

Local Management for Schools Handbook.



September 2024

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1. Introduction

The purpose of the Local Management for Schools (LMS) handbook is to create a document for all staff with responsibilities and duties involving financial administration for schools, which includes all key information and guidance relating to the LMS scheme and requirements from schools along with relevant key information.

This manual is written in conjunction with the scheme for financing schools which sets out the financial relationship between the Local Authority (LA) and the maintained schools that it funds. The latest scheme for financing schools can be accessed here – [LMS Scheme for Financing Schools 24](#).

2. Key Contacts

Role	Contact Name / Number	Email Address
Schools and Education Team		
Schools Finance		SchoolsFinance@milton-keynes.gov.uk
Schools Financial Advisor	Kayleigh Day	Kayleigh.Day@Milton-Keynes.gov.uk
Schools Funding Accountant	Michelle Hibbert	Michelle.Hibbert@Milton-Keynes.gov.uk
Childrens Services Lead Finance Manager	Jordan McDougall	Jordan.McDougall@Milton-Keynes.gov.uk
Senior Finance Manager	Sonia Hattle	Sonia.Hattle@milton-keynes.gov.uk
Early Years Funding and Queries		
Early Years Placement Officer	Julie Godwin	Jue.Godwin@milton-keynes.gov.uk
High Needs Queries		
SEND Assistance Assesment Officer	Wendy Marshall	Wendy.Marshall@milton-keynes.gov.uk
ECHP		EHCP@milton-keynes.gov.uk
Other		
VAT		VAT@milton-keynes.gov.uk
HR Services to Schools	Vicky Armer	SchoolsHR@milton-keynes.gov.uk

Governor Services Team		GovernorServiceTeam@milton-keynes.gov.uk
ITSS		ITSS@milton-keynes.gov.uk
General Pension Enquires		PensionsMK@milton-keynes.gov.uk
Internal Audit		Internal.Audit@milton-keynes.gov.uk
Leasing (Link Group)	Carly King	Carly.King@linkgroup.co.uk
	Darell Slevin	Darell.Slevin@linkgroup.co.uk
Capital	Mark McKinlay	Mark.McKinlay@milton-keynes.gov.uk
Banking		
Customer Services	0345 835 1215	publicsectorandcharitiesservicingteam@natwest.com
Bankline	0345 300 4108	publicsectorandcharitiesservicingteam@natwest.com
One Card	0800 0964 743	publicsectorandcharitiesservicingteam@natwest.com

3. Budget Setting

What is a budget?

A budget is a financial plan to support the objectives of the school and a tool for financial management and monitoring. It will set out the financial resources needed to deliver the school development plan and the asset management plan. A budget is the initial estimate of income and expenditure and will be the basis for monitoring financial performance.

Why set a budget?

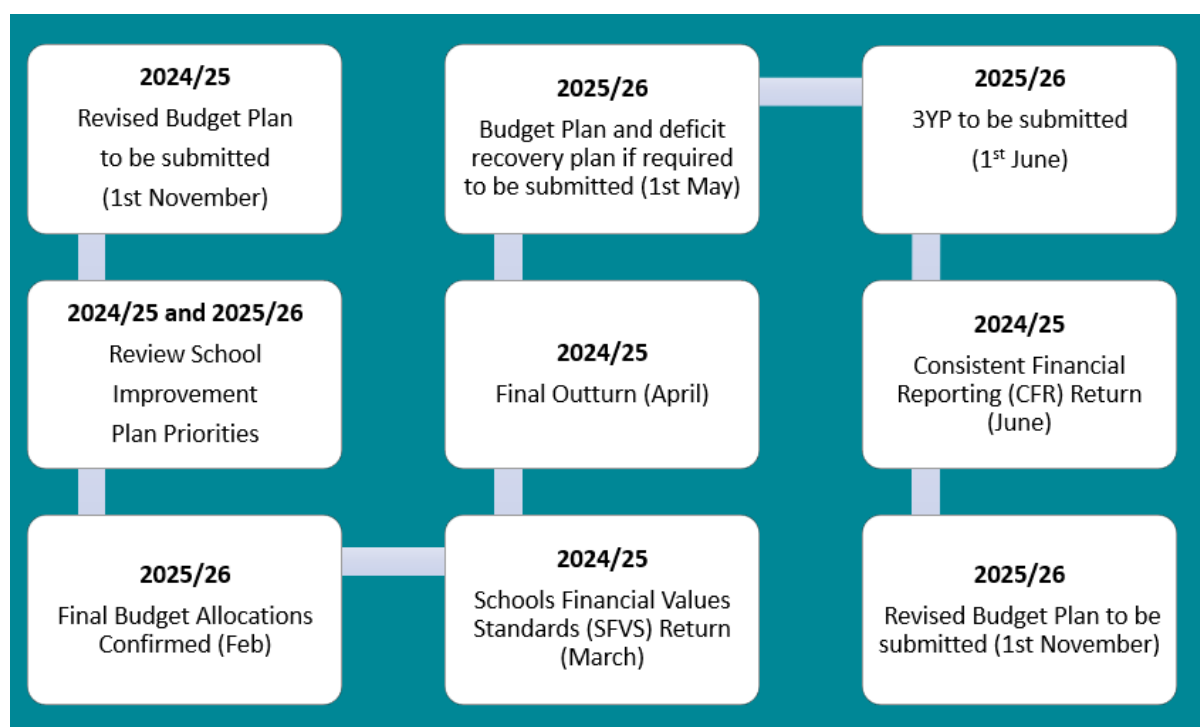
A budget enables the school to plan and make decisions where money will be spent, it will help decide what expenditure is affordable – staffing, learning resources, maintenance, projects and it will provide a basis to monitor performance. The budget should be reviewed and challenged by the head teacher and governors and it should be compliant with the requirements in section B of the Schools Financial Value Standards (SFVS).

When should this be set?

All budget submissions must be approved by the governing board and maintained schools should submit this to the LA. Early budget planning is recommended so that the budget can be produced and approved by the deadline dates.

- Original budget deadline is to be submitted by the **1st May**.
- Three year plan deadline is due to be submitted by the **1st June**.
- Revised budget deadline is due by **1st November**.

Budget Cycle



What should be included?

Several items should be considered and updated before the budget setting process in order to provide the most up to date and correct financial position.

This includes but not limited to:

Asset Management Plan (AMP) – An AMP indicating how the school plans to invest in the premises over the next three years. The plan must include details of the Devolved Formula Capital (DFC) expenditure that has taken place. Schools should keep a record of all repairs, maintenance and capital expenditure on their premises over the course of the year and what they are planning for future years. This should also include any feedback from building and other surveys undertaken routinely by the school.

School Development/Improvement Plan (SDP/SIP)– The headteacher/governing board is responsible for producing a school development/improvement plan. The plan will lay down the strategic priorities of the school and identify specific objectives, together with related funding, target dates and success criteria. Setting a school budget with links to the school development plan ensures there are enough resources to achieve objectives and long term plans set by the SDP/SIP.

Contracts List – Consideration should be given to the ongoing cost of all contracts on the contract list as well as a review of new items to be added, inflationary increases and expiry dates on existing contracts. Consideration on whether the contracts ending or coming up for renewal are worth renewing? Are they required? Are they providing good value for money? Are there any other options to consider?

Health and Safety Audit – Schools are responsible for managing H&S risks – this means having safe buildings and H&S management in place for other risks. Schools devolved

budgets includes funding for these H&S responsibilities. Each school must ensure they spend this money on maintaining safe buildings/spaces and having effective risk management in place, the cost of this should be included in the budget plan.

Staffing – Below are questions to consider in relation to staffing:

- Does the staffing budget reflect your staffing structure and your curriculum plan? This links with the school development plan.
- Does the level of staff reflect changes in pupil numbers? Using the benchmarking tools on the Intergrated Curriculum and Financial Planning (ICFP) can determine whether the correct ratios are being used.
- Have increments and performance related pay increases been included?
- Has income from the teachers pay pension grants been included?
- Any implications from job evaluation and salary protection?
- Apprenticeship levy

The ICFP is useful to use to create the best curriculum for student with the funding available. This tool allows you to benchmark and analysis against similar settings. This can be found here - [Integrated curriculum and financial planning \(ICFP\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/integrated-curriculum-and-financial-planning-icfp).

Benchmarking

What to do with benchmarking –

Identify areas with success:

- Rates a schools data against similar schools or nationally recognised bandings
- Opportunity to identify areas for improvement
- Powerful tool for continuous monitoring
- Allows schools to consider best use of resources
- Informs school development plan
- Benchmarking dashboard will help complete SFVS

Risks of benchmarking -

- You are comparing to other school's data, which may include one off spend or items that are specific to that school.

Tools to assist in Benchmarking

<https://schools-financial-benchmarking.service.gov.uk/>

<https://www.gov.uk/government/publications/view-my-financial-insights/how-to-access-the-view-my-financial-insights-tool>

Budget Submission

Budgets must include the final agreed year end b/fwd balance. Schools are not allowed to set a deficit year end balance. Budgets will need to be profiled in line with how expenditure is set to be spent (e.g. quarterly utility bills). The budget must be approved by the governing board and signed by chair of governors and headteacher.

Schools are not permitted to plan for a deficit balance in normal circumstances. However, this may be permitted in exceptional circumstances with the prior agreement of the LA. Before this agreement is given the school will be expected to work with the LA to consider all available options in an attempt to set a balanced budget. In agreeing to this the LA will require a plan from the school indicating how it intends to recover the deficit.

Recovery Plans

Schools must submit a recovery plan to the LA when they report a deficit at 31 March of any year. Where a school is permitted to have a deficit balance (see 4.4 and 4.5 of the LMS Scheme) it will be required to produce a plan to recover the deficit within three financial years and remain in surplus thereafter.

4. Grant Funding

Below is a list of grants the LA are aware will be made in the 2024/25 financial year:

PE and Sports	<p>The DfE allocations for the PE & Sports grant continued in 2023/24. Allocations for the academic year 2023/24 were calculated using the number of pupils in years 1 to 6, as recorded in the January 2023 census, as follows:</p> <ul style="list-style-type: none"> schools with 17 or more pupils receive £16,000 plus £10 per pupil schools with 16 or fewer pupils receive £1,000 per pupil. <p>We await further details of the allocations for 2024/25. Conditions of grant and allocations can be found here.</p>
Mainstream School Additional Grant	<p>The MSAG will be included in the School Budget share for 2024/25 and will not be paid as a separate grant.</p>
Teachers Pay Additional Grant (TPAG)	<p>In July 2023 the DfE announced £525m to support schools with the September 2023 teachers’ pay award, with a further £900m in 2024/25. This funding is being split between mainstream schools, special schools and alternative provision (AP), early years, and 16 to 19 provision. The split reflects relative pupil numbers, and core funding amounts, across these different types of provision.</p> <p>TPAG will continue for the financial year 2024/25 and allocations for 2024/25 will be calculated using twelve sevenths of the funding rates in 2023/24. Conditions of grant can be found here.</p>
Teachers Pensions Employers Contributions Grant (TPECG)	<p>TPECG provides 16 to 19 related funding for institutions in the school sector to support the increase in the employer contribution to the teachers’ pension scheme that came into effect on 1 September 2019.</p> <p>The DfE include funding for maintained nursery schools and school nurseries in the Early Years funding formula; and (in relation to pre-16 costs) for schools, academies and non-maintained special schools in the schools, high needs (including independent settings) and central school</p>

	<p>services block national funding formulae (NFF). They do not include TPECG funding, for institutions in the schools sector providing 16 to 19 education, in 16 to 19 funding allocations.</p> <p>In the financial year beginning 1 April 2024 these institutions will continue to receive the TPECG, paid separately to core allocations. Conditions of grant can be found here.</p>
<p>Pupil Premium</p>	<p>Pupil premium is funding to improve education outcomes for disadvantaged pupils in schools in England. Evidence shows that disadvantaged children generally face additional challenges in reaching their potential at school and often do not perform as well as other pupils.</p> <p>DfE will publish initial allocations in March 2024 for all schools that complete the October 2023 census.</p> <p>Allocations are confirmed in June, before the first payment. The June allocations included Pupil Referral Units that complete the January 2024 census.</p> <p>The Education and Skills Funding Agency (ESFA) will pay PP grant to local authorities in quarterly instalments as follows:</p> <ul style="list-style-type: none"> • 30 June 2024 • 29 September 2024 • 29 December 2024 • 28 March 2025 <p>Conditions of the Pupil premium Grant can be found here.</p>
<p>Universal Infant Free School Meals (UIFSM)</p>	<p>UIFSM provides funding for all government funded schools to offer free school meals to pupils in reception, year 1, and year 2.</p> <p>Schools and local authorities must follow the terms and conditions set out in the conditions of grant.</p> <p>Provisional allocation</p> <p>For the academic year 2024/25 a provisional allocation to schools is the total number of eligible meals taken in 2023/24 multiplied by £2.53 x 190 days and by seven-twelfths. This provisional payment is initially based on the 2023/24 figures as the funding amounts were not agreed when the payment was made.</p> <p>Final allocation</p> <p>The final allocation for academic year 2024/25 will be confirmed in June 2025 using the number of pupils recorded as taking a meal in year 1 and year 2 in the October 2024, and January 2025, school censuses.</p> <p>We then subtract those pupils known to be eligible for free school meals (FSM) in the same censuses, who are taking a meal. This figure is then divided by 2 to give the average number of eligible UIFSM pupils in years 1 and 2.</p>

	<p>The number of reception pupils used will be the greater of either:</p> <ul style="list-style-type: none"> the number of pupils recorded as taking a meal in the October 2024 and January 2025 school censuses, minus those pupils taking a meal known to be eligible for FSM in the same censuses, divided by 2 (this gives the average number of eligible UIFSM pupils in reception for academic year 2024/25) or the number of pupils recorded as taking a meal in January 2025 school censuses, minus those pupils taking a meal known to be eligible for FSM in the same census.
<p>Senior Mental Health Lead</p>	<p>The Department for Education (DfE) is offering a grant of £1,200 in the 2024/25 financial year for eligible state-funded schools and colleges to start quality assured senior mental health lead training by 31 March 2025.</p> <p>Eligible settings that want to develop, or introduce, their whole school or college approach to mental health and wellbeing are encouraged to apply for a grant if they have identified a senior mental health lead who can begin training by 31 March 2025.</p> <p>Second grants are available for eligible schools and colleges if the senior mental health lead they previously trained left their setting before embedding a whole school or college approach to mental health and wellbeing.</p> <p>The government remains committed to offering senior mental health lead training to all eligible state-funded schools and colleges by 2025. Conditions of grant can be found here.</p>

5. Capital Funding

The DfE allocates funding each year to help maintain and improve the condition of school building and grounds, this is for all maintained schools except for voluntary aided schools. Eligible schools can access funding through either:

- School Condition Allocations (SCA), with funds paid to eligible boards responsible for maintaining school buildings.
- The Condition Improvement Fund (CIF), a bidding round with funds paid directly to single academy trusts, small multi-academy trusts (MATs), small voluntary aided (VA) board and sixth-form colleges.

In addition, schools are allocated Devolved Funding Capital (DFC) to spend on capital projects that meet their own priorities. There are conditions to what the funding can be spent on which can be found [here](#).

Schools are required to have an up to date and completed AMP indicating how the school plans to invest in the premises over the next three years. The plan must include details of the DFC expenditure that has taken place. Schools should keep a record of all repairs,

maintenance and capital expenditure on their premises over the course of the year and what they are planning for future years.

DFC can be accumulated to be put towards larger projects but you must spend DFC within 3 financial years with year 1 being the financial year payment is made. For example, DFC allocated for 2020/21 will need to be spent by 31st March 2023 (2022/23). If the funding is not spent/committed, then this can be clawed back by the DfE.

6. Budget Monitoring

To ensure that schools remain in good financial health, the schools finance team request information from schools on their financial position and require this to be submitted on a quarterly basis. This information is analysed together with the annual budget and from time to time, additional information may be requested to seek assurance that schools are managing their finances well. Schools must submit details of their income and expenditure on a quarterly basis with the exception of the VAT submittal which is required monthly.

Schools that are identified as financially high risk will be required to provide all of this information on a monthly basis in addition to any supplementary information as requested. Schools identified as high risk will be notified via a letter to the head teacher and Chair of Governors outlining the reasons why and the necessary additional reporting requirements which can be found [here](#).

6.1 LA Reporting Deadlines Timetable (Annex A & B)

The forecast report submission is a new requirement for schools. This will be sent with the monitoring report and is required to be completed and returned to schools finance. The submission of the forecast statement helps ensure the health of a school's budget is on track and can identify earlier whether a school is having financial difficulties.

7. VAT Submittal Guidance

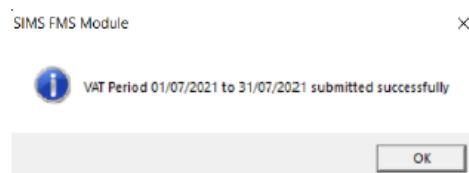
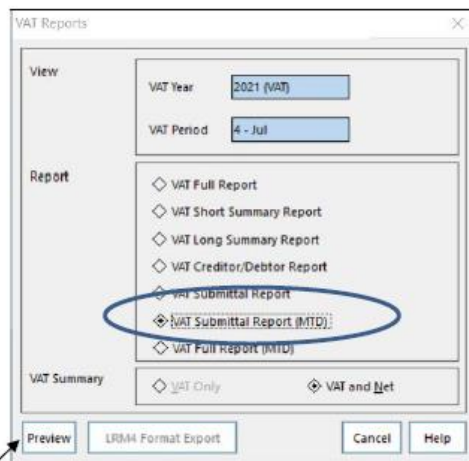
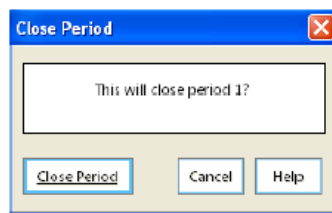
The return of the VAT submittal is due each period. HMRC are implementing their Making Tax Digital plans and as part of that we need all VAT claims in an **Excel** format, so that we can load the details electronically into our VAT reimbursement process. A signed PDF copy is also required. Please be aware that where we don't have an Excel file by the monthly deadline, we will not be able to make the VAT payment.

Please ensure that you are closing your VAT period properly. Historically there have been a number of problems with schools not closing down their VAT period each month.

Where the VAT period is not closed at the correct point there is a high chance that VAT will be back posted to an old open VAT period, and future VAT submittals will not pick up the back dated VAT, leading to underclaimed VAT and a lot of work to unpick the discrepancies. If you require help on completing the VAT close down please refer to the ITSS Help Sheet or contact ITSS.

VAT Close quick guide:

1. Ensure the period is closed (this needs to be done on the first day of the new month so that all transactions for the period are included in the correct period.) To do this go to – Tools - Close Period. Click the Close period button and the system will check for any un-posted transactions.
2. Generate the VAT Submittal Report (MTD) – select reports, general ledger- VAT- VAT Reports, click the add button to create a new VAT report, select the VAT Submittal Report (MTD) button, click preview and you MUST click submit. **You should complete this step before printing a copy of the report.**
3. Click OK to close the VAT Period when the message box appears.
4. If you want to check your VAT Period has been closed properly, check at the top of the screen, the Submit button will no longer be available.
5. Print a copy of the report and as before, the front page of the report must be signed by the Headteacher. This must be scanned and emailed to Schools Finance together with an XLS version of the VAT Submittal Report MTD. Please also confirm in your email that you have checked the VAT Period has successfully closed.
6. Click on the button and save it to a location on your computer.



This must be sent by the deadline date otherwise this will delay your VAT Reimbursement.

8. Three Way Reconciliation (3WR) Guidance

The 3WR is a process used to ensure that payments recorded through the school system match the payments made through the bank account.

The 3WR needs to be completed each period. All maintained schools need to return the 3WR at P3, P6, P10, P11 and P12. High risk schools will need to return every period. The 3WR needs to be returned to Schools Finance in the Excel format along with the PDF signed copy of the first page.

What is needed to produce the 3WR is:

- Prior month 3WR
- Bank Statement
- Trial Balance (from FMS)
- Bank Claim (from FMS)
- Petty Cash report if used, (from FMS)

Step by Step quick guide

Step 1

Roll forward previous month, change date on bank balance tab, on Bank Balance tab delete values in cells I5,I13,I16,I19, I22 and I25, on system balance tab delete values in H6, on General Ledger tab delete value in H6, H63 and H64 and save as a new

Step 2

Add data on Bank balance tab. in cell I5 use the closing balance on the bank statement for the last day of the month, in I13 use the sum of all VAT codes from the TB, in I16 use CC01 code on the TB, in I19 use DC01 from the TB, in I22 use the sum of all PY codes on the TB and in I25 use the PC01 code from the TB.

Step 3

Add data on Schools System tab: Add BK01 from TB in cell H6

Step 4

Add data on General Ledger tab: From the TB add the sum of all balance sheet codes except FC01 & FD01 to H6, add CR01 and DR01 from TB to H63 and H64.

Step 5

Match transactions from the Bank statement and Unreconciled Transactions tab. For each entry on the bank statement, try and match it to either an entry on the bank claim, an entry on the petty cash report or an entry on the unreconciled transactions tab. If it can be matched cross it off on both documents. If it cant be match circle and this will be a reconciling item.

Select your school here			
THREE WAY RECONCILIATION TO 1st April 2022			
BANK BALANCE			
Bank Balance at end of period		£	
Less Unpresented Cheques <i>(as per list of unreconciled transactions)</i>			0.00
Add Unpresented Income <i>(as per list of unreconciled transactions)</i>			0.00
Add VAT Control Accounts <i>(from Trial Balance at reconciliation date)</i>			
Less Creditor Control Account <i>(from Trial Balance at reconciliation date)</i>			
Plus Debtor Control Account <i>(From Trial Balance at reconciliation date)</i>			
Add Payroll Control Accounts <i>(from Trial Balance at reconciliation date)</i>			
Add Petty Cash in Hand <i>(from Trial Balance at reconciliation date)</i>			
Total			0.00
Bank Balance		Total	0.00
Less Unpresen	School System	Total	0.00
	General Ledger	Total	0.00
Add Unpresented Income <i>(as per list of unreconciled transactions)</i>		0.00	
Add VAT Control Accounts <i>(from Trial Balance at reconciliation date)</i>		1,589.22	Sum of all VAT codes from the TB
Less Creditor Control Account <i>(from Trial Balance at reconciliation date)</i>		-216.90	CC01 from the TB
Plus Debtor Control Account <i>(From Trial Balance at reconciliation date)</i>		0.00	DC01 from the TB
Add Payroll Control Accounts <i>(from Trial Balance at reconciliation date)</i>		0.00	Sum of all PY codes from the TB
Add Petty Cash in Hand <i>(from Trial Balance at reconciliation date)</i>		200.00	PC01 from the TB
Total		217,667.34	

St Johns School			
THREE WAY RECONCILIATION TO 31st July 2021			
SCHOOLS SYSTEM BALANCE			
Bank Balance from Schools System (BK01)			216,094.12 ← BK01 from the TB
Add Unrecorded Credits			
Total			216,094.12
St Johns School			
THREE WAY RECONCILIATION TO 31st July 2021			
GENERAL LEDGER BALANCE			
Balance from corresponding monitoring report			217,667.34
Add Unrecorded Credits			
Year End Creditors & Debtors <i>(To be cleared by September or explanation)</i>			
	Details	Amount	
	CR01 Creditors Account (enter as positive)	0.00	CR01 from the TB
	DR01 Debtors Account (enter as negative)	0.00	DR01 from the TB
	Total	0.00	
Total			217,729.44

Step 6

Unmatched items on the bank statement, enter the data, description and amount to the School System tab. Credit entries are to be input in the top section and debit entries to be entered in the bottom section.

Step 7

Match transactions from the Bank claim to the Schools System tab. For any entries not crossed off the bank claim, match to an entry on the school systems tab and cross it off. If it cant be match circle and this will be a reconciling item.

Step 8

Unmatched items on the bank claim, enter the data, description and amount on the unreconciled transactions tab. Cheques and debits are input in the top section and Income/credits are input in the bottom section.

Step 9

Check the bank balance tab and check the values in cells K31 and K32 are 0.

Handy Tips: Before any matching items are done, enter the totals from the bank claim and bank statement on the system tab and unreconciled tab. If it's a reconciling issue it will balance but not to 0.

- Complete a bank reconciliation the day before the last working day, this is so the reconciling items can be posted or updated for the end of the month, so it is fully reconciled.
- Pay invoices using BACS/faster payments – less to reconcile and is safer against fraud.
- Use similar descriptions on FMS to the bank statement – easier to match.
- If items go through the bank statement individually, don't add them together on FMS.
- Regularly complete housekeeping on cheques, these should not be dated more than 6 months old.

9. Forward Plan – Schools

Schools Forum

The purpose of schools forum is to give schools greater involvement in the distribution of funding within their LA. To provide schools with a voice in determining the schools budgets.

To provide support, scrutiny and challenge. The forum has advisory / consultative / decision making roles.

For the foreseeable future the school’s forum meetings will continue to be held virtually and take place via Teams. More information and link to the forum papers can be found [here](#).

17 October 2024	12 December 2024
Scheme for Financing Schools Forecast Outturn 2024/25 Budget Setting 2025/26 Government Updates	Forecast Outturn 2024/25 Annual Report on Early Years Annual Report on Alternative Provision Annual Report on High Needs Government Updates Budget Setting 2025/26
16 January 2025	11 July 2025
Forecast Outturn 2024/25 Final Budget Setting 2025/26 Government Updates	Draft Outturn 2024/25 Final Budget 2025/26 Government Updates

9.1 Reference Groups

Early Years Reference Group and High Needs Reference Group

The early years and high needs reference groups are advisory boards to schools forum on matters relating to early years and high needs funding and provisions in Milton Keynes. They provide support, scrutiny and challenge the local authority in relation to high needs strategies and early years consultations.

The reference groups are held 3 times a year and the next meeting dates are as follows:

October 2024

January 2025

June 2025

Additional meetings could be arranged if required.

Schools Reference Group

These have now been rolled into the quadrant meetings.

10. Banking

10.1 Online Banking

For schools that bank with NatWest under the council pooling arrangement we are able to offer you online banking, including the ability to process automated payments.

To set up banking facilities schools need to complete the Online Banking Request Form. If a Role 1 or Role 2 is required, you will firstly need to complete the Bank Mandate form and return to schools finance. Once processed you will need to complete the Online Banking Request form and return to Schools Finance for processing (**Please note that any changes to the bank mandate need to include all signatories required, as each new form will overwrite the previous. Please make sure you are including existing and new signatories required not just new additions**).

[Online Banking Request form](#)

[Bank Mandate form](#)

Please ensure that you are regularly reviewing the bank mandate and online banking users to ensure that any leavers are removed, and any starters are added in good time. The turn around time for the forms to be sent, processed and the cards and pins to be received can take up to 3-4 weeks depending on the forms required to be processed. Bank holidays and half terms can cause delays in this time scale.

Please read the [briefing note](#) and operational guidance for more information.

10.2 One Card

Schools that wish to make use of a purchase or charge card are encouraged to make use of the free OneCard for schools which is available through a central government framework agreement. Previously schools were registered under the MK Schools Billing unit but we are currently working at moving all schools to their own billing unit. This gives the schools the ability to manage their own card online using Clear Spend.

The [guidance](#) on OneCards in schools must be read before proceeding with the application forms and any decision to proceed with use of a purchase or charge card must be taken by the governing board and minuted as such. A [declaration form](#) must be completed and returned to the Schools Finance Team with your application.

For those schools that want to make use of the OneCard and you have not yet set up your school on its own billing unit then please complete this form and return to schools finance to be processed – [Additional Billing Unit form](#). **Please ensure duplicate accounts are not being created.**

To register for Clear Spend please follow this [link](#). You will need the billing unit that will be on your shown when you receive your first statement and the details of the account admin to register.

To add a card holder to the billing unit please complete this form – [Additional Card Holder form](#).

If there are any changes to the account admin, authorised signatories or card holders but use the amendments form – [Amendments form](#). **Please note that signatories named on**

the bank mandate are not automatically named on the billing unit account. These will need to be updated separately.

All forms must be returned to the Schools Finance Team once completed who will check these, arrange any signatures required in the case of the OneCard, and then liaise with the bank accordingly.

All forms can be found on the LMS page on the Milton Keynes City Council [webpage](#).

Supporting guidance from NatWest

Documents for help and support with NatWest can be found on the LMS webpage here - [Banking including OneCard | Milton Keynes City Council \(milton-keynes.gov.uk\)](#)

11. IR35 Off Payroll Workers

IR35 are off payroll working rules for clients and workers. The off payroll working rules make sure that a worker pays broadly the same income tax and national insurances as an employee would.

You may be affected if you are:

- a worker you provides their services through their own intermediary to a client.
- A client who received services from a worker through their intermediary.
- An agency or other supplier providing workers’ services through their intermediary.

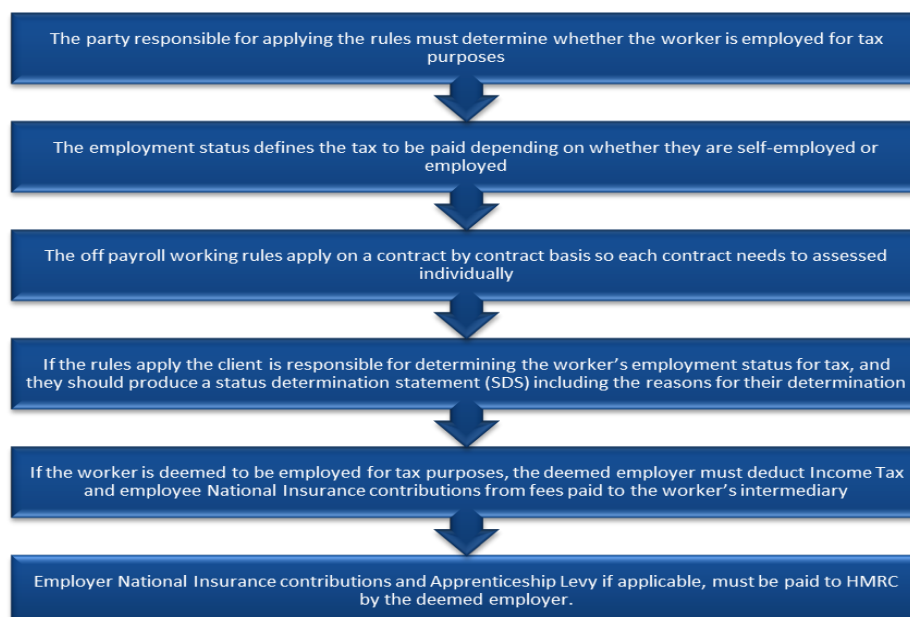
The person responsible for determining whether the worker is employed for tax purposes, depends on if the client is:

- In the public sector
- In the private and voluntary sectors
- Is a small business.

In most cases, the client will be responsible for determining the employment status of the worker.

<p>Indicators of an outside IR35 engagement:</p>	<ul style="list-style-type: none"> • You have the right to provide an able substitute in your place • Your company carries financial risk and is liable for any mistakes you make • You do not fall under the control of your client and have the freedom to carry out the work as you see fit, when possible • You are not ‘part and parcel’ of the client’s organisation and do not enjoy benefits similar to an employee • Your contract has a start and end date
<p>Indicators of an inside IR35 contract</p>	<ul style="list-style-type: none"> • You have no right to provide a substitute • There’s an obligation for your client to provide work and an obligation for you to accept it • Your client dictates how, when, and where you provide the service • You have a rolling contract, with no fixed start or end dates

If the rules apply:



12. Voluntary Funds

Voluntary fund / school fund / unofficial fund exists for the purpose of a school, it is for all monies collected or spent in the name of the school which do not form part of the LA accounts or the school's delegated budget and is established under the authority of the governors. It includes monies collected for activities arranged by the school. Sometimes known as non-public funds.

Activities within the scope of the fund	Activities not within the scope of the fund
Schools trip, Tours, Outdoor Pursuit Courses etc	Staff Functions and Activities e.g. Savings clubs, Christmas Meals
Fetes, Bazaars, Sale of Work	Leaving gifts/presents e.g Flowers
Concerts, Discos, Dances	Payments to staff for work undertaken
Raffles, Prize Draws, 100 Clubs, Sponsored Events, Charity Collections	Loans
Travelling Expenses incurred in either the banking of Private Fund income or approved by the Headteacher in relation to undertaking Private Fund activities.	Travelling Expenses, (other than those incurred in either the banking of Private Fund income or approved by the Headteacher in relation to undertaking Private Fund activities)
Sale of Clothing, Christmas cards etc	Reimbursement for theft of or damage to Property

Tuck Shops, Vending Machines, Breakfast Clubs	Course registration/ examination fees
Donations	Insurance (other than that expended for the Private Fund)
Insurance relating to Private Fund Monies (Additional cover)	
Pupils' Christmas Parties	

Who is responsible for the Voluntary Fund?

The ultimate responsibility rests with the governing board but they may delegate the administration to a member of the governing board or the Headteacher.

Managing the fund

Year end can be either financial or academic. A separate bank account is recommended. Scheme of delegation requires independent examiners report within six months of the financial year end. Must specifically assure that no dedicated schools funds are included. School fund is not covered by the LA's VAT registration, if taxable supplier exceed £85,000 then will need separate VAT registration.

You need to check insurance cover including fidelity guarantee.

Even though not public money, management needs to be as rigorous as the administration of school's delegated budget.

Charity Status

A school fund can choose to have charity status i.e if its sole purpose is the advancement of education of pupils at the school. It must be clear what benefits to the public arise from carrying out a charity's aim and you must be able to demonstrate that your aims are for the benefit of the public.

If your annual income is less than £5k you don't have to register with Charities Commission, but you still need to comply with the charities Act. Every school has a different set of circumstances, and it is suggested to seek the advice of the Charities Commission regarding registration.

Guidance on the process is available from

<https://www.gov.uk/government/organisations/charity-commission>

Gift Aid

If you chose to register your school fund for charity status you can claim gift aid on donations of money made by an individual UK income tax and/or capital gains taxpayer. It's an easy way to help you maximise the value of donations. Schools may be unaware of what they can claim or feel gift aid is too complicated. More information on gift aid can be found

here - <https://www.gov.uk/gift-aid-what-donations-charities-and-cascs-can-claim-on#charity-events>

Gifts and Hospitality

The school budget should not be used to purchase gifts such as flowers for an individual or for hospitality events such as award nights etc. Non-educational expenditure should be paid from the private fund. However, guidance from the DfE states that even this type of expenditure can go through the main bank account and appear on the Consistent Financial Reporting (CFR) as long as the cost is met by a donation from the private fund. Funds cannot be moved from the school's main bank account to the private fund.

13. Procurement

Schools are expected to carry out their own procurement for goods and service but must comply with the thresholds set by the LA. These thresholds are set out below and more information on procurement for Schools can be found on the LMS webpage here – [Audit, leasing and procurement | Milton Keynes City Council \(milton-keynes.gov.uk\)](#)

Procurement thresholds

- Up to £5,000 - A single written (email) quote is required.
- £5,001-£25,000- Three (3) written (email) quotes to be obtained where possible. Officers must seek written approval from senior managers/budget holders prior to placing any orders.
- £25,001 and above - A tender process is required.

Wherever possible, schools should procure works, goods and services using the [Crown Commercial frameworks](#), as these arrangements have already been established following competitive tendering processes. Schools must comply with the terms of any framework agreement when using the framework: use of frameworks saves procurement time and cost.

14. Frequently Asked Questions

14.1 School Funding

Link to school funding page on LMS where more information can be found is [here](#)
When will I know what my school budget share is for the next financial year?

The Authority Pro-Forma Tool will be submitted to the Education Skills Funding Agency (ESFA) mid January. Draft school funding allocations will be issued to schools by 31 January, then when the ESFA have approved our budget submission we will issue final allocations to schools no later than the end of February.

What is a de-delegated budget?

There are some services which are provided by the LA to all maintained schools. The services are decided by vote at the schools forum, individual schools cannot opt out. The schools budget share is adjusted at the start of the year so schools are not expected to pay an amount to the LA during the year. Schools Finance will issue guidance as part of the year end timetable on allocating the de-delegated figures on FMS but this journal will not change the income figures.

How is growth funding calculated?

Information on growth funding is available on the LMS website and can be found [here](#)

What other grants am I entitled to?

The school funding page lists all grants paid to schools complete with links to the government website. This is updated regularly and will provide information on all rates and payments as and when they become available.

Can a school go into deficit?

Schools are not permitted to plan for a deficit budget in normal circumstances, however this may be permitted in exceptional circumstances with the prior agreement of the LA. Schools should contact Schools Finance if they anticipate a deficit position at any point, there is further guidance on the LMS page [here](#)

What level of balances should schools hold?

A rule of thumb suggests primary and special schools should hold around 8% of revenue balance (I01-I05 + I18) while secondary schools should hold approximately 5%.

14.2 Banking

Link to banking page on LMS where more information can be found is [here](#)

I've forgotten my PIN/Password for Bankline or locked myself out

Click on the 'request an activation code' on the second log on screen.

Log in to Bankline

Customer ID
116210

User ID
KFRANCIS

Wrong Customer ID or User ID?
[Start again](#)

Scan this with your card reader

Enter the response code from your card reader

Enter the requested characters from your password

2nd 6th 8th

Continue Cancel

Not received your QR enabled card reader yet?
Please contact your Bankline administrator.

Need a new smartcard or card reader?
Please contact your Bankline administrator.

Trouble logging in?
You can [request an activation code](#) to reset your password. Your Bankline administrator can also do this on your behalf, or check to see if your smartcard is suspended.

I am receiving a message that Bankline does not recognise my email address

Either the user ID or customer ID has been entered incorrectly.

What if I can't remember my User ID or Customer ID?

Users should have an email with this information on it. If users do not have an email they will need to contact schools finance.

I have forgotten the PIN for my smartcard reader

The PINs are card specific, so a new card and PIN will need to be ordered. To do this, email schools finance at schoolsfinance@milton-keynes.gov.uk

How do I find out who are signatories on the bank account?

Schools finance do not hold a list of signatories. Schools will need to contact NatWest for this information.

Should I consider using online banking for payments?

Yes! Online payments reduce fraud, involve less transactions on FMS and save money. To find out further information on the process please contact Schools Finance.

Can I have a school credit card?

Schools cannot have a credit card but can use the OneCard. Schools need to complete a cardholder application form, direct debit and declaration form which can be found [here](#) along with guidance on usage.

Can I increase my credit limit on my OneCard?

Primary schools have a maximum credit limit total of £5,000 across all their OneCards and secondary schools have a maximum total of £10,000. Credit limits can be increased providing they don't exceed the total limit. To do this, the card amendment form needs to be completed which can be found [here](#).

How do I set up online payments?

Read the Operational Guidance Note for Online Banking on the LMS website which can be found [here](#) and follow the instructions.

Can I still pay suppliers by cheque?

Schools are discouraged from using cheques as fraud is more prevalent. Schools Finance recommend electronic payments are used.

14.3 VAT

What is the Councils VAT number for use by LA Maintained Schools?

MKCC registered VAT number is (GB) 121 4882 86

Where can I find my VAT reimbursement?

This is paid by the 15th of the month assuming the submittal has been sent in on time.

What is my user name/password for the web remittance system?

The username is the school code including letters (eg S*1234). The password can be obtained by emailing schools finance.

14.4 Leasing

Link to leasing page on LMS where more information can be found is [here](#)

Should I lease or purchase outright?

Schools must consider the financial implications of both leasing and purchasing. There will be many factors which determine the decision taken (examples include, but aren't limited to, whether it is an operating or finance lease, are funds available to support outright purchase, cost of each method) and these must all be considered.

What do I need to do to set up a new lease or extend an existing lease?

All leases must be approved by MKCC before they are agreed. There is a briefing note on leasing which can be found [here](#) which should be read before completing the lease application form and provides information on which documents need to be provided.

14.5 Reporting

Link to reporting page on LMS where more information can be found is [here](#)

What needs to be sent to schools finance and when?

The reporting timetable differs between high risk and other schools. The timetables can be found in this documents or they can be found [here](#).

What happens at year end?

A year end timetable will be issued towards the end of January and can be found [here](#).

When do budgets have to be submitted?

Budgets must be submitted on 1st May and 1st November each year. A timetable, template and supporting documentation will be published and must be used. From April 2025 schools will be also required to submit a three year plan to the LA on the 1st May.

What is Devolved Formula Capital (DFC)?

DFC is a source of capital funding for maintained schools and academies which is put towards any capital spend the school may occur. Schools are responsible for managing H&S risks – this means having safe buildings and H&S management in place for other risks. Note – Voluntary Aided schools or the diocese are paid DFC directly from the ESFA.

What other reporting must be done?

A Schools Financial Value Standard (SFVS) return must be completed between 1st January and 31st March each year. A Consistent Financial Reporting (CFR) report must also be completed and the return date will be confirmed within the year end timetable. Guidance on both returns will be on the reporting page on LMS which can be accessed using the above link.

Is there a forecasting template that can be used?

Both the original budget template and the revised budget template have a tab that can be used for forecasting. The variance analysis will be monitored against the most up to date budget. A link to the template is [here](#).

Is there a three-year plan (3YP) template that can be used?

From the financial year 2025/26, schools will be required to submit a 3YP to the LA on 1st May with the Original Budget Submission. A 3YP is fundamental to a schools financial planning. The DfE recognise the difficulty in producing a 3YP without complete information on future levels of funding but state:

“This is no different to other parts of the public sector. And while there will always be uncertainties relating to future forecasts, they can still provide important insight into any emerging financial issues, allowing schools and LAs to take appropriate mitigating action”

A 3YP template is available on the LMS webpage [here](#).

What is a voluntary fund?

A voluntary fund is an additional bank account managed by the School that manages payments from external sources (eg PTA, friends of schools, donations). This must be audited every year and a copy of the signed accounts sent to Schools Finance no later than 6 months after the year end of the voluntary fund. The audit statement must also state that no dedicated school funds have been administered through the school fund account.

14.6 Financial Regulations

Link to financial regulations page on LMS where more information can be found is [here](#)

What is LMS?

LMS stands for Local Management of Schools and includes the processes and procedures both the LA and Schools must follow as well as detailing governing board responsibilities.

What is the Local Guidance on this page?

The local guidance takes the scheme for financing school and adds local regulations. These must be followed by all maintained schools.

14.7 Miscellaneous

How do I account for staff who work across two or more schools?

Guidance is available on LMS and can be found [here](#)

Can I install or set up additional systems or software?

Schools need to contact the LA in the first instance, guidance is available on LMS and can be found [here](#)

What extra support can Schools Finance offer me?

ITSS can offer both one-off and regular support with financial and strategic planning, 3WRs, budgeting and many other services. Contact the ITSS team for more information.

Where can I find the agenda and minutes from the Schools Forum?

low this link by clicking [here](#)

How long should documents be retained?

Follow this link by clicking [here](#) for further information.

Annex A

Local Authority Deadlines Timetable

REPORT NAME	DEADLINE		REPORT	NOTES
VAT Submittal Required Monthly	Period 1 Period 2 Period 3 Period 4 Period 5 Period 6 Period 7 Period 8 Period 9 Period 10 Period 11 Period 12	3 May 2024 4 June 2024 2 July 2024 5 September 2024 5 September 2024 3 October 2024 4 November 2024 3 December 2024 7 January 2025 4 February 2025 4 March 2025 tbc	Report Route Reports/General Ledger/VAT Reports/VAT Submittal Report (MTD)	Front page must be signed by headteacher, the Excel copy and signed PDF version to be emailed to Schools Finance You must click on the submit button to close your VAT period
Trial Balances Required Quarterly	Period 3 Period 6 Period 10 Period 11 Period 12	2 July 2024 3 October 2024 4 February 2025 4 March 2025 tbc	Report Route Reports/General Ledger/Trial Balance/Ledger Code Balances Select the period just closed, leave ledger code selection blank	A period 10 TB is required <u>instead of period 9</u> This will be used for pre year end checks
Signed Bank Reconciliation Required Quarterly	Period 3 Period 6 Period 10 Period 11 Period 12	12 July 2024 11 October 2024 14 February 2025 14 March 2025 tbc	Report Route Focus/General Ledger/Bank Reconciliation	Send last bank statement reconciled. Scan signed page and email PDF to Schools Finance
3 Way Reconciliation	Period 3 Period 6 Period 10 Period 11 Period 12	12 July 2024 11 October 2024 14 February 2025 14 March 2025 tbc		Front sheet must be authorised and signed by the headteacher before submitting <u>the signed front page and Excel copy</u> to Schools Finance
Monitoring Report/Forecast Statement with Explanations on Variances NEW FOR 2024/25	Period 5 Period 9	13 September 2024 15 January 2025		A report should be submitted which gives details of actuals year to date, plus forecast actuals for the remainder of the year. This forecast should be compared to the budget and variances should be explained
3 Year Budget Plan		30 June 2024		
Revised Budget Plan		1 November 2024		

Annex B

High Risk School Reporting Deadlines Timetable

REPORT NAME	DEADLINE	REPORT	NOTES	
VAT Submittal Required Monthly	Period 1 Period 2 Period 3 Period 4 Period 5 Period 6 Period 7 Period 8 Period 9 Period 10 Period 11 Period 12	3 May 2024 4 June 2024 2 July 2024 5 September 2024 5 September 2024 3 October 2024 4 November 2024 3 December 2024 7 January 2025 4 February 2025 4 March 2025 tbc	Report Route Reports/General Ledger/VAT Reports/VAT Submittal Report (MTD)	Front page must be signed by headteacher, the Excel copy and signed PDF version to be emailed to Schools Finance You must click on the submit button to close your VAT period
Trial Balances Required Monthly	Period 1 Period 2 Period 3 Period 4 Period 5 Period 6 Period 7 Period 8 Period 9 Period 10 Period 11 Period 12	3 May 2024 4 June 2024 2 July 2024 5 September 2024 5 September 2024 3 October 2024 4 November 2024 3 December 2024 7 January 2025 4 February 2025 4 March 2025 Tbc	Report Route Reports/General Ledger/Trial Balance/Ledger Code Balances Select the period just closed, leave ledger code selection blank	A period 10 TB is required <u>instead of period 9</u> This will be used for pre year end checks
Signed Bank Reconciliation Required Quarterly	Period 1 Period 2 Period 3 Period 4 Period 5 Period 6 Period 7 Period 8 Period 9 Period 10 Period 11 Period 12	13 May 2024 12 June 2024 12 July 2024 13 September 2024 13 September 2024 11 October 2024 12 November 2024 11 December 2024 15 January 2025 14 February 2025 14 March 2025 tbc	Report Route Focus/General Ledger/Bank Reconciliation	Send last bank statement reconciled. Scan signed page and email PDF to Schools Finance
3 Way Reconciliation	Period 1 Period 2 Period 3 Period 4 Period 5 Period 6 Period 7	13 May 2024 12 June 2024 12 July 2024 13 September 2024 13 September 2024 11 October 2024 12 November 2024		Front sheet must be authorised and signed by the headteacher before submitting <u>the signed front page and Excel copy</u> to Schools Finance

	Period 8 Period 9 Period 10 Period 11 Period 12	11 December 2024 15 January 2025 14 February 2025 14 March 2025 tbc		
Monitoring Report/Forecast Statement with Explanations on Variances	Period 1 Period 2 Period 3 Period 4 Period 5 Period 6 Period 7 Period 8 Period 9 Period 10 Period 11 Period 12	13 May 2024 12 June 2024 12 July 2024 - 13 September 2024 11 October 2024 12 November 2024 11 December 2024 15 January 2025 14 February 2025 14 March 2025 tbc		A report should be submitted which gives details of actuals year to date, plus forecast actuals for the remainder of the year. This forecast should be compared to the budget and variances should be explained
3 Year Budget Plan		30 June 2024		
Revised Budget Plan		1 November 2024		

