

Report to the Schools Forum

Meeting to be held on 14 October 2025

Item 11

Schools Income Team Recharge

Contact for further information:
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Brief Summary

This report provides information on the proposed recharge and usage of the unallocated income

Recommendation

The schools forum is asked to:

- a) Note the report and express any views

Detail

For many years a Service Level Agreement (SLA) has been in place for processing and administering accounts payable of behalf of Lancashire schools.

Based on 2024/25 data, the average charge to schools was £545, with an additional average charge of £147 for those schools running an imprest account. The total from schools for the accounts payable SLA in 2024/25 was £257,000.

Whilst there has been a well-established agreement and SLA with schools for accounts payable transactions undertaken by the local authority, there has never been a SLA in place for the equivalent accounts receivable/income team.

Due to the recent transfer of schools income team officers being transferred from accounts receivable into the schools finance team, a review has been undertaken to align both the accounts payable SLA and schools income team, ensuring cost recovery for consistency of approach.

The local authority has reviewed options and have proposed the following options.



Option A – Utilise the unallocated income balance from 2023/24.

Previously we have distributed unallocated income to all LA non-bank account schools. The table below shows the total distribution and the average income distribution to schools. The unallocated income has been distributed on a 2-year lag basis to allow any schools to claim any monies from the previous financial year. Currently the unallocated income from 2023/24 is circa £275,000, and the proposal would be to utilise an element of this balance to ensure cost recovery of 2x grade 5 officers totalling circa £75,000, and the remaining unallocated income is distributed to schools on the same basis as has been undertaken in previous years. This would utilise the unallocated income effectively without any additional charges direct to individual schools

Financial Year	Total	Average	Comments
2023/24	£151,800	£325	Distribution of 2021/22 Unalloacted Income
2024/25	£291,235	£653	Distribution of 2022/23 Unalloacted Income

Option B – Introduce an SLA consistently charged to all schools from April 2026. This would likely be on the same average basis as the accounts payable charge and a further cost to non-bank account schools

Recommendation

The local authority is proposing to implement Option A and utilising the unallocated income balance. This ensures that there is no additional cost to schools by introducing a new SLA. This would continue to be the mechanism to utilise and distribute the unallocated income in future years, however it should be noted that if there is no balance held within the unallocated income in the future, then the LA will need to introduce a consistently applied SLA.

Whilst this is a local authority decision, the LA wants to be transparent with it's proposed use of the unallocated income reserve and seeks any views from schools forum members.

