing school except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010. Under S47 of the SSAF Act, new schools may receive the benefit of additional sums which are equal to or less than the balances of relevant closing schools at the Local Authority's discretion.
- 8.6.2. Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

9. Income

9.1. Income from lettings

- 9.1.1. Income from lettings of the school premises may be retained by schools, unless the income is subject to alternative provisions arising from any PFI or other funding agreements. Schools can cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the delegated budget share and provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Schools are required to have regard to directions issued by the LA as to the use of school premises as permitted under the Act.
- 9.1.2. Income from the lettings of school premises owned by the LA should not be payable into voluntary or private funds held by the school. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

9.2. Income from fees and charges

- 9.2.1. Schools can retain income from fees and charges except where a service is provided by the LA from centrally retained funds. Schools must have regard to any policy statement on charging produced by the Local Authority and also have their own charging policy

9.3. Income from fund-raising activities

- 9.3.1. Schools are allowed to retain income from fund-raising activities within the voluntary or school fund where these have been earned at no cost to the school's official budget.

9.4. Income from the sale of assets

- 9.4.1. When selling Local Authority goods or assets the Governing Body must comply with the Local Authority's Contract Procedure Rules. Schools can retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds. In such cases the Local Authority will decide whether or not the school should retain the proceeds. If the asset concerned is land or buildings forming part of the school premises and is owned by the Local Authority then the Local Authority will retain the proceeds. Where schools do retain the proceeds from sale of assets purchased from delegated funds then such income should be spent for the purposes of the school
- 9.4.2. The Finance Service, School Finance Team should be notified of all proceeds of asset sales above £10,000.

9.4.3. Where a school wishes to dispose of any equipment the Governing Body should ensure that procedures are followed which demonstrate probity, accountability and that the best return has been achieved.

9.4.4. Any retention of funds from the sale of land assets is subject to the consent of the Secretary of State, and any conditions the Secretary of State may attach to that consent relating to use of proceeds.

9.5. Administrative procedures for the collection of income

9.5.1. The [Scheme Specific Financial Regulations](#) provide further guidance on the collection of income.

9.6. VAT on income

9.6.1. Schools should be aware that VAT can be chargeable on lettings and on the services which lead to fees and charges and also aware of the VAT implications of fund raising activities and sale of assets.

10. The Charging of School Budget Shares

10.1. Charging of the budget share

10.1.1. The budget share of a school may be charged by the Local Authority with the prior consent of the Governing Body where agreement has been reached for this to be done in the interests of efficiency e.g. where all schools are being charged electronically and where the expenditure is of a recurring nature and in line with what is normally to be expected.

Examples include:

- staff salaries and associated on-costs
- electronic billing for certain goods and services (currently public utilities and “buy-back” arrangements).
- cost of work done in respect of teacher pension remittances and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the Local Authority’s compliance with its statutory obligations
- any amount agreed under a PFI/PPP agreement entered into by the Governing Body.

10.1.2. The Local Authority is required to charge salaries of school based staff to school budget shares at actual cost.

10.1.3. When extraordinary amounts are to be charged to adjust errors or omissions in respect of these charges, the Local Authority will provide the school with sufficient details to seek their agreement to the charge and will notify schools when the charge has been made.

10.1.4. The budget share of a school may be charged by the Local Authority without the consent of the Governing Body only in the circumstances detailed in section 10.2 below. The Local Authority will consult schools as to the intention to charge and will notify schools when the charge has been made.

10.1.5. For the avoidance of doubt, local authorities may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

10.1.6. In the event of any dispute between the Governing Body and the Local Authority in relation to amounts charged against a school’s budget, the Governing Body will be able to make representations to the Director of Children’s Services in the first instance and then to the Cabinet Member for Children and Young People or their nominee.

10.2. Circumstances in which charges may be made

- 10.2.1. Where premature retirement costs have been incurred without the prior written agreement of the Local Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Local Authority).
- 10.2.2. Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex D)
- 10.2.3. Awards by courts and industrial tribunals against the Local Authority, or out of Court settlements, arising from action or inaction by the Governing Body contrary to the Local Authority's advice.
- 10.2.4. Expenditure by the Local Authority in carrying out health and safety work or capital expenditure for which the Local Authority is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work.
- 10.2.5. Expenditure by the Local Authority incurred in making good defects in building work funded by capital spending from budget shares, where the Local Authority owns the premises, or the school has Voluntary Controlled status.
- 10.2.6. Expenditure incurred by the Local Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Local Authority.
- 10.2.7. Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the Local Authority.
- 10.2.8. Recovery of penalties imposed on the Local Authority by HM Revenue and Customs, Teachers Pensions, the Environment Agency or other regulatory authorities as a result of school negligence.
- 10.2.9. Additional transport costs incurred by the Local Authority arising from decisions by the Governing Body on the length of the school day, and failure to notify the Local Authority of non-pupil days resulting in unnecessary transport costs.
- 10.2.10. Legal costs that are incurred by the Local Authority because the Governing Body did not accept the advice of the Local Authority.
- 10.2.11. Costs of necessary health and safety training for staff employed by the Local Authority, where funding for training had been delegated but the necessary training not carried out.

- 10.2.12. Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- 10.2.13. Any costs incurred by a Governing Body as a result of breaking the terms of a contract, either with an outside contractor or with the Local Authority.
- 10.2.14. Costs incurred by the authority in securing provision specified in an Education Health and Care Plan where the Governing Body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- 10.2.15. Costs incurred by the Local Authority due to submission by the school of incorrect data;
- 10.2.16. Recovery of amounts spent from specific grants on ineligible purposes;
- 10.2.17. Costs incurred by the Local Authority as a result of the Governing Body being in breach of the terms of a contract.
- 10.2.18. Any losses or costs arising in respect of a local bank account, imprest account, or cash held in hand, due to error, negligence or irregularity.
- 10.2.19. Any loss of income to the Local Authority arising from failure to notify the Director of Children's Services of all pupils attending the school including those who are living outside the Local Authority's boundaries, or are being temporarily fostered or in care within the Local Authority.
- 10.2.20. Any penalty deductions imposed by the HMRC in connection with the CIS scheme (see also Section 11.2).
- 10.2.21. Any "betterment" arising from consequential losses under the Local Authority's insurance provision.
- 10.2.22. Any overspending by schools on earmarked budgets and/or any expenditure which fails to meet the prescribed criteria (see section 2.4).
- 10.2.23. Costs incurred by the Local Authority in arranging provision for pupils with special educational needs, where a school has failed to make provision from the resources delegated by the Local Authority.
- 10.2.24. Where delegation has been suspended at a school, the Local Authority may charge such costs as it considers appropriate to the school budget share in discharging its responsibilities for running the school.
- 10.2.25. Where a school is "at risk" or in "special measures", the Local Authority may charge such costs as it considers appropriate to the school budget share in discharging its responsibilities for school improvement.

- 10.2.26. Essential capital expenditure incurred by the Local Authority arising from deficiencies in the repair and maintenance programme undertaken by the Governing Body.
- 10.2.27. Costs awarded against the Local Authority caused by a Governing Body operating a local bank account being adjudged in default of the Late Payment of Commercial Debt (Interest) Act 1998.
- 10.2.28. Closing Schools or any Schools changing status to leave the Local Authority control will be required to pay all cancellation of outstanding lease charges. This is required for leases taken out on behalf of the school by the Local Authority and for leases taken out by the school in their own right.
- 10.2.29. For each of these circumstances (except 10.2.10) the Local Authority must be able to demonstrate that it had necessarily incurred the expenditure now charged to the budget share. This means that where the Local Authority cannot incur a liability because the statutory responsibility rests elsewhere, no charging is possible. Therefore the position on charging will vary between categories of school.
- 10.2.30. Any amount agreed under a PFI/PPP agreement entered into by the Governing Body.
- 10.2.31. Correction of LA errors in calculating charges against a budget share e.g. pension deductions, errors in calculating SBSA charges
- 10.2.32. Cost of work done in respect of teacher pension remittance and records for schools using non-authority payroll contractors, the charge to be the minimum needed to meet the cost of the authority's compliance with its statutory obligations
- 10.2.33. Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

11. Taxation

11.1. Value Added Tax

- 11.1.1. HM Revenue & Customs (HMRC) have agreed that VAT incurred by schools when spending any funding made available by the Local Authority is treated as being incurred by the Local Authority and qualifies for reclaim by the Local Authority. This does not include expenditure by the governors of a Voluntary Aided School when carrying out their statutory responsibilities to maintain the external fabric of their buildings. However, VAT is reclaimable on any LA contribution towards the cost of those works.
- 11.1.2. The specific procedures schools should follow in order to be able to utilise the Local Authority's ability to reclaim VAT on expenditure relating to non-business activities is detailed in separate guidance. Amounts so reclaimed will be passed back to the schools. Schools must also ensure that they account correctly for VAT on income received.
- 11.1.3. VAT paid on invoices can be reclaimed via the Local Authority as long as an invoice that complies with HMRC regulations supports the claim. Where a supplier issues a non-VAT invoice for a regular payment e.g. hire of equipment payable monthly on a maintenance contract, then a schedule of VAT will be issued to cover the whole year. This practice is acceptable to HMRC if a copy of the schedule is attached to each invoice paid.
- 11.1.4. Petty cash and purchase card purchases should, wherever possible and appropriate, be supported by a VAT receipt from the supplier so that the VAT element can be reclaimed.
- 11.1.5. The Local Authority is required to charge VAT on certain items of income. Schools must therefore determine whether VAT should be charged on income they generate. Specific guidance on the treatment of different types of income has been issued. As with VAT on expenditure, it is essential that there is adequate supporting documentation. Failure to collect and account for VAT will ultimately result in financial penalty.
- 11.1.6. It is essential that schools appreciate the importance of accurate and also timely VAT returns. HMRC have powers to levy penalties and where these result from errors in school returns they will fall to be met from school budgets.
- 11.1.7. It is a statutory requirement that invoices with VAT paid are retained for subsequent inspection by HMRC Inspectors for a period of six years or such lesser period as HMRC allow.

11.1.8. Schools are responsible for their own unofficial funds and these do not fall under the Local Authority's VAT registration. It is essential that such monies are kept separate. It is the responsibility of each school to establish whether a school or unofficial fund has to be registered for VAT in its own right. There are, however, rules where goods and services are paid for with donations from a school fund and also where contributions from a school fund can be made to defray the costs of educational school trips.

11.1.9. In order to assist schools in correctly accounting for VAT the Local Authority has made available a Basic VAT Guidance booklet, supplemented by training sessions, which provides specific notes on the treatment of VAT. The Local Authority will issue updated guidance from time to time and will take advice from the local VAT Business Advice Centre where necessary.

11.2. CIS (Construction Industry Scheme)

11.2.1. There is a legal obligation placed on Local Authorities to make deductions of income tax from contractors' invoices falling within the scope of the Construction Industry Scheme. This includes any payments made to contractors who carry out any type of building work for the school, as under the scheme they are considered to be sub-contractors to the Local Authority. In addition to actual construction, the scheme also includes such things as painting and decorating, joinery, plumbing, etc. The full scope of the construction operations included within the scheme are listed on the HMRC website, reference CISR14020.

11.2.2. Interpreting and complying with the HRMC regulation is quite complex and involves correctly deducting and paying over tax, the submission of various tax vouchers each month, and an annual return listing all payments made under the scheme. To enable these deductions and reports to be processed, details of contractors' certificates and registration cards must be examined and recorded.

11.2.3. All schools, as agents of the Local Authority, are responsible for the initial determination of whether the Construction Industry Scheme should apply and for examining and recording details of contractors' certificates and registration cards prior to commissioning the work. Any financial penalties imposed by the HRMC arising from a school's failure to determine that CIS should have applied will be charged to the school concerned

11.2.4. Those schools that choose to operate a local bank account and pay their contractors directly become responsible for the whole operation of CIS under their own linked scheme arrangement. This will include responsibility for any financial penalties imposed by the HRMC arising from failure to operate the scheme properly. Any school wishing to

operate a linked scheme arrangement should contact the Finance Office for details of how to register with the HRMC.

- 11.2.5. When considering placing a contract or order for goods and services, the school must determine whether the Construction Industry Scheme applies. Further guidance on CIS is included in the [Scheme Specific Financial Regulations](#).

12. Provision of Services and Facilities by the Local Authority

12.1. Provision of services from centrally retained budgets

12.1.1. The Local Authority will determine the basis on which services from centrally retained funds will be provided to schools.

12.1.2. The Local Authority will not discriminate in its provision of services on the basis of categories of schools except in cases where this would be allowable under the school and early years finance regulations or the dedicated schools grant (DSG) conditions of grant.

12.1.3. When a service is provided for which expenditure is not retainable centrally by the LA under the Regulations made under section 46 of the Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

12.2. Provision of services bought back from the Local Authority using delegated budgets

12.2.1. The terms of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the Local Authority is limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later. Subsequent agreements relating to the same services will be limited to periods not exceeding five years.

12.3. Packaging of Services

12.3.1. Where funding for a service has been delegated, and the Local Authority is offering the services on a buyback basis, this will be in a way which does not unreasonably restrict schools' freedom of choice among the services available and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

12.4. Service Level Agreements

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

12.4.2. Services, if offered by the Local Authority, will be available on an ad hoc basis that is not related to a Service Level Agreement, as well as on the basis of such Agreements if schools wish to commit to the SLA term.

The charge for providing a service on an ad hoc basis may be at a different rate than if provided on the basis of a Service Level Agreement for the full term.

- 12.4.3. The Local Authority offers a number of Service Level Agreements on an academic year basis. These SLA's must be in place by the end of April to be effective for the following academic year. For SLA's offered on a financial year basis, the agreement must be in place by the end of February prior to the start of the financial year. Schools will have at least a month to consider the terms of agreements.

12.5. Teachers' Pensions

- 12.5.1. In order to ensure that the performance of the duty on the authority to supply Teachers Pensions with information under the Teachers' Pension Scheme Regulations 2014, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.
- 12.5.2. The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the authority to provide payroll services.
- 12.5.3. A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the authority which the authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.
- 12.5.4. A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the authority which the authority requires to submit its monthly return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The authority will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

13. The School Meals Service

13.1. Delegation of the School Meals Service

- 13.1.1. Funding and responsibility for the school meals service has been delegated to all secondary schools with effect from April 2000, and to all primary and day special schools with effect from April 2002. Schools are required to have regard to the Local Authority's pricing and contents policies.

14. Private Finance Initiative (PFI)

- 14.1.1. The LA may develop proposals for PFI schemes in schools, in which case governing bodies will be required to formally agree to the terms and conditions of the PFI scheme prior to the Local Authority signing binding contracts.
- 14.1.2. The Local Authority has issued provisions relating to PFI projects that form part of the scheme. Schools within an existing PFI scheme will be charged amounts as agreed.

15. Insurance

15.1. Insurance cover

15.1.1. Premises and liability Insurance has been delegated to schools. If a school chooses not to buy back the Local Authority's insurance cover the school will be required to demonstrate that cover relevant to the Local Authority's insurable interests, under a policy arranged by the Governing Body, is at least as good as the relevant minimum cover offered by the Local Authority. In operating such a requirement, the Local Authority will have regard to the risks reasonably expected to arise at the school in question.

15.1.2. Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA after 1st April 2020. Schools may do this individually when any insurance contract of which they are part expires. All primary and/or secondary maintained schools may join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.

15.2. Fire Reinstatement

15.2.1. The Local Authority insures its schools for fire damage, including any consequential losses arising from making good the situation, e.g. temporary accommodation. Claims are subject to negotiation and agreement with a loss adjuster who may require savings to be taken into account in arriving at a net position. Such savings could include the running costs that would have been incurred on premises had there not been a fire.

15.2.2. In dealing with the consequences of a fire, each incident is considered on its merits with the Local Authority applying the following principles: -

- any consequential loss not covered by insurance will be set against the savings to the school budget from having accommodation out of use.
- such consequential costs could include meeting any extra costs incurred by another school acting as a temporary host for pupils displaced by fire.

15.2.3. It will further allow any school providing temporary accommodation to be reimbursed with those costs arising from the provision that are not covered by insurance.

15.2.4. When schools replace for example educational equipment and materials any "betterment" will be a charge against the schools budget.

16. Miscellaneous

16.1. Special Educational Needs

16.1.1. Schools are reminded that it is a statutory requirement to use their best endeavours in spending the budget share, to secure the special educational needs of their pupils.

16.2. Right of access to information

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

16.2.2. The Governing Body is required to provide all necessary information to enable the Local Authority to respond to statutory surveys, inspections and ad-hoc requests from statutory agencies, and also to provide necessary information for the Local Authority to make the correct returns to the Teachers Pensions Agency and the Cheshire Pensions Fund

16.3. Data Protection Act

16.3.1. The Governing Body shall ensure that the School registers annually with the Data Protection Commissioner and that the management of all relevant data held by the school complies with the requirements of the Data Protection Act 2018.

16.4. Purchase of Computer Equipment

16.4.1. Before any equipment is acquired for financial or administrative purposes, the Governing Body should consult with the Local Authority's ICT Manager, who will advise as to the most suitable equipment and systems available to meet the school's needs. This consultation is essential where the technology proposed may have an effect on the transfer of information between the school and the Local Authority.

16.5. Liability of governors

16.5.1. The Governing Body is a corporate body, and because of the terms of Section 50 (7) of the SSAF Act, Governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

16.6. Governors' allowances

16.6.1. Schools without delegated budgets.

The Local Authority will delegate to the Governing Body of a school yet to receive a delegated budget, funds to meet Governors' expenses. The allowance rates will be determined by the Local Authority.

16.6.2. Schools with delegated budgets

Under section 50(5) of the act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. No payment may be made in respect of any other allowances.

16.6.3. If a school is under special measures and the Secretary of State has appointed additional governors, then the Governing Body cannot pay expenses that would duplicate those paid by the Secretary of State.

16.7. Responsibility for legal costs

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

16.7.2. Should a Governing Body perceive a conflict of interest between themselves and the Local Authority, and wish to receive legal advice, then arrangements will be made for the Governing Body to receive legal advice from a solicitor who would have no contact with the solicitors acting for the Local Authority in respect of the particular case. The cost of the advice may be chargeable to the school's budget share.

16.8. Health and Safety

16.8.1. In expending the school's budget share, the Governing Body must have due regard to duties placed on the Local Authority in relation to health and safety, and the Local Authority's policy on health and safety matters in the management of the budget share. A copy of the Local Authority's Health and Safety policy has been issued to schools.

16.9. Right of attendance at Governing Body meetings

16.9.1. The Section 151 Officer has statutory responsibility to ensure the proper administration of the Local Authority's financial affairs, including those of schools. To ensure this responsibility is met the Governing Body will provide the Section 151 Officer with all necessary access to information, documents and records. In addition, the Section 151 Officer or a representative has the right to attend Governors' meetings to give

advice or information on financial matters that may affect these statutory responsibilities.

- 16.9.2. The Section 151 Officer or a representative's attendance will normally be limited to items that relate to issues of probity or overall financial management and such attendance should not be regarded as routine. Prior notice of such attendance will be given unless this is impracticable.

16.10. Use of Equipment

- 16.10.1. Equipment, which is the property of the Local Authority, shall not be used for any other purpose than that of the normal activities of the school.

16.11. Charging for shared use of premises

- 16.11.1. The Local Authority aims to make the fullest use of school premises consistent with the educational and recreational needs of the pupils subject to the direction of the Local Authority under Section 122 of the Education Act 1996.

- 16.11.2. This will include use by a number of organisations who will need to compensate the school for use of premises, fuel and services for example Adult Education classes, community organisations, dual use Libraries, etc.

- 16.11.3. A site by site recharge is agreed for each of the above types of use. The school will pay all the costs concerned and will receive reimbursement according to the agreements reached.

16.12. Schools sharing facilities

- 16.12.1. An individual site by site agreement disaggregates joint invoices, for example where schools share heating systems. The school receiving the account pays; a recharge then applies.

16.13. Statistical Returns

- 16.13.1. The Governing Body will be required to submit to the Local Authority School Census returns, and such other statistical or supplementary data returns that the Local Authority requires.

- 16.13.2. The use of School Census and other returns as the basis of the pupil count requires both prompt and accurate completion. As these returns are central to formula funding they are subject to audit. Formula allocations cannot be made for any school until every return has been received.

16.14. Child Protection

- 16.14.1. Staff should be released to attend child protection case conferences and other related events. No financial payments will be made by the Local Authority.

16.15. Redundancy / early retirement costs

- 16.15.1. The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance can be found at Annex D

16.16. Application of Schemes for Financing Schools to the Community Facilities Power

- 16.16.1. Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the Local Authority. Thirdly, the Secretary of State Issues guidance to Governing Bodies about a range of issues connected with exercise of the power, and a school must have regard to that. See Annex E.

16.17. Schools Financial Value Standard (SFVS)

- 16.17.1. All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete their form.
- 16.17.2. Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.
- 16.17.3. All maintained schools with a delegated budget must submit the form before the end of the financial year.

17. Responsibility for Repairs and Maintenance

17.1. Responsibility for maintenance

17.1.1. The Local Authority has adopted a de minimis limit of £10,000 to define capital and revenue expenditure in relation to building repairs and maintenance. Funding for repairs and maintenance has been delegated to schools.

17.1.2. For voluntary aided schools, the liability of the authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis applied by DfE not the de minimis limit used by the authority.

The Funding Framework: Main Features

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

Under this legislation, Local Authorities determine for themselves the size of their Schools Budget and their non-schools education Budget – although at a minimum a Local Authority must appropriate its entire Dedicated Schools Grant to their Schools Budget.

The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items.

Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State.

The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Local Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the Governing Body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with Section 51 of the Act.

The financial controls within which delegation works are set out in a Scheme made by the authority in accordance with Section 48 of the Act and regulations made under that section. All proposals to revise the Scheme must be approved by the schools forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to provisions of the Scheme, Governing Bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under Section 50 of the Act. (Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities

or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

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

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

Each authority is obliged to publish each year a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools; after each financial year the authority must publish a statement showing outturn expenditure.

A copy of each year's budget and outturn statement should be made easily accessible to all schools.

The detailed publication requirements for financial statements are set out in regulations issued by the Secretary of State.

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

Cheshire West and Chester Schools included on the Scheme as at 1 April 2024

Primary Schools

DfE Number	School Name
2119	Alvanley and Manley Primary Schools
5204	Antrobus St Mark's Church of England Primary School
2275	Ashton Hayes Primary School
2108	Aston by Sutton Primary School
3149	Barrow CE Primary School
2732	Brookside Primary School
3500	Burton Bishop Wilson Church of England Primary School
2189	Byley Primary School
2235	Cambridge Road Community Primary and Nursery School
3150	Capenhurst Church of England Primary School
2186	Charles Darwin Community Primary School
2688	Cherry Grove Primary School
5205	Chester BlueCoat CE Primary School
2334	Christleton Primary School
3532	Crowton Christ Church CE School
2311	Darnhall Primary School
3645	Davenham Church of England Primary School
2701	Dee Point Primary School
3163	Duddon St Peter's Church of England Primary School
3550	Eccleston CE Primary School
3552	Ellesmere Port Christ Church Church of England Primary School
2708	Elton Primary School
2273	Farndon Primary School
3103	Frodsham Church of England Primary School
2719	Frodsham Manor House Primary School
3104	Great Budworth Church of England Primary School
3152	Guilden Sutton Church of England Primary School
2329	Hartford Manor Community Primary School
2123	Helsby Hillside Primary School
2727	Highfield Community Primary School
2012	Hoole Church of England Primary School
2301	Horn's Mill Primary School
2247	Huntington Community Primary School
3168	Huxley Church of England Primary School
2065	J H Godwin Primary School
2111	Kingsley Community Primary School & Nursery School
3507	Kingsley St John's Church of England Primary School

DfE Number	School Name
3802	Kingsmead Primary School
2729	Lache Primary School
3171	Lostock Gralam Church of England Primary School
3533	Lower Peover Church of England Primary School
3164	Malpas Alport Endowed Primary School
2718	Meadow Primary School
2233	Mickle Trafford Village School
2183	Moulton School
2100	Neston Primary School
2055	Newton Primary School
2713	Oldfield Primary School
3815	Our Lady Star of the Sea Catholic Primary School
3135	Over St John's CE Primary School
3172	Overleigh St Mary's Church of England Primary School
2298	Parkgate Primary School
2725	Rivacre Valley Primary School
2279	Rossmore School
3551	Saighton Church of England Primary School
2014	Saughall All Saints Primary School
3165	Shocklach Oviatt Church of England Primary School
3538	St Bede's Catholic Primary School
3134	St Chad's C of E Primary School
3415	St Clare's Catholic Primary School
3633	St Luke's Catholic Primary School
3558	St Mary of the Angels Catholic Primary School
3820	St Saviour's Catholic Primary School
3646	St Theresa's Catholic Primary School
3641	St Werburgh's & St Columba's Catholic Primary School
5202	St Wilfrid's Catholic Primary School
3501	St Winefride's Catholic Primary School
2268	Sutton Green Primary School
3132	Tarporley Church of England Primary School
2274	Tattenhall Park Primary School
3804	The Arches Community Primary School
2013	The Oaks Community Primary School
3166	Tilston Parochial Church of England Primary School
3167	Tushingham-with-Grindley Church of England Primary School
2260	Upton Westlea Primary School
2272	Waverton Community Primary School
2187	Weaverham Forest Primary School
3822	Wharton Church of England Primary School
2240	Whitby Heath Primary School
3534	Whitegate Church of England Primary School
3101	Willaston Church of England Primary School

DfE Number	School Name
2350	Wincham Community Primary School
2695	Winnington Park Community Primary and Nursery School
2191	Winsford High Street Community Primary School
3800	Witton Church Walk Church of England Primary School
3807	Woodfall Primary School
3813	Woodlands Primary School

Secondary Schools

DfE No	School Name
4158	Bishop Heber High School
4006	Blacon High School Specialist Sports College
4001	Hartford Church of England High School
4221	Helsby High School
4610	St Nicholas Catholic High School
4167	The Whitby High School
4153	Upton-by-Chester High School

Special Schools and Alternative Provision

DfE No	School Name
7208	Archers Brook SEBD Residential School
7000	Dee Banks School
7118	Dorin Park School & Specialist SEN College
7106	Greenbank School
7109	Hebden Green Community School
7115	Hinderton School
7108	Oaklands School
7120	Rosebank School
1100	The Bridge Short Stay School
1103	Ancora House School

School Resource Management

1. This statement is intended to assist schools in considering the relevance of value for money principles to the expenditure of funds from their delegated budget share.
2. Value for money underpins service delivery to clear standards, covering both cost and quality, the most effective, economic and efficient means available. Schools must seek the effective management of resources and value for money.
3. In relation to schools and expenditure from delegated budgets, the main features of efficiency and value for money can be summarised as a need for the Governing Body of a school to ensure:
 - (a) the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-OFSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:
 - (i) challenging how and why a service is provided (including consideration of alternative providers);
 - (ii) comparison of performance against other schools taking into account the views of parents and pupils;
 - (iii) mechanisms to consult stakeholders, especially parents and pupils;
 - (iv) embracing competition as a means of securing efficient and effective services;
 - (b) the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;
 - (c) that the following are included in school development plans -
 - (i) a summary of objectives and strategy for the future;
 - (ii) forward targets on an annual and longer term basis;
 - (iii) description of the means by which performance targets will be achieved;
 - (iv) a report on current performance
 - (d) that internal and external audit takes place ensuring that performance information is scrutinised. Local Authority oversight of school finances provides external review.

Responsibility for Redundancy and Early Retirement Costs

Statutory Guidance

Costs of early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where “a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share”.

Cheshire West and Chester arrangements for meeting Redundancy and Early Retirement Costs agreed with Schools Forum September 2013

1. Current legal position

1.1 Section 37 of the 2002 Education Act states:

(4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met

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

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

1.2 The default position therefore, is that premature retirement costs should be charged to the school’s delegated budget, while redundancy costs should be

charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy.

2. Proposed arrangements

2.1 In accordance with the Education 2002 Act (Section 37(4) above) premature retirement costs should be met from the schools' budget share. These costs are currently funded from the Local Authority budget. Whilst existing commitments will continue to be met by the Local Authority, new early retirement costs for members of the Local Government Pension Scheme (LGPS) and Teachers Pension Scheme (TPS) will in future be charged to the schools budget.

2.2 Costs incurred as a result of redundancy will only be covered by the Local Authority where there is no good reason to deduct these costs from the school's budget share. In line with the DfE guidance, the charge for dismissal/resignation costs should be made to the delegated school budget in the following circumstances:

- if a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- if a school is otherwise acting outside the local authority's policy
- where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- where staffing reductions arise from a deficit caused by factors within the school's control
- where the school has excess surplus balances and no agreed plan to use these
- where a school has refused to engage with the local authority's redeployment policy

3. Costs to be met by the local authority

3.1 The revision of redundancy/early retirement arrangements will lead to the assumption that schools will meet costs in the first instance. The Local Authority will only meet costs in exceptional circumstances, where there are no eventual benefits to the schools budget, where the Local Authority has been party to the decision and other funding opportunities have been explored. Such exceptions may include:

- Where meeting the costs would make the schools financially unsustainable
- Where member of staff has been employed across several schools and the liability for where those costs should be met is ambiguous

Local authority funding in these circumstances will be agreed on a case by case basis following an evaluation of the application made by the school.

- 3.2 In accordance with the Redundancy Policy, the approach will continue to be to avoid redundancies if at all possible through a rigorous approach to workforce planning and re-deployment of staff. All decisions to terminate employment should continue to be made in conjunction with the HR and Schools Finance teams. The Schools Finance Team will review schools' budget positions to highlight issues which may necessitate staffing reductions in the forthcoming years.

Application of the Scheme to the Community Facilities Power

Introduction

1. Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the Local Authority. Thirdly, the Secretary of State Issues guidance to Governing Bodies about a range of issues connected with exercise of the power, and a school must have regard to that.
2. However, under s.28(1), the main limitations and restrictions on the power will be those contained in the maintaining authority's Scheme for Financing Schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of Schemes to the powers of Local Authority to provide community facilities.
3. Schools are therefore subject to the prohibitions, restrictions and limitations in the Scheme for Financing Schools.
4. This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Local Authority and schools to secure the provision of adult and community learning.

New legislation from April 2011

5. Section 4 of the Children, Schools and Families Act 2010, which was passed April 2010, enables schools to use their delegated budgets for community facilities. Schools have had powers to provide community facilities or services since the 2002 Education Act. There were, however, restrictions in place whereby the delegated budget could only fund services which directly supported the curriculum or were of direct educational benefit to pupils at maintained schools. Services outside this definition, such as adult learning or sports activities for the local community, could only be funded by certain grants including the School Standards Grant, charges or other external income.
6. The relevant sub-sections of the Act took effect from 1 April 2011, so schools were able to take into account this power in planning their budgets from 2011-2012 onwards.
7. The Act does allow for regulations to be produced to restrict the scope of spending, but we do not intend to make any at this stage. There is already a prohibition on schools using their community facilities power if this would interfere with their primary focus of raising standards, therefore existing

accountability mechanisms should be sufficient protection. This would be reconsidered if there was evidence that the core functions of the school were suffering as a result.

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

Consultation with the Local Authority – Financial Aspects

9. Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, Governing Bodies must consult the local education authority, and have regard to advice given to them by their authority.
10. Schools are required to inform the Director of Children’s Services at the earliest opportunity if they intend to consider the provision of community facilities, and will be required to submit their proposals in writing to the Director and other departments at the appropriate stage in the process. Further guidance will be issued as to contact details of officers involved, and the timeliness and the amount of information which schools should supply in seeking authority advice.
11. The authority will provide advice at the earliest opportunity, and within 6 weeks of being consulted. Schools must inform the authority of the action that has been taken following the receipt of the advice. The authority may not levy a charge for advice.

Funding Agreements – Local Authority Powers

12. The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations are potentially involved.
13. Any proposed funding agreements with third parties (as opposed to funding agreements with the authority itself) should be submitted to the authority for comment at draft stage before any commitment is given. If an agreement is concluded against the wishes of the authority, or has been concluded without informing the authority, which in the view of the authority is seriously prejudicial to the interests of the school or the authority, that may constitute grounds for suspension of the right to a delegated budget.
14. In certain specific instances of the use of the community power, the Governing Body concerned will be required to make arrangements to protect the financial interests of the authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the authority. This requirement will only be imposed in circumstances where the authority has good reason to believe that the proposed project carries significant financial risks.

Supply of Financial Information

15. Schools which exercise the community facilities power are required to provide the Local Authority every six months with a summary statement, in a form determined by the Local Authority, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.
16. If the Local Authority gives notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, then the Local Authority will require such financial statements to be supplied every three months, and will also require the submission of a recovery plan for the activity in question.

Audit

17. Clear and up to date financial records relating to the provision of community facilities must be kept. All relevant records connected with the exercise of the community facilities power, including contractual agreements and other supporting material should be available for inspection by officers and especially Audit officers of the Local Authority.
18. Schools are required, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, to ensure that such agreements contain adequate provision for access by the Local Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Local Authority to satisfy itself as to the propriety of expenditure on the facilities in question.
19. Mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

Treatment of Income and Surpluses

20. Schools can retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the Local Authority or some other person.
21. Schools can carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Local Authority at the end of each financial year, transfer all or part of it to the budget share balance.
22. If the school is a Community or Community Special School, and the Local Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Local Authority unless otherwise agreed with a funding provider.

Health and Safety Matters

23. The health and safety provisions of the main scheme are extended to the community facilities power.
24. The Governing Body is responsible for the costs of securing Disclosure Barring Service clearance for all adults involved in community activities taking place during the school day. Where a community activity is being organised or delivered by a third party it will be the responsibility of that third party to carry out and pay for any necessary CRB checks or organise their activities in such a way that CRB checks are not required.

Insurance

25. It is the responsibility of the Governing Body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power. Such insurance should not be funded from the school budget share. The school should seek the Local Authority's advice before finalizing any insurance arrangement for community facilities.
26. The Local Authority is empowered to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share.

Taxation

27. Schools should seek the advice of the Local Authority and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities; including the use of the Local Authority's VAT reclaim facility.
28. Schools are reminded that if any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in the school's own bank account (whether a separate account is used for community facilities or not – see paragraphs 28 - 30), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.
29. Schools must follow Local Authority advice in relation to the Construction Industry Scheme (CIS) where this is relevant to the exercise of the community facilities power.

Banking

30. The school should either maintain separate bank accounts for budget share and community facilities or have one account with adequate internal

accounting controls to maintain separation of funds. Alternatively the school may utilise LA banking arrangements which would permit adequate separation of such funds from the school budget share and other LA funds.

31. The school is required to adhere to the requirements in the Scheme for Financing Schools and the Local Bank Account Scheme that relate to such matters as the choice of bank account, the signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters not specifically listed here, save that, where a bank account is set up specifically for community facilities, the account mandate should not imply that the LA is the owner of the funds in the account, except insofar as those funds have been provided by the LA itself.

Record of amendments to the Scheme

November 2018

Mandatory statutory revisions agreed by Schools Forum July 2018

- a. the removal of wording to reflect that regulations no longer allow local authorities to issue budget shares for a multi-year period.
- b. References to the Audit Commission have been removed as this has been abolished.
- c. 'Statement of SEN' has been replaced with 'Education Health and Care Plan (EHCP)'.
- d. Additional paragraph 6.3.2 regarding loans
- e. Additional paragraph 8.6.2 regarding balances of closing schools

Annex B updated.

July 2019 revisions agreed by Schools Forum



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RevisionsSchemeForF

July 2020 revisions agreed by Schools Forum



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RevisionsSchemeForF

July 2021 revisions agreed by Schools Forum



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RevisionsSchemeForF

July 2022

- The reference to the Salix Loan Scheme in paragraph 7.9.1 has been removed, as this scheme has now closed.

Updates to the following regulation changes:

- 5.1.3 and 5.2.5 Amended to refer to both Public Contract Regulations 2006 and partially repealed by Public Contract Regulations 2015 which exist alongside the earlier regulations.
- 10.2.27 Late payment of commercial debt act – year added 1998
- 16.3 Updated for Data Protection Act 2018

July 2023 revisions agreed by Schools Forum



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RevisionsSchemeForF



The Scheme Specific Financial Regulations

Scheme Specific Financial Regulations

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1. Procuring Goods and Services

1.1. Purchasing

The Governing Body is responsible for all purchases of goods and services from the school budget. Goods and services may only be procured and paid for in relation to official Local Authority business, which has been properly authorised. Authority to sign orders up to given financial limits should be restricted to a small number of persons named by the Governing Body in their scheme of delegation.

Schools must abide by the Local Authority's Contract Procedure Rules in purchasing, tendering and contracting matters. All actions taken in relation to quotations, tendering and contracts should be fully documented and retained by the school for six years from the date of the last payment under the contract or the order completion.

1.2. Scheme of Delegation

1.2.1 The Governing Body should establish in a scheme of delegation the financial level (which should be substantially less than £10,000), below which the Headteacher may accept quotations and above which the approval of the Governing Body is required.

1.2.2 The Governing Body shall ensure that sufficient budgetary provision is available to meet all associated costs, before giving approval to accept a quotation or tender.

1.3. Lease of Hire Agreements

1.3.1 A Governing Body must not enter into any agreement to lease, rent or hire items or services without first consulting the LA's Schools' Finance Team, and verifying that the agreement provides better value than direct purchase. If purchase is the better option, the Governing Body may wish to consult the Manager of the LA's Schools' Finance Team about financing an item costing over £5,000 by means of a Local Authority Business Finance loan (*this scheme is not currently in operation*).

1.4. Quotations and Tenders

1.4.1 Quotations

Where the total value of goods or services to be supplied is £5,000 or more but less than the WTO GPA threshold, quotations must be sought where practicable from at least three parties who meet appropriate standards of technical and financial competence, in addition to any in-house bid.

These quotations may be in electronic form (with a hard copy of the quotation and relevant correspondence kept on file) if a supplier is contacted on the Internet. Further details of the procedure for obtaining quotations are included in the Contract Procedure Rules.

1.4.2 Where a quotation is required, in-house suppliers must be invited to bid, provided they meet appropriate standards of technical competence.

1.4.3 Quotations are not required when: -

- purchasing from a Government Contract
- purchasing from the Local Authority's contracts
- purchasing from centrally negotiated term contracts
- purchasing from Local Government Consortia Contracts
- purchasing at public auction with the approval of the Local Authority
- making purchases of a unique nature which the Governing Body is satisfied can only practicably be purchased from a single source
- the Governing Body considers that the purchase of any service or goods is of an emergency nature to preserve the assets of the school, or to enable the service to be maintained. In such cases the approval of the Governing Body must be sought under urgency procedures
- commissioning work by way of a call off under a Framework Agreement.

1.4.4 Tenders

The School must contact the Procurement where the value of the goods or services to be supplied exceeds the WTO GPA threshold to agree the appropriate procurement process which will ensure value for money and adequate competition. The normal process for such procurements will be a competitive tender procedure, which must be conducted in accordance with the Contract Procedure Rules. A tender is a written offer from a supplier to provide goods or services, usually in response to a written specification of the goods or services required.

1.5 Ordering Goods and Services

1.5.1 Official Orders and Requisitions

For all purchases up to £10,000 in total value, an official order must be raised and authorised by a designated employee of the school in accordance with the school's scheme of delegation. The Governing

Body must ensure that wherever possible the separation of duties exists in the procedure for raising orders.

- 1.5.2 The authorised officer shall ensure that before an order is placed, sufficient budgetary provision exists to meet all the costs associated with that order.
- 1.5.3 Orders and requisitions must be made using an official purchase order through the Authority's finance system (or local system for local bank account schools). Governing Bodies are responsible for the safe custody and proper control over the use of purchase orders within the school. Exceptions to this requirement are orders relating to public utilities, periodic payments, rent, rates, petty cash purchases, and other such exceptions as approved by the Manager of the LA's Schools' Finance Team.
- 1.5.4 Each order must clearly indicate the nature of the work, services or specification of goods, the quantity to be provided, the price or estimated price exclusive of VAT, the delivery address, invoice address, and the date required. Copy orders should be available from the finance system.
- 1.5.5 Only in cases of extreme urgency can an oral order be issued. It must be confirmed by an official order as soon as possible afterwards, marked "Confirmation Only". Faxed and electronically transmitted orders are valid but both sides of the document should be transmitted to ensure that the supplier is in receipt of the Local Authority's terms and conditions. If available a "send receipt" should be kept.
- 1.5.6 Official Local Authority orders shall not be used to obtain goods and services for individuals.

1.6 Contracts

- 1.6.1 Where purchases of goods or services are for £10,000 or more, a standard form Contract provided by Legal Services must be used, unless none of the standard form Contracts are appropriate (in which circumstances the advice of Legal Services should be sought), Where purchases are for more than £10,000 but less than £60,000, the Contract must be signed on behalf of the Governing Body by a duly authorized signatory. All purchases of £60,000 or more must be the subject of a contract signed on behalf of the Governing Body and executed under seal by the Local Authority.
- 1.6.2 Any costs incurred by a Governing Body as a result of breaking the terms of a contract, either with an outside contractor or with the Local Authority's Direct Service Organisations, will be charged to the school's delegated budget.

1.6.3 Governing Bodies should ensure that a register is maintained of all contracts entered into by the school.

1.6.4 Contract Variations

Variations to an existing contract must be approved by the Governing Body and agreed in writing by both parties. Where the total value of the purchases under the Contract exceeds £50,000 the advice of Legal Services must be sought prior to any Contract variation.

1.6.5 Extensions of Contract

Contracts may be extended in accordance with the agreed terms, subject to the approval of the Governing Body. Where the extension will result in the total value of the purchases under the Contract exceeding £50,000, the advice of the Procurement must be sought prior to extending the Contract.

1.7 Insurance and Health and Safety

1.7.1 The Governing Body shall ensure that any contractor chosen to provide services, has adequate insurance cover for any claims made against the contractor by a third party, or other liabilities which could arise from their contract with the Governing Body. Insurance levels should be in line with the requirements of Part 3, Section 6 E11 of the Contract Procedure Rules and where necessary the School should seek advice from the Authority's Audit team. In demonstrating the parity of cover. Evidence should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier

1.7.2 The Governing Body should assess in advance, where relevant, the health and safety competence of contractors, taking account of the Local Authority's policies and procedures.

2. Payment of Account

2.1 The governing body shall ensure that all claims and invoices are checked and certified by an authorised person as being correct for payment and processed in sufficient time for payment to be made by the due date and for any discount to be claimed.

2.2. The names and specimen signatures of all those officers authorised to sign claim forms and invoices, shall be submitted to Finance.

2.3. Wherever possible, the person certifying the invoice should be neither the person who signed the order nor the person who checked the receipt of the goods or services.

2.4. In certifying an invoice the authorised person shall ensure that:

- (a) the goods and/or services have been received;
- (b) the price is in accordance with the quotation, tender or contract;
- (c) due account has been taken of any discounts available;
- (d) the invoice is arithmetically correct;
- (e) the invoice is addressed to Cheshire West and Chester Council and therefore legally payable by the Council;

OR

- (f) the invoice is properly addressed to the school and therefore legally payable by the Council;
- (g) the invoice has not been previously paid;
- (h) where, in exceptional cases a photocopy rather than the original supplier's invoice is to be submitted, it has been certified as "not previously passed for payment" to avoid the possibility of duplicate payments;
- (i) it is a proper detailed invoice rather than a statement of account and is in the correct form for VAT purposes;
- (j) any VAT amounts have been correctly identified within the coding of the invoice;
- (k) the expenditure, has been coded to the appropriate, valid, account and centre code combination for the school, and is within the sum available in the appropriate school budget.
- (l) the order and school records have been updated to record that the invoice has been passed for payment.

- 2.5. Suppliers should be asked to quote on their invoices: the name of the school, the official Council order number, the work and where it was undertaken or the goods delivered, and the delivery note number. They should also be instructed to send any invoices to the address specified on the official order.
- 2.6. Where a payment is subject to VAT, a VAT invoice shall be obtained, and the VAT element shall be properly identified within the coding of the invoice. Failure to ensure that VAT is properly reclaimed will result in these costs being met out of school budgets.
- 2.7. The Section 151 Officer may examine all accounts passed for payment and request any further information or access to related documents as felt necessary.
- 2.8. Where, as a result of a school's decision to opt for a local financial processing option, invoices are retained at the school, they should be clearly marked to indicate that they have been paid, and thereby avoid the risk of making duplicate payments. The governing body shall be responsible for enforcing statutory regulations regarding the retention and access to processed invoices for inspection by HM Revenue and Customs. Further advice is available from The Section 151 Officer.
- 2.9. The Section 151 Officer will supply a creditors service (where it is economically feasible to do so) to schools who choose not to operate an agreed local financial processing scheme based on their own school bank account. The service will facilitate payment of all invoices and operate according to the financial controls above. Authorised invoices for payment must be sent to the Finance Manager in sufficient time for payment to be made by the due date and for any due discount to be claimed. The names and specimen signatures of all those officers authorised to sign claim forms and invoices, shall be submitted to Finance along with notification of any changes. Processed invoices shall be retained and made available for inspection by HM Revenue and Custom.

3. Construction Industry Scheme (CIS)

3.1 General

- 3.1.1 There is a legal obligation placed on local authorities to make deductions of income tax from contractors' invoices falling within the scope of the Construction Industry Scheme. This includes any payments made to contractors who carry out any type of building work for the school, as under the scheme they are considered to be sub-contractors to Cheshire West and Chester Council. In addition to actual construction, the scheme also includes such things as painting and decorating, joinery, plumbing, etc. The full scope of the construction operations included within the scheme are listed on the HMRC website, reference CISR14020.
- 3.1.2 Interpreting and complying with HMRC regulation is quite complex and involves correctly deducting and paying over tax, the submission of various tax vouchers each month, and an annual return listing all payments made under the scheme. To enable these deductions and reports to be processed, details of contractors' certificates and registration cards must be examined and recorded.
- 3.1.3 All schools, as agents of the Local Authority, are responsible for the initial determination of whether the Construction Industry Scheme should apply, and for examining and recording details of contractors' certificates and registration cards prior to commissioning the work. Any financial penalties imposed by the Inland Revenue arising from a school's failure to determine that CIS should have applied will be charged to the school concerned.
- 3.1.4 Those schools who choose to operate a local bank account and pay their contractors directly, become responsible for the whole operation of CIS under their own linked scheme arrangement. This will include responsibility for any financial penalties imposed by the Inland Revenue arising from failure to operate the scheme properly. Any school wishing to operate a linked scheme arrangement should contact The Section 151 Officer for details of how to register with HMRC.

3.2 Applying the Scheme

- 3.2.1 When considering placing a contract or order for goods and services, the school must determine whether the Construction Industry Scheme applies. In doing so, the school must consider the works over the full extent of the project, and determine:-
- (a) whether the person(s) to be hired should be treated as self-employed, or as an employee to be taxed through the PAYE system;
 - (b) whether the works fall within the scope of construction operations

- (c) whether the total taxable element will exceed the small payments threshold.

Guidance on the scope of CIS is available from HMRC and the Section 151 Officer.

- 3.2.2 For works falling within the scope of CIS, the school must require the contractor to produce appropriate CIS documentation, unless this documentation has been previously checked and is known to be still valid.
- 3.2.3 The school must ensure that the contractor's CIS documentation is valid and record the details for future reference. In particular, the school should check that :-
 - (a) the document is genuine
 - (b) the person producing it matches any photograph attached
 - (c) the contractor name, address, and registration are shown and as expected
 - (d) the document will remain in date over the course of the contract
 - (e) the document is signed by the appropriate person
 - (f) any required supporting information is provided

The local office of HMRC should be consulted where a doubt over the authenticity of CIS documents remains. Further guidance is available from The Section 151 Officer.

- 3.2.4 The contract or order must not be awarded to any contractor who does not produce satisfactory valid CIS documentation.
- 3.2.5 The Head of Property maintains an approved list of contractors whose CIS documentation has already been validated for inclusion on the list. Schools are recommended to use these contractors thereby making further CIS checks unnecessary.

3.3 Making Payments

- 3.3.1 The school must obtain a fully itemised (VAT) invoice showing the cost of materials, labour, expenses, levies, (and VAT); and ensure wherever possible that the cost of materials reflects the actual cost to the contractor and is not overstated.
- 3.3.2 Schools who have chosen not to operate their own local bank account must submit the invoice to the Payments and Income department for processing in the normal way. Where the invoice is the first following validation or re-validation of a contractor's CIS documentation, the school must also submit a photocopy of that CIS documentation.
- 3.3.3 Schools who have chosen to operate their own bank account must

determine whether the invoice should be paid NET showing the amount of tax to be deducted, or GROSS. In particular the school must consider:

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- (a) the type and expiry date of CIS documentation submitted by the contractor
- (b) the nominated payee to receive the payment
- (c) the amounts liable for tax and the prevailing rate

- 3.3.4 Payment must be in the form of a crossed cheque or automated bank credit (BACS), and full details of the invoice, payment and tax deducted must be recorded.
- 3.3.5 The school must ensure that a CIS Employed or Self – Employed status questionnaire is completed for all new suppliers.
- 3.3.6 The school must pay over the tax that should have been deducted from the contractor to HMRC as specified in the scheme.
- 3.3.7 The school must make the annual return to HMRC as specified in the scheme.
- 3.3.8 The school must ensure that all records relating to payments under the scheme are held securely for at least three years following the tax year to which they relate, and make them available for inspection by HMRC if required.
- 3.3.9 The Section 151 Officer will provide a Construction Industry Scheme service (where it is economically cost effective to do so) to schools who choose to operate their own bank account, but do not wish to operate their own linked CIS arrangement. Schools will remain responsible for determining whether the scheme applies and for examining contractors' CIS documentation. The school must send the invoice and a cheque from their local bank account made payable to Cheshire West and Chester Council for the gross amount excluding VAT. The Local Authority will make the appropriate deductions and be responsible for the payment to the contractor together with the accounting of such transactions to HMRC. Where the invoice is the first following validation or re-validation of a contractor's CIS documentation, the school must also submit a photocopy of that CIS documentation.

4. Payment of Salaries

4.1 General

- 4.1.1 Governing bodies shall be responsible for making arrangements for the payment of salaries. This could be met by using the Council's payroll service, or by use of an alternative provider. Where the Governing body choose to use an alternative provider, details of the service should be submitted to the Section 151 Officer for approval. The Section 151 Officer will have regard to the need for accurate calculation and payment of salaries and expenses, including all statutory deductions; and the paying over and reporting of such allowances and deductions as may be required by the Section 151 Officer or the appropriate statutory agencies and prevailing legislation. This will include taking proper account of appointments, promotions, re-gradings, resignations, dismissals, retirements, and absences from duty, as well as pay awards, and changes to conditions of service and relevant legislation.
- 4.1.2 Any circumstances affecting the salaries, wages or other payments to any school employee, including appointments, promotions, re-gradings, secondments, suspensions, dismissals, retirements and absences from duty (other than normal leave), shall be notified to the Employee Service Centre in the appropriate manner. Governing bodies are advised to consult Schools HR on any matters relating to conditions of service, salary and wage scales, where they have purchased this service.
- 4.1.3 Time sheets, expenses claim forms and other pay documents used to generate payments shall be in a form approved by the Section 151 Officer, and shall be checked and certified by an officer authorised by the governing body before being processed for payment.
- 4.1.4 The authorised officer should be a different person to the one who has completed the documents. The names and specimen signatures of all authorised officers shall be recorded and held securely for inspection and verification purposes.
- 4.1.5 In authorising pay documents, authorised officers should ensure that:-
- (a) the claim has necessarily been incurred;
 - (b) the claim complies with the appropriate conditions of service and prevailing NI and tax legislation;
 - (c) the claim has been coded to the correct account and centre codes;
 - (d) sufficient funds are available in the appropriate school budget;
 - (e) the school's records have been updated to show that the document has been passed for payment.
- 4.1.6 Governing bodies should ensure that the duties of authorising or terminating the appointment of staff, are performed by different staff to those responsible for undertaking the processing of salaries, wages,

travelling and other employee related payments.

- 4.1.7 All payments to school staff for work done and travelling and subsistence claims (see below) shall be paid through a formal payroll system, either the Council's or the school's to ensure that the school complies with income tax regulations. No employee related payments shall be processed through the central payments system, local bank account, imprest account or school fund.
- 4.1.8 Processed pay documents should be clearly marked to avoid the risk of making duplicate payments. The governing body shall be responsible for enforcing statutory regulations regarding the retention and access to processed pay documents for inspection purposes. Further advice is available from Finance Manager.

4.2 The Council's Payroll Service

- 4.2.1 The Council will provide a payroll service (where it is economically feasible to do so) to schools who choose not to operate local payroll arrangements. The service will make payments from the Council (bank account), will operate according to the Council's financial controls and will provide full support for the responsibilities outlined above.
- 4.2.2 Certified pay documents containing accurate and appropriate instructions shall be submitted to the Employee Service Centre in accordance with the specified timetable. The names and specimen signatures of all authorised officers shall be submitted to the Employee Service Centre, along with notification of any changes.
- 4.2.3 Where appropriate, governing bodies who have chosen to hold the school staffing budget in a local bank account shall ensure that funds are reimbursed to the Council (bank account) as notified by the Employee Service Centre, and shall be responsible for any interest charges arising from failure so to do.

4.3 Travelling and Subsistence Allowances

- 4.3.1 School staff shall conform to the terms and conditions for the use of a car on official business as issued by the Section 151 Officer.
- 4.3.2 The governing body are responsible for ensuring that school staff who use their cars for official business are properly insured to indemnify the Council against any loss which may arise. School staff should be reimbursed for expenditure actually and necessarily incurred in using their cars for official business, in accordance with the appropriate conditions of service, by using the appropriate claim form. Subsistence allowances, provided they are properly incurred, may be payable according to the allowances under the appropriate Conditions of Service. Any VAT charged in respect of subsistence can be reclaimed

where there is re-imbusement of actual travel or subsistence costs incurred supported by a VAT receipt or invoice. VAT is not reclaimable where an allowance is paid.

- 4.3.3 Under the Education (Governors' Allowance) (England) Regulations 2003, governing bodies may only pay themselves for expenditure necessarily incurred by that person for the purpose of enabling them to perform any duty required as a Governor.

5. Imprest Accounts (facility removed from April 2017)

- 5.1 The Section 151 Officer will provide a range of imprest services (where it is economically cost effective to do so) to schools who choose not to operate their own school bank account, but require a local arrangement to meet certain expenses. These services will usually take the form of an imprest bank account.
- 5.2. Imprest bank accounts may not be used for payments in respect of salaries, wages, travelling or any other employee related expenses; or for work carried out under the Construction Industry Scheme.
- 5.3. The governing body should ensure that the amount of the imprest account provided is appropriate for the expenses envisaged, and should determine the maximum value of any single transaction.
- 5.4. Imprest accounts must not go overdrawn at any time.
- 5.5. Access to the imprest account should be restricted by the governing body to one or two authorised members of staff. These shall be the only persons authorised to make purchases using the imprest account, having first ensured there are sufficient funds available in the account.
- 5.6. The governing body should submit the names and specimen signatures of all authorised officers to Payments and Income, along with any notifications of changes and temporary arrangements required.
- 5.7. All payments made out of the imprest account must be properly authorised by the appropriate budget holder, who should first ensure that there is sufficient budget available to meet the expenditure. All payments shall be supported where appropriate by a proper VAT receipt or VAT invoice, which should clearly identify any VAT paid in order for the Council to reclaim the VAT from Customs and Excise. Under no circumstances must funds be used for unofficial or unauthorised purposes.
- 5.8. Proper records of payments, VAT and non-VAT receipts, and reimbursements shall be maintained as required by The Section 151 Officer.
- 5.9. A reconciled claim for reimbursement from the Council shall be certified by a person approved by the governing body and submitted to Payments and Income on a regular basis. The frequency of reimbursement should be at least monthly, and must be such that the imprest account is never overdrawn.
- 5.10. The governing body should ensure that at any time the authorised imprest account holder can provide the Section 151 Officer with a detailed and balanced financial position statement for the account.

- 5.11. The governing body should ensure that the imprest account is independently checked and balanced at least once per academic term.
- 5.12. Under no circumstances must income be paid into an imprest account or used to meet items of expenditure, but shall be paid into the Council's bank account.
- 5.13. Regular payments to suppliers should be made through the normal creditor payments service. Personal cheques must not be cashed from the imprest account, or any other fund or income held at the school.
- 5.14. Governing bodies are responsible for any losses on the imprest account arising through negligence or fraud, and these shall be met from the school budget.
- 5.15. Imprest account holders who leave the Council's employment or cease to be entitled to hold an account for other reasons, shall account to the governing body for the funds advanced to them.

6. Income

6.1 General

- 6.1.1 The governing body shall ensure procedures are operated within the school for the safe and efficient collection, receipt and accounting of all money due to the Council. This will include banking all official income in the Council bank account or an approved local bank account as appropriate. Other income, such as from fundraising, may be banked in the unofficial or school fund bank account.
- 6.1.2 The level of charge to be levied for each activity where the school generates income, should be reviewed and approved annually by the governing body.
- 6.1.3 Wherever possible either payment should be obtained in advance (particularly for amounts of less than £25), or an official invoice should be raised for income due, in order that the debt is formally established and to enable debt collection procedures to be instigated if necessary.
- 6.1.4 Invoices for income due in respect of charges for work done, goods supplied or services rendered should be raised promptly using a method approved by the Section 151 Officer. All payments in settlement of an account should be paid into the Council bank account or approved local bank account as appropriate.
- 6.1.5 The correct accounting analysis, including the separate analysis of VAT, should be made on the appropriate part of the bank paying-in slip and provided by the appropriate means for inclusion in the Council's accounts. As a general rule, income should not be coded to expenditure codes but to an income code.
- 6.1.6 The collection of all income should be immediately acknowledged by the issue of an official, pre-numbered receipt, in a form approved by the Section 151 Officer and a record should be made immediately in the accounting system, of the income received, including an analysis of VAT where appropriate.
- 6.1.7 All income received by the school on behalf of the Council should be paid into the Council bank account or an approved local bank account, as appropriate without delay and at least weekly. No deductions may be made from the sum received. Officers paying money into the bank account should record the full particulars of each receipt, including the amount, a detailed description of the income, and a reference, on the bank paying-in slip or counterfoil.
- 6.1.8 The governing body should ensure that as full a separation of duties, as possible, between different members of staff, exists in the school's procedures for the collection, receipt and banking of income and that

there are regular independent checks by a senior member of staff on the completeness and promptness of bankings.

- 6.1.9 In order to ensure compliance with the 1992 Cheques Act all cheques which represent official Council income must be made payable to "Cheshire West and Chester Council" and not the individual school.
- 6.1.10 Personal cheques must not be cashed from money held on behalf of the Council.
- 6.1.11 Goods or materials sold for cash or paid for by cheque cannot be released until the cash has been received by the school or the cheque cleared into the Council bank account or approved local bank account. Cheques offered with a valid guarantee card may be treated as cash, subject to the conditions under which the card has been issued.
- 6.1.12 The Governing Body should ensure that cash and cheques are placed in a locked safe if the school has one or a locked drawer, as soon as possible after receipt, and that access to safes and locked drawers is strictly controlled. The Governing Body should ensure that insurance cover is sufficient in respect of the amounts of cash and cheques held in the school.
- 6.1.13 All documentation and records in relation to income due to, or received by the school, shall be retained securely for six years after the end of the financial year to which they relate.
- 6.1.14 The governing body should establish which named members of the school's staff are authorised to cancel, replace or write-off a debtor's account. The write-off of bad debts should be reported to the governing body with full explanation of the reasons for the write-off. The written-off amount will be debited against the school's budget to offset the original credit received when the account was first raised. Advice with regard to official Council debtor accounts may be obtained from the Section 151 Officer.
- 6.1.15 Monthly reconciliation should be performed of local income records with the amounts shown in the school accounts as per the finance system. Any discrepancies should be investigated promptly.

6.2 Purposes for which income may be used

- 6.2.1 Income from the sale of assets purchased with delegated funds may only be spent for the purposes of the school.
- 6.2.2 The Section 151 Officer will provide an income service (where it is economically cost effective to do so) for schools who choose not to operate their own school bank account. The service will provide facilities for the paying in and recording of income received to the Council bank

account and the raising and processing of debtors invoices. The service will operate according to the financial controls above.

7. Audit of Voluntary and Private Funds

- 7.1 A voluntary or private (unofficial) school fund is defined as any fund established to support school activities but generated by funds which are independent of school's official resources. It is controlled partly or wholly by a person appointed by the governors, and therefore parents, students and supporters of such funds are entitled to expect that they will be managed and controlled as if they are public funds. The common example of such a fund is the School Fund.
- 7.2. This section does not apply to private funds administered by persons not approved by the Governors, such as PTA Funds. The Governing Body shall notify the Section 151 Officer of the existence, title and purpose of all unofficial funds and ensure that they are administered to the same standards of probity and stewardship as official funds.
- 7.3. The governing body should be made fully aware of all such funds and shall nominate a responsible officer to administer each fund. They shall also appoint a suitably qualified, independent Auditor i.e. not a governor or member of the school staff so as to avoid any conflicts of interest, to perform an annual audit of the fund. The Auditor need not be a qualified accountant, but should have some financial knowledge and experience.
- 7.4. The end of year audited accounts, comprising an income and expenditure account and balance sheet and an audit certificate prepared by the auditor, shall be presented annually to a meeting of the full governing body.
- 7.5. The governing body shall ensure that essential controls such as separation of duties, maintaining proper documentation and accounting records e.g. a cash book, performing regular bank reconciliations which are independently checked, payment authorisation procedures, and income receipting procedures, all of which apply to the management of the school's budget share, are also applied in respect of all transactions relating to unofficial funds. All transactions must also be appropriate with the purpose of the unofficial school fund.
- 7.6 At least two signatories should be required for all cheques drawn on an unofficial fund account.
- 7.7 The unofficial fund monies shall at all times be kept completely separate from Council monies. Council payment or income transactions shall not be made via unofficial funds, and vice versa. Under no circumstances shall payments in respect of salaries, wages, travelling or other employee related expenses, be made out of an unofficial fund.
- 7.8 A statement of intent for each unofficial fund should be presented to the governing body for approval at the beginning of each financial year, as

a statement of the income anticipated to be received by the fund and how it is intended to be spent.

- 7.9 The governing body should formally approve the financial authorisation limits of the member(s) of staff responsible for administering the unofficial funds.
- 7.10 The governing body should ensure that the school's insurance cover is sufficient, with regard to the amount of unofficial fund cash being held on the premises at any time. There must be a sufficient process for the safekeeping of income in line with its value and any insurance requirements.
- 7.11 Should any member of the school's staff suspect there is an irregularity by any person in the operation of the fund, they should immediately report it to the Headteacher or exceptionally to the Section 151 Officer. The Headteacher when informed of an irregularity should immediately report it to the Chair of Governors and the Section 151 Officer. The latter will then advise as to the best course of action to be followed.
- 7.12 School Funds are outside the Council's VAT registration. Therefore VAT charged for goods and services cannot be reclaimed. Conversely, VAT does not have to be accounted for on any sales or general income. However, Governing Bodies may have to register school funds for VAT if their taxable turnover exceeds a certain limit.