



ROYAL BOROUGH OF WINDSOR & MAIDENHEAD

Scheme for Financing Schools

Schools consulted: 16th September 2019 to 30th September 2019

Approved by Schools Forum: 16th January 2020

Effective from: Subject to approval retrospectively from 1st April 2019

Contact for queries: Bursar.support@achievingforchildren.org.uk

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Directed Revisions 2019

The Secretary of State may by direction revise the whole or any part of the scheme as from such date as may be specified in the direction. In order to make a directed revision the Secretary of State is required, by provision in the Schools Standards and Framework Act 1998, to consult the relevant Local Authorities and other interested parties.

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 direction.

There are no directed revision within version 10.

Updates to guidance 2019:

The Department for Education no longer publishes the guide for the Scheme for Financing Schools as a separate document but instead have created an HTML page containing the guide.

<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financinglocal-authority-maintained-schools>

Version 10 contains a number of amendments made by the DfE, these are reflected in this version of the scheme.

Directed Revisions

“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 direction.”

(2.1.4) Text added

“Schools should ensure that anything that is portable and attractive; such as a camera, are registered.”

(2.2) Text Amended

In line with previously issued documentation (CFR guidance 2008/9), to confirm that returns should be on an Accruals basis.

(2.4) Title Changed

Efficiency and Value for Money retitled to School Resource Management

(2.4) Text Changed

“efficiencies” to “effective management of resources”

(2.10) Text Added

“Schools may seek advice on a range of compliant deals via ‘Buying for Schools’;”

(2.14) Text Added

“The reason for these provisions is to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.”

(2.16) Text Changed

“31 March 2013 and annually thereafter.” to “the end of the financial year.”

(5.1) Text Added

“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.”

(6.2) Text Changed

“Other expenditure incurred to secure resignations where the school has not sought or followed Authority advice.” To “Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex B).”

(13.15) Text Changed

“If this is still insufficient any remaining liabilities must be met by the Authority. The Governing Body and the Authority should then implement an action plan to cease any unviable community activity in agreement with the Authority.” To “If this is still insufficient the Governing Body and the Authority should implement an action plan to cease any unviable community activity and the Governing body should formulate a recovery plan to recover any remaining deficit”.

(13.17) Text changes

“Criminal Records Bureau” to “Disclosure and Barring”

(Annex A) Updated to Guide version

(Annex C) Updated to Guide version

(Appendix 5) Updated

Include definition of excessive balances

RBWM use thresholds of 5% of income for secondary schools, 8% of income for primary, nursery and special schools. The maximum level over which uncommitted reserves would be deemed excessive is 5% for secondary schools and 8% for primary, nursery and special schools.

The percentage is applied to annual income which is defined as income registered to CFR codes I01 to I18 inclusive. The final annual income as defined by the CFR income categories at the financial year end would determine the level of reserves. For example, annual income as at financial year end 2017/18 of £1,000,000 for a primary schools would deem the acceptable level of revenue carry forward (opening revenue balance for 2018/19) as £80,000 (excluding acceptable commitments).

Where schools wish to commit balances these should be to specific projects and ideally linked to the schools development plan. There should be an anticipated start date and project duration with appropriate costing information available. The authority would not expect to see commitments made to projects that did not relate to staff development and training, building maintenance and improvement, grounds maintenance and improvement, learning resources, ICT learning resources, administrative supplies or relate to a proposed revenue to capital transfer of funds. As capital cannot be transferred to revenue; school should refrain from transferring revenue to capital until required to do so within a project and transferring as a capital commitment should be avoided.

Schools should refrain from committing balances to projects year on year where the project has no clear start date. Governors should review proposals to commit balances to avoid the mechanism incorrectly effecting the threshold levels. Projects expected to start within the current financial year should have appropriate budgets allocated within the school budget without the need to create a commitment.

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1 Introduction

1.1 The funding framework

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

Under this legislation, the local authority determines the size of their schools budget and local authority budget – although the Secretary of State has power to require an Authority to increase its Schools Budget to a prescribed level. 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. Local authorities may retain funding centrally in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions 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 local authority budget must be retained centrally (although earmarked allocations may be made to schools).

Local authorities may retain an unallocated reserve but must otherwise 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 s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the Authority in accordance with s.48 of the Act and approved by the Secretary of State. All revisions to the scheme must be approved by Schools Forum, though the authority may apply to the Secretary of State for approval in the event of 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 s.50.

The 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. There is a right of appeal to the Secretary of State. A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.

The Authority is obliged to publish each year, under s.251 of the Apprenticeships, Skills, Children and Learning Act 2009, a Budget Statement setting out details of its planned Schools Budget and Local authority budget, showing the amounts to be

centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. After each financial year the Authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements and for schemes are set out in regulations, but each school must receive a copy of the scheme and any amendment, and each year's budget and out-turn statements so far as they relate to that school or central expenditure.

Regulations also require the 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 in to force.

1.2 The role of the scheme

This scheme sets out the financial relationship between the Local authority and/or its designate (Achieving for Children) and all of the maintained schools that it funds. It contains requirements relating to financial management and associated issues, binding on both the Authority and on schools.

1.2.1 Application of the scheme to authority and maintained schools

The scheme applies to all community, nursery, special, voluntary, foundation (including Trust), foundation special schools and pupil referral units (PRUs). A list of the establishments covered by the scheme is attached at Appendix 1.

1.3 Publication of the scheme

The current scheme will be available on the authority's website which is accessible to the general public. Covered schools will be notified of any revisions.

1.4 Revision of the scheme

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 to Schools Forum for their approval by the members of the Forum representing those schools.

1.5 Delegation of powers to the head teacher

Governing Bodies must consider the extent to which it wishes to delegate its financial powers to the head teacher and must record its decision, and any revisions, in the minutes of the Governing Body.

Under the Education (School Government) (Terms of Reference) (England) Regulations 2000, budget plans must be considered by Governing Body.

1.6 Maintenance of schools

The 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 the Authority maintains a school is through the funding scheme, put in place under sections 45 to 53 of the Schools Standards and Framework Act 1998.

2 Financial Controls

2.1 General procedures

2.1.1 Application of financial controls to schools

Schools must comply with the Authority's requirements in the management and monitoring of their delegated budgets. This includes those requirements within this scheme and also those requirements contained in more detailed publications referred to in this scheme.

Schools are expected to comply with any reasonable request from the local authority.

2.1.2 Provision of financial information and reports

In order that the designated officer can fulfil their obligations under Section 151 of the Local Government Act 1972 to "make arrangements for the proper administration of their financial affairs" schools must comply with the budget monitoring and submission schedule detailed in Appendix 4.

2.1.3 Payment of salaries; payment of bills

The procedures for paying salaries and bills will vary according to the choices schools make about their accounting systems, bank accounts, and the buying back of RBWM's payroll services.

Except where a school specifically contracts with an outside payroll provider, RBWM will arrange for the payment of all salaries due to school employees, together with associated deductions, upon receipt of a signed buy-back agreement authorised by the Governing Body (or suitably authorised school employee). Schools will be responsible for making all other payments to creditors via Agresso or FMS as applicable, up to the maximum amount delegated by the Governing Body.

Where school staff undertake paid work outside their normal terms and conditions, the terms of engagement must be formally reviewed and agreed by the relevant governor committee before the work commences to ensure there is no detrimental effect for the school. The review should include seeking Legal and HR advice where necessary to ensure that remuneration is in accordance with relevant employment terms.

2.1.4 Control of assets

Each school must maintain an inventory of its movable non-capital assets any asset worth over £1,000.

Disposal of assets purchased from the schools delegated budget must be approved by the Governing Body and comply with any local authority procedures.

Schools should ensure that anything that is portable and attractive; such as a camera, are registered.

2.1.5 Accounting policies (including year-end procedures)

All schools must abide by procedures issued by the local authority on accounting policies and year-end procedures.

2.1.6 Writing off debts

Governing bodies may write off debts up to the level stipulated by the Head of Finance. The current limit is £1,000. In the case of larger amounts advice should be sought from the Head of Finance.

The Head of Finance may also decide to seek recovery of outstanding income and charge the costs of recovery against any amounts recovered

2.2 Basis of accounting

In line with previously issued documentation (CFR guidance 2008/9) schools accounts furnished to the Authority must be on an accruals basis provided in the output required by the Authority.

Year-end reports must take account of income and expenditure which is outstanding or pre-paid, so as to enable the authority to produce a statement of final accounts on an accruals basis, as required by legislation. RBWM will publish guidance and a timetable for the provision of year-end financial information to the authority. Schools may choose to use what financial software they wish for their own internal systems provided they meet the requirements of producing the financial information required by RBWM.

2.3 Submission of budget plans

A school's own financial information requirements will be detailed, reflecting the many possible sub-headings, departments and cost centres between which funds may be allocated. However, the Authority's requirement is only for summarised information in the form of the Standard School Budget Plan.

Each school must comply with the schedule of submission found in Appendix 4a. The budget plan must be approved by the Governing Body and signed by both the Headteacher and the Chair of Governors.

If a school considers they are likely to have to set a deficit budget they must notify the Director of Children's Services as soon as possible and not later than the deadline date specified in Appendix 4. This will allow ongoing discussion between the school and the Authority in order to agree a recovery plan.

For the Authority to manage its responsibilities to "make arrangements for the proper administration of their financial affairs" (Section 151 of the Local Government Act 1972), a school may be required to provide further information to support their Standard School Budget Plan.

Budget plans must be in a format and style prescribed by the authority and take account of the Consistent Financial Reporting Framework. To assist in the

preparation of budget plans, RBWM will provide schools with guidance at the time that they are notified of their delegated budgets and supply income and expenditure data which it holds and which is necessary for efficient planning by schools.

2.3.1 Submission of financial forecasts

Schools are required to submit a financial forecast for the multi-year period specified in Appendix 5. This will be used to confirm schools are undertaking effective financial planning as well as evidence to support the authority's assessment of Schools Financial Value Standards (SFVS) and as part of the authorities balance control mechanism. The authority will provide as much information as is available to assist schools in projecting income for future years.

2.4 School Resource Management

Schools must seek to achieve effective management of resources and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money.

There are significant variations in efficiency between similar schools, and so it's important for schools to review their current expenditure, compare it to other schools, and think about how to make improvements.

2.5 Virement

Within their Revenue Budget Schools can vire freely between budget headings and accounts within their budget shares see 1.5. Capital virements need to be notified in advance to the local authority. The revisions should be shown in the reports submitted to the Authority as in 2.1.2.

2.6 Audit: General

For clarity, schools within the audit regime determined by the authority as regards internal audit, and the authority's external audit regime as determined by the Local Audit and Accountability Act 2014, and are required to co-operate with them, This includes a requirement to provide access to the school's records for either internal or external auditors.

The local authority shall be responsible for maintaining a continuous internal audit of the financial records, operations and systems of each school. Schools are also subject to inspection by the Authority's external auditors. Schools must co-operate with both internal and external auditors as and when required.

Schools must ensure that they maintain an appropriate level of audit trail for all documentation and retain such documentation for a period of 6 years plus current year for financial data. Schools should make every effort to comply with any reasonable requests from either internal or external auditors.

2.7 Separate external audits

A school's Governing Body may also, if it wishes, spend part of its budget share to obtain external audit certification of any accounts containing school budget share funding. This would be in addition to the Authority's own internal and external audit process.

2.8 Audit of voluntary and private funds

Schools must provide appropriate audit certificates to the audit section on request in respect of voluntary and private funds held by them and of the accounts of any trading organisations or company controlled by the school. A copy of the private audit must be sent annually to Bursar Support however the authority will not normally audit such funds but purchase of this service from internal audit maybe arranged by the school.

2.9 Register of business interests

Each school's Governing Body is required to establish a register of business interests for each member of the Governing Body and the head teacher. The register should list any business interests they or their immediate families have. The register should be kept up to date i.e. as a standing item on meeting agendas and should be reviewed at least annually. The register should be available for inspection by governors, staff, parents and the authority.

2.10 Purchasing, tendering and contracting requirements

Each school must abide by the Authority's financial regulations and standing orders regarding purchasing, tendering and contracting supplies and services.

Schools should also assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority's policies and procedures. The financial regulations and standing orders will not apply where they would require schools:

- to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
- to seek Authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- to select suppliers only from an approved list (schools may wish to nominate suppliers for inclusion on lists of approved suppliers);
- to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.

Schools may seek advice on a range of compliant deals via 'Buying for Schools'.

2.11 Application of contracts to schools

Schools have the right to opt out of Authority arranged contracts as per the notice periods and conditions within specific contract agreements.

All existing contracts have been entered into freely by schools and are paid for from delegated budgets.

The Governing Body should be aware that they are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts and in most cases they do so on behalf of the authority as maintainer of the school and the owner of the funds in the budget share. And be clear as to when they enter into contracts 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.

2.12 Central funds and earmarking

The Authority may make sums available to schools from central funds, in the form of allocations that are additional to and separate from Schools' Budget share. These will be subject to conditions as to the purpose for which these additional funds can be used. In certain circumstances virement is acceptable (excluding specific grant items) between different types of earmarked funding. All these funds must be accounted for separately from the Schools Budget share.

Where centrally retained funds are devolved as earmarked allocations they must be spent only on the purposes for which they are given. Schools will be required to appropriately account for the use of earmarked funds and they must be able demonstrate that the funds have been used for the purposes for which they were allocated.

Earmarked funds must be returned to the authority if not fully spent within the period stipulated by the authority over which schools are allowed to use the funding.

2.13 Spending for the purposes of the school

Although section 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.

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 or academies.

2.14 Capital spending from budget shares

In addition to any capital allocation made available by the LA outside a school's delegated budget share, Governing Bodies are permitted to 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 that is their responsibility under paragraph 3 of Schedule 3 of the School Standards and Framework Act (SSFA) ensuring it is compliant within current VAT rules and regulations.

See Appendix 6 for any additional limitation.

The LA requires any capital spending from budget shares to be notified to the Director of Children's Services. Where the premises are owned by the LA, the Governing Body must first seek the consent of the LA to the proposed works, but such consent can be withheld only on health and safety grounds.

The reason for these provisions is to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

On an annual basis schools will be required to report to the Authority an updated costed Asset Management Plan.

2.15 Notice of concern

The authority may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of 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 authority or the school.

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

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

projections and/or financial monitoring reports on such activities.

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

The purpose of a notice of concern is to enable the authority to set out formally any concerns it has regarding the financial management of a school it maintains and require a Governing Body to comply with any requirements it deems necessary. The principal criterion for issuing a notice must be to safeguard the financial position of the authority or school.

The issuing of a notice of concern will not be used in place of the withdrawal of financial delegation where that is the more appropriate action to take. However, it may be used as a way of making a Governing Body aware of the authority's concerns short of withdrawing delegation and identifying the actions a Governing Body should take in order to improve their financial management to avoid withdrawal.

When a Governing Body has complied with the requirements imposed on it, the notice of concern will be withdrawn. Where a school does not comply with the requirements of a notice of concern then the authority reserves the right to move towards a more formal withdrawal of financial delegation.

2.16 Schools Financial Value Standard (SFVS)

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. Although it is for the school to determine at which time of the year they wish to complete the form RBWM request that they are returned by the end of the financial year.

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.

2.17 Fraud

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

The Governing Body and Headteacher 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 Instalments of the budget share; banking arrangements

For the purposes of this section, Budget Share includes any place-led funding for maintained schools with resource units, special schools or pupil referral units.

3.1 Frequency of instalments proportion of budget share payable at each instalment

The school's appropriate budget share will be advanced into the schools bank accounts in accordance with section 3.2.

3.2 Proportion of budget share payable at each instalment

Where a school chooses to operate an external bank account, RBWM will normally make available the budget share in twelve equal instalments on the first working day of each month.

3.2.1 Bank accounts operated through the authority – imprest accounts

RBWM operates an imprest system for schools choosing to use the Borough's 'Imprest' bank accounts and which do not purchase direct access to the Borough's Agresso accounting system. This option enables the payment of all bills or those requested by schools to be paid by the authority through borough-wide contracts (e.g. utility payments) or payments otherwise due to the authority.

Those schools choosing to use this option agree a level of deposit with the authority and receive monthly reimbursements to the value of the net expenditure submitted on their monthly imprest return. Schools are free to draw up to the total budget share as and when required. Temporary overdrafts to cover irregular, high value invoices must be requested and approved by the authority before the account becomes overdrawn. The imprest return creates the central accounting record for the school on RBWM's central accounting system.

3.2.2 Bank accounts operated through the authority – "Agresso" schools

Schools which use the authority's bank account may opt to have direct access to the authority's accounting system (currently "Agresso") instead of using the imprest system. This option enables schools to use the central payments system for all items of expenditure and the central accounting record is created at the time the transaction takes place. Schools are free to draw up to the total budget share as and when required.

Schools using the authority's bank account (both 'imprest' and 'Agresso' schools) will be credited annually with notional interest representing the level of interest that would have been generated if the school operated its own bank account. This is calculated with reference to the interest rates obtained by the authority in its Treasury Management function.

A full term's notice in writing will be required if a school wishes to change from using the Borough's bank account to having their budget share paid directly into their own external account. The same notice period will be required if a school wishes to

change from an external bank account to the Borough's bank account. New banking arrangements may only be made with effect from the start of the financial year.

Proportion of budget share payable at each instalment (external bank accounts only)

3.2.3 Arrangements for the first year a school operates an external bank account

For schools choosing to operate an external bank account for the first time, an estimate of the likely brought forward balance from the previous financial year will be agreed with the authority and transferred to the designated external bank account (net of any adjusting accruals required to comply with accounting policies) before the start of the new financial year. When the actual brought forward balance is determined by the authority, and this differs from the original estimate, a one-off adjustment will be processed against the next available monthly instalment. The authority may charge or pay interest on any variance to the original estimate, where this is considered significant. Such interest payments will be calculated on a daily basis at 1% above the Base Rate (now called Repo Rate) as set by the Bank of England.

3.2.4 Ongoing arrangements for payments to an external bank account

The proportion of the budget share to be made available in monthly instalments to schools with external bank accounts will be based on 1/12th of the school's allocated budget share. Any in-year changes to the budget made after the start of the financial year will be divided by the number of months remaining in the year and added equally to the relevant monthly instalments. Schools may opt to have either their total budget share or their budget share net of estimated pay costs (if RBWM payroll service purchased) made available to them in instalments.

In the absence of other more reliable information, these deductions will be calculated having regard to the proportion of actual expenditure incurred on such items in the last completed financial year compared to total expenditure. These proportions will then be applied to the budget share to determine a total deduction, and then recalculated for actual planned expenditure upon receipt of the approved budget plan for the relevant financial year. An adjustment will be processed against the next due instalment should this be different from the original estimate.

3.3 Interest clawback

The timing of payments into external bank accounts may result in a loss of interest to the authority, for example where payments are made into a school bank account at the beginning of the month but salary payments are not processed until the last working day. To compensate for this loss of interest, the authority may claw back an amount equal to the estimated interest lost by the authority in making available the budget share in advance. The calculation for the deduction will be based on the following formula:

Month 1	$M \times I \times 12/12$
Month 2	$M \times I \times 11/12$
Month 3	$M \times I \times 10/12$
Etc to Month 12	$M \times I \times 1/12$

Where:

- M is the monthly budget share paid into the bank account, and
- I is the prevailing interest (normally 1% above the Base Rate set by the Bank of England).

The authority will periodically review this model with schools in order to adapt to any changing circumstances.

3.3.1 Interest on late budget share payments

The Authority may add interest to late payments of budget share instalments on any school non-consolidated bank account, where such late payment is the result of Authority error. For schools within the consolidated bank account scheme, no interest is paid since interest is paid on year end balances. The interest rate used will be the Bank of England base rate +1%.

3.4 Budget shares for closing schools

Schools where approval for closure has been given, may have their estimated non-employee budget share advanced on a monthly basis until closure.

3.5 Bank and building society accounts

All schools may have an external bank account into which their budget share instalments (as determined by other provisions in this scheme) will be paid. Where schools have such accounts they will be allowed to retain all interest payable on the account, (unless they choose to have an account within an authority's contract which makes other provision), and they must pay any charges associated with the operation of the account.

Where a school opens an external bank account, RBWM will immediately transfer to the account, if requested, the estimated surplus balance held by the authority in respect of the school's budget share as agreed by both the school and the authority. Subsequent corrections, if needed, will be processed when accounts for the relevant year are closed.

Schools can choose to continue operating the RBWM's Imprest Account whereby a level of deposit will be agreed, and schools will receive a monthly reimbursement at the value of submitted expenditure claims.

Unless written agreement is received from the authority, new bank account arrangements may only be made with effect from the beginning of each financial year, and after giving the authority four months' written notice of the change. This means that an external bank account can normally only be operated from the 1 April each year. Schools may only open an external bank account if their budget balance is in surplus, after adjusting for any budget advances or claw-backs due under the approved funding arrangements. This provision may be waived at the discretion of the Head of Finance.

3.6 Borrowing by schools

Schools must not enter into any borrowing agreement unless the written permission of the Secretary of State has been obtained. This provision relates to borrowing from external financial institutions and not to internal loan schemes.

Schools are not allowed the use of credit cards and overdrafts, which are regarded as borrowing. However, they may use government approved procurement cards, as these cards can be a useful means of facilitating electronic purchase.

Schools are allowed the use of any scheme that the Secretary of State has said is available to schools without specific approval. An up to date list is available from the Government website.

Loans

Schools may only borrow money with the prior written permission of the Secretary of State. For Government approved schemes this permission is deemed to already have been given. The school must inform the local authority of their intention prior to any loan application to a government approved scheme. Schools may borrow via a local authority internal loan scheme.

Overdrafts

Schools are not allowed the use of an overdraft on any school account (either an official or unofficial account) as this would be regarded as borrowing. Schools should not apply for an overdraft but where one is automatically provided, it is the responsibility of the school to ensure the facility is not accessed. Should a school use an overdraft facility even as a temporary arrangement it should inform the local authority immediately.

Debit Card

Schools are not allowed the use of a debit card where they have a bank account consolidated to the Authority's account. A School with an external bank account must inform the local authority of their intention to apply for a debit card and obtain approval of the controls for the use of the debit card facility prior to applying to their bank account provider.

Credit card

Schools are not allowed the use of a credit card. Schools may instead apply via the local authority for a government approved procurement card.

Procurement card

Schools may apply via the local authority for a procurement card. Schools must comply with the local authority guidelines for the use of a procurement card.

Charge card

Schools are permitted to apply for a charge card with local authority permission on the understanding that no interest occurs as a result of any transaction. Schools

must ensure that the balance is paid in full at the end of each billing period. Schools must seek permission of the local authority prior to making an application for a charge card and obtain approval from the local authority of the controls for the use of the charge card facility. Schools must inform the local authority immediately in the event that interest is charged to any transaction.

Trade Account Card

Schools are permitted to apply for a trade account card with local authority permission on the understanding that no interest occurs as a result of any transaction and a suitable business case is provided. Schools must ensure that the balance is paid in full at the end of each billing period. Schools must seek permission of the local authority prior to making an application for a trade account card and obtain approval from the local authority of the controls for the use of the trade account card facility. Schools must inform the local authority immediately in the event that interest is charged to any transaction. A trade account does not remove the requirement for the school to undertake appropriate checks against a supplier.

Leases

Schools may not enter into a 'finance lease' or 'hire-purchase' unless the written permission of the Secretary of State has been obtained, since these are classified as borrowing.

School may enter into an 'operating lease', as defined by the local authorities (Capital Finance) Regulations 1997 as these do not count as borrowing. The definition of an 'operating lease' is summarised as follows.

- The asset under lease must have a residual value at the end of the agreed lease period of at least 10% of its original cost.
- The lease cannot transfer ownership of the asset to the lessee (at any time during the agreed lease period or a renewal or continuation period).
- The lease cannot provide for renewal or continuation beyond the initial term at less than the "market value" for this provision at the commencement of the secondary arrangement.
- The lessee cannot share in the sale proceeds of the asset under lease.

Removal of permissions

The local authority has the right to remove permission for a school to hold a debit card, procurement card, charge card or trade account card(s) where a school has infringed on any of the criteria for holding any card, including breaches of their own controls or infringements relating to loans, overdrafts or leases. Schools should ensure that all internal controls on cards are reviewed annually and updated as necessary. All procedural changes need to be agreed with the local authority.

3.7 Other provisions

See Appendix 2.

4 The treatment of surplus and deficit balances arising in relation to budget shares

4.1 Right to carry forward revenue surplus balances

Schools will be allowed to carry forward from one financial year to the next any underspend relative to the Schools Budget share plus/minus any balance brought forward from the previous year, subject to controls on surplus balances (see below). A schools balance at 1 April of any financial year is equal to the balance as at 31 March in the previous financial year.

Any surpluses should be earmarked for specific future needs to ensure that pupil's benefit from a planned approach to spending that does not deprive them of resources in a given year. These earmarked surpluses should be clearly linked to the School Development Plan.

4.2 Control on surplus balances

The arrangements for surplus balances held by schools as permitted under this scheme have been revised.

As schools are moving towards greater autonomy, the Authority will not constrain schools from making early efficiencies to support their medium term budgeting in a tighter financial climate, and thus schools will not be burdened by bureaucracy.

Schools where either the local authority or Department for Education deem the surplus balance to be excessive, may be required to comment on the rationale employed. The authority may reclaim balances from schools where they deem them excessive. Appendix 6 gives details of the percentages used as a guide for each education phase.

4.3 Interest on surplus balances

Schools that have a bank account consolidated to the Authority's account will attract interest on any surplus balance at the year end.

The interest rate will be the Treasury Management 7 day rate.

4.4 Obligation to carry forward deficit balances

If a school is in deficit (revenue and/or capital) on the 31 March in any one financial year, that deficit will be carried forward to the following financial year. A schools deficit balance at 1 April of any financial year is equal to the deficit balance as at 31 March in the previous financial year.

4.5 Planning for deficit balances

4.5.1 Deficit plans (setting a deficit revenue budget)

Governing Bodies may only plan for a deficit budget with the agreement of the Head of Finance and in accordance with the terms of paragraph 4.9 below.

More details are available in Appendix 5: Supplementary Information.

4.5.2 Deficit revenue balances (carryovers)

Unforeseen circumstances in year may result in a projected end of year deficit (carryover). In such instances the school should report this to the Director of Children's Services as soon as they become aware of such a situation.

The Authority's own monitoring procedures may also highlight situations of potential end of year deficit (carryover).

If such unforeseen circumstances do result in an end of year deficit balance (carryover), any deficit will be carried forward to the following financial year and schools are required to:

- report to the Director of Children's Services on the reasons for the end of year deficit (carryover);
- if appropriate, detail the management arrangements in place to ensure there is no repeat of the situation;
- detail the measures that will be taken to bring the school back into a balanced budget situation;
- any other such arrangements as the Director of Children's Services may require.

If a school is unable to bring the budget back into balance when setting the following year's budget it will have to provide a recovery plan with an agreed recovery period

The end of year balance is defined for this purpose as the school end of year balance (as notified to the school by the Director Children's Services).

4.6 Charging of interest on deficit balances

The authority may charge interest on any deficit balance where -

- A licensed deficit has been approved to finance a major equipment purchase or building development.
- A school Governing Body faced with a deficit budget fails to seek or follow the advice of the Director of Children's Services or Head of Finance in producing a plan to repay the deficit.
- A school goes into deficit without the prior written approval from the authority. In such cases, the interest will be 4% above the Bank of England's Base rate.

4.7 Writing off deficits

The Authority cannot write off the deficit balance of any school.

4.8 Balances of closing and replacement schools

When a school closes, any balance (whether surplus or deficit) shall revert to the authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school¹.

The authority can also provide extra funding for new schools to recognise the deficit of a preceding school by being reduced; but a sum equal to the deficit cannot be set against any 'normal' funding of the new school – this is the element of funding it would receive anyway if it was not new.

For the first year (i.e. the 12 month period following the formal implementation of an amalgamation of schools) of combined budget(s), the school(s) would receive no less than if there had been the original schools. Subsequently, any loss of funding will be phased over the subsequent two years (three years in total).

4.9 Licensed deficits

The Authority does not operate a licensed deficit scheme. Any deficit agreed as part of an agreed recovery plan is deemed as borrowing from the Authority.

4.10 Loan schemes

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of 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.

4.11 Credit union approach

The Authority does not currently recognise a credit union approach. Schools wishing to adopt this approach should contact the Director of Children's Services.

5 Income

5.1 Income from lettings

Schools may retain all income from lettings of the school premises that would otherwise accrue to the LA, subject to any alternative provisions arising from any joint-use or (Private Finance Initiative) agreement. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, 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. 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.

Income from lettings of schools premises are not payable in to voluntary or private funds held by the school.

Schools are required to have regard to any directions issued by the LA as to the use of school premises owned by the LA, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

5.1.1 Private lettings

All schools are recommended to produce a hiring and letting policy which is adopted by the Governing Body.

Any income raised through private lettings must be paid into the schools main bank account.

Private lettings should not displace agreed community lettings. However, schools may find it advantageous to have private lettings take place alongside their community lettings to reduce costs.

5.1.2 Use of schools for elections

Under elections legislation, community and voluntary aided schools are obliged to make accommodation available for polling stations. The Authority policy is that, if at all possible, schools should remain open on the day of the election.

Schools are reimbursed directly by the Authority for the costs incurred in making accommodation available for polling stations.

5.1.3 Use of schools for emergency plan

Any costs incurred by the school for emergency plan purposes will be reimbursed by the Authority.

5.2 Income from fees and charges

Schools can retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. However, schools should have regard to any policy statements on charging produced by the Authority.

5.3 Income from fund-raising activities

Schools will be allowed to retain income from fund-raising activities.

5.4 Income from the sale of assets

Schools may retain the proceeds from the sale of assets except in cases where the asset was purchased with non-delegated funds, in which case the Authority will decide whether the school should retain the proceeds. If the asset is land or buildings forming part of the school premises and is owned by the Authority the proceeds must be paid to the Authority.

5.5 Administrative procedures for the collection of income

The procedures for collection of income are laid down in the Schools Financial Regulations and Standing Orders. These include guidance on charging of VAT on income.

5.6 Purposes for which income may be used

Income from sale of assets purchased with delegated funds must only be spent for the purposes of the school.

6 The charging of school budget shares

6.1 General provisions

A school's budget share may only be charged by the Authority without the Governing Body's permission in the circumstances permitted by this scheme (see 6.2 below). The Authority will consult the schools as to the intention to charge and will notify schools when it has been done.

- 6.1.1 Where a school hasn't elected to administer their own staff salaries via external payroll providers; the Authority will charge salaries of school based staff to school budget shares at actual cost.

6.2 Circumstances in which charges may be made

- Where premature retirement costs have been incurred without the prior written agreement of the Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Authority);
- Other expenditure incurred to secure resignations where the school has not sought or followed Authority advice.
- Awards by courts and industrial tribunals against the Authority or out of court settlements, arising from action or inaction by the Governing Body contrary to Authority advice.
- Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been specifically delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work;
- Expenditure by the Authority incurred in making good defects in building work funded by capital expenditure from budget shares, where the premises are owned by the Authority or the school has voluntary controlled status.
- Expenditure incurred by the 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 have been arranged by the Authority. (see also 10.1)
- 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 Authority
- Recovery of penalties imposed on the Authority by the board of Inland Revenue, the Contributions Agency, HM Revenue & Customs (HMRC),

Teachers' Pensions, the Environment Agency or other regulatory authorities as a result of schools negligence.

- Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions)
- Additional transport costs incurred by the Authority arising from decisions by the Governing Body on the length of the school day, and the failure to notify the Authority of non-pupil days resulting in unnecessary transport costs.
- Legal costs which are incurred by the Authority because the Governing Body did not accept the advice of the Authority (see also section 11).
- Costs of necessary health and safety training for staff employed by the Authority, where funding for training has been delegated but the necessary training has not been carried out.
- 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.
- Cost of work done in respect of teacher pension remittance and records for schools using non-Authority payroll contracts, the charge to be minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
- Costs of administering the Apprenticeship Levy
- Costs incurred by the Authority in securing provision specified in an Education, Health and Care Plan (EHCP) 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 (prior attainment) and/or specific funding for a pupil with High Needs.
- Cost incurred by the Authority due to submission by the school of incorrect data.
- Recovery of amounts spent from specific grants on ineligible purposes.
- Costs incurred by the Authority as a result of the Governing Body being in breach of the terms of a contract e.g. opting out of a centrally managed contract without giving sufficient notice as specified in the contract.
- 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.
- Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

- Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex B).

7 Taxation

7.1 Value Added Tax

Imprest Schools will provide a monthly return showing the amounts of VAT paid out and charged. The Authority will reclaim the net VAT on non-business activities and the reclaimed amount will be paid into the schools bank account. All schools including Agresso schools must comply to HMRC VAT regulations and are responsible for holding the supporting documentation at school (eg invoices petty Cash Receipts etc). When required VAT documentation to provided by schools to HMRC or Audit.

HM Revenue and Customs have agreed that VAT incurred by schools when spending any funding made available by the authority is treated as being incurred by the authority and qualifies for reclaim by the authority. This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory duties to maintain the external fabric of their buildings. See also section 13.

7.2 CIS (Construction Industry Taxation Scheme)

Schools are required to abide by the procedures laid down by the Authority in connection with Construction Industry Taxation Scheme.

8 The provision of services and facilities

8.1 Provision of services from centrally retained budgets

It is for the Authority to determine on what basis services from centrally-retained funds will be provided to schools. This includes Premature Retirement Compensation (PRC) and redundancy payments, where appropriate.

The Authority will not discriminate in its provision of services to schools on the basis of their category except in circumstances where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

8.2 Provision of services provided by the Authority

Services can be bought back from the Authority using delegated budgets, the services available are contained within the Authority's Traded Services for Schools brochure.

Provision will be available on a service-by-service basis; it may be tailored to individual school needs and may form part of a package of services.

Services are reviewed annually with a pricing proposal sent to schools for consideration.

Final offers are confirmed when schools sign a Service Level Agreement setting out the terms and conditions of the Authority and the school.

Any service provided to schools for which expenditure is not retainable by the Authority under the Regulations made under section 46 of the Act, are offered at prices which are intended not to generate income but cover the cost of provision.

The cost of providing the service is met by the income generated, even if schools are charged differentially.

8.3 Packaging

Any services, which the Authority is providing on a buyback basis, will be offered in a way that will not unreasonably restrict schools' freedom of choice among the services available.

Provision will be available on a service-by-service basis with further freedom of choice available through a menu systems which offers individual elements of the services. Some services also offer packages of services, which may offer a more cost effective service.

8.4 Teachers' pensions

In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, 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.

The conditions only apply to Governing Bodies of maintained schools that have not entered into an arrangement with the Authority to provide payroll services.

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.

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 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 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.

9 PFI / PPP

9.1 PFI/PPP

Any school agreeing to be included within a PFI contract will be required to sign a 'Governing Body Agreement'. The agreement is between the Authority and Governing Body and sets out details of the services provided under the PFI contract and the schools financial contributions.

10 Insurance

10.1 Insurance cover

Where funds for insurance are delegated to any school, the Authority will require the school to demonstrate that cover relevant to the Authority's insurable interests, under a policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the Authority, having regard to the actual risks which might reasonably be expected to arise at the school. (See also 6.2.6).

Governing bodies maintaining their own insurance cover in place of that arranged by the Authority must provide to the Director of Children's Services an up-to-date copy of the policy or policies, together with all premium receipts or other evidence of cover. Failure to provide documentary proof of a satisfactory level of cover within a reasonable period of such a request being made may result in the school's budget share being charged.

See Appendix 3.

11 Miscellaneous

11.1 Right of access to information

The Governing Body must supply all financial and other information which may be required by the Authority to satisfy itself that the school is properly managing its delegated budget share and any additional funds provided by the Authority.

11.2 Liability of Governors

Governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided that they act in good faith.

11.3 Governors expenses

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. Schools are not permitted to pay any other allowances.

Schools with delegated budgets should only pay reasonable expenses. Schools may be required to provide details to the Authority of expenses paid.

11.3.1 New schools

Provision may be made to delegate funds for Governor's expenses to a school yet to receive a delegated budget. Only allowances as per Section 11 of the Schools Standards and Framework Act 1998 will be paid.

11.3.2 Special measures

Expenses paid to additional Governors to schools appointed by the Secretary of State under special measures must not be paid from a school's delegated budget share.

11.4 Responsibility for legal costs

Legal costs incurred by the Governing Body, although the responsibility of the Authority as part of the cost of maintaining the school unless they relate to the statutory responsibility of voluntary 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 authority. (see section 6).

The costs referred to are those of legal actions, including costs awarded against an Authority; not the cost of legal advice provided.

Where there is a potential conflict of interest, problems could arise for the Authority and the Governing Body in obtaining proper legal advice. In this situation, the Authority should be consulted and the Governing Body should consider obtaining independent legal advice.

11.5 Health and safety

In expending the school's budget share the Governing Body must have due regard to duties placed on the Authority in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share.

Under s.39 (3) of the School Standards and Framework Act, Authorities may issue directions to the Governing Body and head teacher of a community, community special or voluntary controlled school on health and safety matters; these directions are enforceable, so far as Governing Bodies are concerned, via s.497 of the Education Act 1996, if not complied with.

11.6 Right of attendance for Director of Children's Services

Governing Bodies must permit the Director of Children's Services, or any officer nominated by the Director of Children's Services, to attend meetings of the Governing Body at which any agenda items are relevant to the exercise of his/her responsibilities. The Director of Children's Services will give prior notice of such attendance unless impracticable to do so.

11.7 Special educational needs

Schools must use their best endeavours in spending the budget share, to secure the special educational needs of their pupils.

11.8 Interest on late payments

Under the Late Payment of Commercial Debts (Interest) Act 1998 all small company creditors must be paid within 30 days of the receipt of the invoice, unless there has been a dispute registered with the creditor. The creditor can, after such period has elapsed, submit a surcharge, on the original amount outstanding.

Published criteria change and Schools should ensure that they comply with the latest statutory requirement on this subject.

11.9 'Whistleblowing'

The procedure for governors and persons working at the school who wish to complain about financial management or financial propriety at the school can be found at:

First Class - Information for All Schools / Human Resources / Policies & Procedures / Raising Concerns At Work (Schools) V6.1.doc

11.10 Child protection

Schools must release staff to attend child protection case conferences and other related events. Supply cover costs has to be met from the schools delegated budget.

11.11 Redundancy / early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided in annex B.

12 Responsibility for revenue & capital maintenance and improvement

12.1 Responsibility for repairs and maintenance

Appendix 6 shows the categories of work which Governing Bodies must finance from their budget. This covers both revenue (maintenance) and capital budgets.

The Authority will maintain a capital programme for items of capital expenditure set out in regulation 12.2 of the scheme. All other capital expenditure is the responsibility of the Governing Body to be funded either from the schools devolved capital grant, other capital funds or revenue contributions to capital.

12.2 Authority capital programme

Only capital expenditure will be retained by the Authority. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the Authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting.

12.3 Voluntary aided schools

For voluntary aided schools, the liability of the authority for repairs and maintenance is the same as other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by the DfE to categorise such work, not the de minimis limit used by the authority.

13 Community facilities

13.1 Introduction

Schools now have greater opportunities to provide services for the community. An extended school is one that provides a range of services and activities often beyond the school day to help meet the needs of its pupils, their families and the wider community. Further information is shown in Annex C.

13.2 Suspension of delegated budget

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

Consultation with the Authority – financial aspects

In every school and community there will be key groups who need to be consulted about activities. They should be involved in the planning process to ensure that extended school programmes are in demand, well organised and meet local needs.

The Governing Body has ultimate responsibility for deciding whether the school should offer additional activities and services and what form these should take. Before making decisions, governors need to be aware of any additional responsibilities that may result from providing additional services through the school. As with existing school activities, Governing Bodies can delegate the practical delivery of services to others, but they will keep ultimate legal responsibility.

Headteachers will need to be fully consulted in the development of additional activities and services in the school. Their school management experience can also be invaluable for the planning of new activities and services and in some schools, Headteachers may choose to be closely involved in the leadership of additional activities and services.

Other school staff can also play a key role in the planning process. Most will have a clear understanding of the needs of pupils, families and the wider school community. They will also be able to advise on the day-to-day impact of additional services on the school premises, equipment, timetables and school community.

Whatever their level of involvement, all school staff should be kept informed and involved in any decisions that relate to the school premises, staff or pupils.

13.3 Consult the Authority

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, Governing Bodies must consult the Authority, and have regard to advice given to them by their Authority.

13.4 Approach the Authority

Schools should initially approach the Authority for a strategic view on potential programmes. The Authority is well placed to help in assessing the ability of schools to offer additional activities. The Authority will take into account the school's resources, financial management abilities and other considerations.

13.5 Responses

The Authority will issue an initial response to any approach from a school within four weeks. The Authority may request from any school operating community activities a report on any action taken following the advice.

Funding agreements – authority powers

13.6 Funding agreements

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 on the provision. A very wide range of bodies and organisations are potentially involved.

13.7 Authority review

Any funding agreements with third parties should be submitted to the Authority for its comments prior to the Governing Body signing any such agreement so that the Authority can ensure that any agreement is not seriously prejudicial to the interests of the school or the Authority.

Other prohibitions, restrictions and limitations

13.8 Additional requirement

Where the Authority believes it appropriate they may require the use of community facilities power by a Governing Body. The Governing Body concerned will be required to make arrangements to protect the financial interests of the Authority by carrying out the activities 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.

13.9 Additional restrictions

The Authority has the power to suspend a school's delegated budget if:

- a school undertakes the provision of community activities without consulting the Authority and which the Authority considers is seriously prejudicial to the interests of the school or the Authority;
- the Authority considers the financial management of community services provided by a Governing Body unsatisfactory; or
- the Governing Body is guilty of substantial or persistent non-compliance with any rules laid down by or under the Authority's Scheme for Financing Schools.

Supply of financial Information

All schools will need to make some adjustments to their financial procedures in order to extend their activities beyond pupils and the school curriculum.

Community activities must be self-financing, except study support for pupils. Study support is learning activities outside normal school hours which young people take part in voluntarily. The purpose of study support is to improve young people's motivation, build their self-esteem and help them become more effective learners and above all aims to raise pupil's achievement.

There are several basic principles for financial management of extended schools programmes.

- Additional activities and services should have separate financial accounts.
- Programmes should where possible be self-financing with the school's delegated budget share only funding additional educational activities and services.
- Before establishing community activities the Governing Body must prepare a four year business plan including cash flow forecasts. The business plan should demonstrate how the Governing Body would fund establishing any community activities and demonstrate that the activities are self-financing for the following three years. Once established a three year business plan should be maintained.
- Governing Bodies may seek grant funding to establish community activities e.g. New Opportunities Funding for Out of School Clubs.
- The Governing Body may not borrow money for community activities without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by the Authority.
- If by providing community activities, it is felt that it is adversely affecting the Governing Body's main responsibility to educate pupils and promote high standards of educational achievement at the school, the Authority may withdraw the right for the Governing Body to operate such community activities.
- Failure to comply with regulations on financial procedures could lead to the removal of the Governing Body's power to discharge its delegated budget.
- Schools should consider the educational benefits of supporting any educational provision or programme through their Schools Budget

Community use of school facilities will need to be self-financing, either through alternative funding streams or charges to users.

It should be noted that activities such as study support are deemed as being for 'the purposes of the school' (i.e. for the educational benefit of the school's registered

pupils). Therefore, such activities may be funded from the school's budget share and schools are encouraged to provide all study support activities free to all pupils.

The Governing Body should keep separate accounts for its community activities to ensure that the community costs incurred are fully covered by income such as fees and charges and kept distinct from the school's delegated budget.

Some schools may wish to encourage activities and services that they consider a priority, but which might not be self-financing. Activities and services that generate income can be used to help support other programmes. Equally, charges can be subsidised for individual users of services who might be unable to pay to participate, but who could benefit significantly from the activity or service.

13.10 Supply of financial information

Any school operating community activities must provide the Authority with a financial report identifying income and expenditure received, accumulated balance brought forward from the previous financial year and projected year end financial position.

If the Authority has concerns of the financial viability of any community activities a school may be required to provide a financial report identifying income and expenditure received, accumulated balance brought forward from the previous financial year and projected year end financial position on a quarterly basis.

If the Authority continues to have concerns of the financial viability of any community activities a school will be required to submit a recovery plan for the activity in question.

Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share.

Supply of non-financial information

Governing Bodies may be required to provide some non-financial information to the Authority where any community activities form part of a corporate strategy for provision. The Authority will inform the Governing Body of any such requirements at the time of agreeing the establishment of such community activities.

13.11 Adjustment to frequency of financial reports

If the Authority has concerns of the financial viability of any community activities a school may be required to provide a financial report identifying income and expenditure received, accumulated balance brought forward from the previous financial year and projected year end financial position on a quarterly basis.

If the Authority continues to have concerns of the financial viability of any community activities a school will be required to submit a recovery plan for the activity in question.

Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share.

Audit

13.12 Audit

Schools community activities financial accounts must be made available for inspection by internal and external audit.

13.13 Access

In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, the Governing Body must ensure that such agreements contain adequate provision for access by the 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 Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

Treatment of income and surpluses

13.14 Retaining net income

The school can retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the Authority or some other body.

13.15 Carrying forward retained net income

Such retained net income can be carried over from one financial year to the next as a separate community activities surplus. Such surplus funds should usually be retained to provide a contingency fund to cover any deficit generated on community activities in any year or are sufficient to cover any winding up costs should the activity cease. If the community activities surplus funds are such that they are not all required as a contingency to cover any potential deficit generated or potential winding up costs, the Authority may agree with the school transferring up to the full value of the surplus to the schools account for a specific purpose.

Should the Authority close any community or community special school, any accumulated community activities surplus of the school reverts to the Authority unless otherwise agreed with a funding provider.

Treatment of deficits

Any deficit must firstly be met from any accumulated community activities surplus and cannot be met from the school budget share unless such a purpose is prescribed by regulations made under s.50 (3) (b) of the 1998 Act.

If the accumulated community activities surplus is insufficient to cover any deficit this must be carried forward, if the business plan demonstrates that the deficit can be covered from future year's surpluses.

If the business plan demonstrates that the community activity is not viable long term the Governing Body are required to use any other funds under their control to cover the deficit. If this is still insufficient the Governing Body and the Authority should implement an action plan to cease any unviable community activity and the Governing body should formulate a recovery plan to recover any remaining deficit.

Health and Safety

13.16 Health and safety

The health and safety standards for community activities should be the same as those to any other activities undertaken at the school.

13.17 Disclosure and Barring checks

The Governing Body must ensure that any adults involved in community activities have been cleared by the Disclosure and Barring Service (DBS) check and the cost of such clearance should be met by the community activities accounts or funding partner as part of an agreement with that partner.

Insurance

13.18 Insurance

The Governing Body must ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share.

13.19 Authority power to assess insurance arrangements

The Governing Body must provide the Director of Children's Services with evidence that they have such insurance arrangements in place for community activities. The Director of Children's Services may also undertake their his/her own assessment of the insurance arrangements made by a school in respect of community activities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the schools community activities account. This provision ensures that the Authority can protect itself against possible third party claims.

Taxation

13.20 Taxation

The Governing Body should seek the advice of the Head of Finance and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure and income in connection with community facilities, including the use of the Authority VAT reclaim facility.

The Governing Body must abide with the requirements of the Scheme for Financing Schools in relation to all aspect of taxation (regulations under section 7 of the Scheme for Financing Schools).

13.21 Payment of income tax and National Insurance

For any member of staff employed by the school or authority in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not) the school is held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules.

13.22 Construction Industry Scheme

Schools should follow authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

Banking

13.23 Separation of accounts

Although it is necessary for the school to keep a separate financial account for community activities this does not necessitate community activities being held in a separate bank account.

13.24 Bank accounts

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school.

13.25 Borrowing

Schools may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining authority.

Annex A: The funding framework

The funding framework which replaces Local Management of Schools is set out in the legislative provisions in sections 45 to 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 an authority must appropriate its entire dedicated schools grant to its schools budget.

The categories of expenditure which fall within the 2 budgets are prescribed under regulations made by the Secretary of State, but included within the 2, 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 section 45A of the act (the centrally retained expenditure).

The amounts to be deducted for these purposes 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 the centrally retained expenditure 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.

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 any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school and for 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 (section 50(3A) of the act).

An authority may suspend a school's right to a delegated budget if the provisions of the authority's financial 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, under schedule 17 to the act.

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.

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

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

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.

Annex B Responsibility for redundancy and premature retirement costs

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-Schools Budget.

Section 37 of the 2002 Education Act says:

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).

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must 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. Ultimately, it would be for the courts to decide what a good reason was, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget

- 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.

Charge of premature retirement costs to local authority non-schools budget

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards.
- Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit.
- Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale.
- Where a school is in special measures, does not have excess balances and employment of the relevant staff is being/has been terminated as a result of local authority or government intervention to improve standards

Charge of redundancy costs to delegated school budget

Examples set out below indicate the situations in which redundancy costs may be charged to a delegated school budget

- 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

Costs of early retirements or redundancies may only be charged to the central schools services block of the Schools Budget, as a historic commitment, 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.

The local authority can retain a central budget within the Schools Budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.

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 the Schools Forum agrees, 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”.

For staff employed under the community facilities power, the default position is that any costs must be met by the Governing Body, and can be funded from the school’s delegated budget if 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. Section 37 now states:

(7) Where a local education authority incur costs—

(a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or

(b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes, they shall recover those costs from the Governing Body except in so far as the authority agrees with the Governing Body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

(7A) Any amount payable by virtue of subsection (7) by the Governing Body of a maintained school in England to the local authority may be met by the Governing Body out of the school’s budget share for any funding period if and to the extent that the condition in subsection 7(B) is met.

(7B) The condition is that the Governing Body are satisfied that meeting the amount out of the school’s budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the education Acts.

(8) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.

Annex C Application of scheme for financing schools to the community facilities power

Schools which choose to exercise the power conferred by section 27 (1) of the Education Act 2002 to provide community facilities will be subject to controls. Regulations made under section 28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power.

Section 88 of the Children and Families Act 2014, has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its authority and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their local authority when offering this type of provision.

Under section 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 as amended by paragraph 2 of Schedule 3 to the Education Act 2002.

This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools. This part of the scheme does not extend to joint-use agreements, transfer of control agreements, or agreements between the authority and schools to secure the provision of adult and community learning.

Appendix 1 Schools list

Sector	Name
Nursery	
	Cookham Nursery
	Maidenhead Nursery
	The Lawns Nursery
Primary	
	Alexander First
	All Saints CE Junior
	Alwyn Infant And Nursery
	Boyne Hill Ce Infant
	Braywood CE First
	Cheapside CE Primary
	Clewer Green CE
	Cookham Dean CE Primary
	Cookham Rise Primary
	Courthouse Junior
	Eton Wick CE First
	Furze Platt Infant
	Furze Platt Junior
	Hilltop First
	Holy Trinity Cookham Primary
	Holy Trinity Sunningdale Primary
	Homer First
	Kings Court First
	Larchfield Primary & Nursery
	Oakfield First
	Oldfield Primary
	Riverside Primary
	South Ascot Village Primary
	St Edwards Catholic First
	St Michaels CE Primary
	The Queen Anne Royal CE
	The Royal (Crown Aided)
	Trinity St Stephen CE First
	Waltham St Lawrence Primary
	Wessex Primary
	Woodlands Park Primary
	Wraysbury Primary
Middle & Secondary	
	St Edward's Royal Free Ecumenical Middle School
	Churchmead Church of England (VA)
Special	
	Manor Green

Appendix 2 School borrowing

Introduction

The School Standards and Framework Act 1998 allow schools to borrow if they have the permission of the Secretary of State.

Definition

The type of financing arrangements, which would normally be classed as borrowing, is:

- Loans in the broadest sense, whereby lenders make available to the school a sum of money which the school uses for specific aims. The school repays the sum of money (the principal) usually at a price (the interest charges) over the term of the loan.
- Finance Leases, whereby the school acquires the use of an asset (e.g. a building or an item of equipment) from the supplier or lender over a specified period. At the end of the period, the school has paid the lender for the underlying cost of the asset plus interest charges,
- Certain types of Public Private Partnerships (PPP's) where the asset is deemed to be "on the balance sheet". Due to the longer term nature of PPP's, schools which enter into them should establish whether the commercial interest of their private sector partners constitutes a form of borrowing by the school – for example a finance Lease.

There are certain types of financing arrangements which for the purposes of this guidance would not normally be classified as borrowing – for example, where a local fair funding scheme permits an Authority to deal with an overspend on a school's budget share by advancing additional sums which are to be charged against future years budget shares. Other circumstances where the Department would not normally require the school to obtain permission before entering into a financial arrangement are:

- Where a Diocese spends money on behalf of a Voluntary Aided school, and the Department subsequently pays grant to the diocese under paragraph 5(1) (b) of Schedule 3 to the 1998 Act.
- Where an association such as a Parents' Association or Former Pupils' Association, takes out a loan to be repaid from its future fund raising, and donates the money to the school.
- Where a school takes credit as part of a supplier's standard trading terms.
- Certain types of Public Private Partnership.

Appendix 3 Insurance

Minimum levels of insurance (Schools)

If funds for insurance are delegated to any school, the local authority may require the school to demonstrate that its insurance cover under a policy, or policies, arranged by the Governing Body is relevant to the authority's insurable interests.

Whilst the authority cannot apply an arbitrary level of cover for all schools the authority recommends the following levels of indemnity as a minimum (@ May 2018):

	£
Material Damage (Property)	Reinstatement value of property
Business Interruption	2,000,000
Contract Works	250,000
Money	10,000
Fidelity Guarantee (Fraud)	500,000
Employers' Liability	25,000,000
Public Liability	35,000,000
Governors' Liability	5,000,000
Libel & Slander	1,000,000
Professional Indemnity	5,000,000
Personal Accident	Death & Capital Benefits £100,000
Engineering Inspection	Inspection of all plant required so by statute
Offsite Activity/Travel c	To cover both UK and non UK trips
Motor Insurance	For minibuses or other vehicles owned or leased in by the school (own damage plus third party)

Appendix 4 Budget plan and monitoring and submission schedule

Annual budget plan

The Authority will aim to provide to schools by the 28 February of the previous financial year indicative financial information on which schools can base their draft budgets and final/confirmed financial information by 31 March of the previous financial year.

Each school must submit as early as possible and no later than by the **31st May** of the relevant financial year a Standard School Budget Plan to the Head of Finance. The budget plan must be approved at a full Governing Body meeting, recorded as such, and signed by both the Headteacher and the Chair of Governors. Plans must be submitted in a form notified by the authority and in accordance with the Consistent Financial Reporting Framework.

The Standard School Budget Plan can be found at:

First Class - Education Finance/School Budget Documents/2018-19 Budget Files/Budget Plans 2018-19/ 2018-19 Budget Plan

Budget monitoring reports

In order that the designated officer can fulfil their obligations under Section 151 of the Local Government Act 1972 to “make arrangements for the proper administration of their financial affairs” schools must provide Bursar Support with a copy of their budget monitoring report submitted to their Governing Body as per the dates set out below:

- 2nd Friday October
- 2nd Friday January

Deficit budget

If a school considers they are likely to have to set a deficit budget they must notify the Director of Children’s Services by **30th April**. This will allow ongoing discussion between the school and the Authority in order to agree a recovery plan.

For the Authority to manage it’s responsibilities to “make arrangements for the proper administration of their financial affairs” (Section 151 of the Local Government Act 1972), a school may be required to provide further information to support their Standard School Budget Plan.

3 Year budget plans

The authority requires schools to submit a financial plan covering a 3 year period. These will be used as evidence to support the authority’s assessment of Schools Financial Value Standards and in support of the authority’s balance control mechanism. To be submitted to Bursar Support by

- 2nd Friday in July

The 3 Year Budget Plan can be found at:

First Class - Education Finance/School Budget Documents/2018-19 Budget Files/Budget Plans 2018-19/ 2018-19 Budget Plan/3 Year Plan 2018-21

Appendix 5 Supplementary information

RBWM use thresholds of 5% of income for secondary schools, 8% of income for primary, nursery and special schools. The maximum level over which uncommitted reserves would be deemed excessive is 5% for secondary schools and 8% for primary, nursery and special schools.

The percentage is applied to annual income which is defined as income registered to CFR codes I01 to I18 inclusive. The final annual income as defined by the CFR income categories at the financial year end would determine the level of reserves. For example, annual income as at financial year end 2017/18 of £1,000,000 for a primary schools would deem the acceptable level of revenue carry forward (opening revenue balance for 2018/19) as £80,000 (excluding acceptable commitments).

Where schools wish to commit balances these should be to specific projects and ideally linked to the schools development plan. There should be an anticipated start date and project duration with appropriate costing information available. The authority would not expect to see commitments made to projects that did not relate to staff development and training, building maintenance and improvement, grounds maintenance and improvement, learning resources, ICT learning resources, administrative supplies or relate to a proposed revenue to capital transfer of funds. As capital cannot be transferred to revenue; school should refrain from transferring revenue to capital until required to do so within a project and transferring as a capital commitment should be avoided.

Schools should refrain from committing balances to projects year on year where the project has no clear start date. Governors should review proposals to commit balances to avoid the mechanism incorrectly effecting the threshold levels. Projects expected to start within the current financial year should have appropriate budgets allocated within the school budget without the need to create a commitment.

De minimis level £3,000.

Schools deficit process

Schools should insure that they contact the Director of Children's Services and Head of Finance as early as possible where they believe they may potential need to set a deficit budget.

The Bursar Support Team will notify the appropriate local authority groups and act as liaison between the school and the local authority.

The School will be required to submit a formal detailed deficit recovery plan.

A formal sign off of all arrangements will be required by the Director of Childrens Service, Head of Finance and Governing Body. This will be completed within a reasonable timescale to enable budget planning and action to be taken by all parties as appropriate.

Deficit arrangements

Deficit arrangements may only be permitted where budgets cannot be balanced in year without extreme significant damage to the curriculum.

The maximum period over which schools must balance their budget is normally three years.

EU contract thresholds

Contract Thresholds at and above which UK Regulations apply.

As at 1 January 2018

The financial thresholds are set out below. (All values exclude VAT).

	SUPPLIES		SERVICES		WORK	
	£	Euro	£	Euro	£	Euro
Contract threshold	118,133	144,000	118,133	144,000	4,551,413	5,548,000
Prior Indicative Notices (PIN)	615,278	750,000	615,278	750,000	4,551,413	5,548,000

Appendix 6 Responsibility for revenue and capital maintenance & improvement

Capital/Revenue split - Illustrative examples in line with CIPFA code of practice.

Roofs – Flat

Capital: as CIPFA code of practice (Schools)

Structure. New (not replacement) structure

Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure

Screed / insulation in a new building / extension

Screed / insulation. Replacement/repair of substantially all. Improve effectiveness of insulation

Finish on new build. Replacement of all/substantially all on existing roof

Edge trim/fascia on new building

Edge trim/fascia. Replacement of all/ substantially all on existing roof

Drainage on new building

Other e.g. flashings, rooflights on new building. Replacement of all/substantially all on existing roof

Revenue: Repairs and maintenance

Repair/replacement of small parts of an existing structure

Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed

Repair/replacement of screed/insulation where defective

Work to improve insulation standards, during work to repair/replace small areas of roof

Replacement of roof finish on existing building. Re-coating chippings to improve life expectancy

Repairs/replacement. (uPVC) Repainting

Repairs/replacement. (uPVC) Repainting

Clearing out gutters and downpipes. Replacement/repair/ repainting / individual gutters/pipes

Repair/replace/cleaning of individual items

Roofs - Pitched

Capital: as CIPFA code of practice

Structure. New (NOT replacement) structure

Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure

Insulation in a new building/extension

Insulation. Replacement/repair of substantially all. Improve insulation to current standards

Roof finish in a new building/extension, replacement of all/substantially all on existing roof

Bargeboards/fascias in a new building/extension, replacement of all/substantially all on existing roof

Drainage in a new building/extension

Drainage. Replacement of all/substantially all on existing roof

Other e.g. flashings, roof windows in a new building/extension, replacement of all/substantially all on existing roof

Revenue: Repairs and maintenance

Repair/replacement of small parts of an existing structure

Replace/repair small areas of rotten/defective joists, rafters, purlins etc.
Not complete trusses

Repair/replacement/ increase thickness of insulation in an existing roof

Replace missing/damaged

Repairs/replacement/
repainting

Clearing out gutters and downpipes Replacement/repair of individual pipes/gutters

Repair/Replacement
/cleaning

Roofs - Other

Capital: as CIPFA code of practice

Provide new covered link etc. between existing buildings
Rebuild or substantially repair structure of existing covered link
Add porch etc. to existing building
Rebuild or substantially repair structure of existing porch

Revenue: Repairs and maintenance

Minor repairs, maintenance to existing covered link
Minor repairs, maintenance to existing

Floors - Ground floor

Capital: as CIPFA code of practice

Structure and dpc in new building
Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure

Revenue: Repairs and maintenance

Repair/replacement of small parts of an existing structure

Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/tiles in a room

Replacement and repair of screed and finishes/replacement of mats/matwells
Maintenance e.g. revarnishing wooden floors

Floors - Upper floors

Capital: as CIPFA code of practice

Structure - as ground floor

Revenue: Repairs and maintenance

As ground floor

Screed and finish - as ground floor

Repairs of finishes/Replacement - as ground floor

Ceiling – Top/only storey

Capital: as CIPFA code of practice

Suspension

Membrane

Fixed

Access panels

Revenue: Repairs and maintenance

Repair/replacement includes. from water damage, & necessary decoration

Repair/replacement inc. from water damage

Repair/replacement

Ceiling – Lower storeys

Capital: as CIPFA code of practice

Suspension

Membrane

Fixed

Revenue: Repairs and maintenance

Repair/replacement

Repair/replacement

Ceiling – All

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

Inspection/air testing. Applying sealant coats to asbestos surface for protection

External Walls – Masonry/cladding

Capital: as CIPFA code of practice

Structure, Underpinning/propping for new build

External finish on new build

External finish on existing builds where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building/replacement build

Revenue: Repairs and maintenance

Repairs. Preventive measures e.g. tree removal

Repair/replacement of small parts of an existing structure, e.g. repointing/recladding a proportion of a wall where failure has occurred

External Walls – Windows and doors

Capital: as CIPFA code of practice

Framing - new build

Framing - structural replacement programme

Glazing - new build

Glazing, Upgrading existing glazing

Ironmongery, Improve security

Jointing including mastic joints

Revenue: Repairs and maintenance

Repair/replacement of individual frames.
Repainting frames

Repair/replacement of individual windows.
Repainting frames

Replacing broken glass

Repair/replacement, upgrading locks etc.

Internal and external decorations to new build

Internal and external decoration to include cleaning down and preparation

External Walls – Masonry chimneys

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

Structure

Jointing including expansion and mortar joints/pointing/DPC

Repair/re-pointing

Internal Walls – Solid

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

Complete including various internal finishes, linings and decorations

Repairs and redecoration to internal plaster/lining tiles, pin boards etc.

Refurbishment and alterations

Minor alterations

Internal Walls – Partitions

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

Complete structure including linings, framing, glazing, decoration etc

Repairs and redecoration

Refurbishment and alterations

Minor alterations

Internal Walls – Doors and Screens

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

Framing/screens/doors to new building including glazing,

Internal maintenance and redecoration. Repair/replacement of

ironmongery, jointing and internal decorations

defective doors and screens

Internal Walls – All

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

Glazing to meet statutory Health & Safety requirements

Replacement of broken glass

Sanitary Services - Lavatories

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

In new buildings provision of all toilet fittings, waste plumbing and internal drainage

Repair/replacement of damaged sanitary ware, fittings, waste plumbing etc

Small areas of refurbishment

Repair/replacement of damaged fittings, waste plumbing etc

Sanitary Services - Kitchens

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

Kitchens in new buildings complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations

Maintain kitchen to requirements of Authority. Cleaning out drainage systems. Redecoration

General refurbishment

Repairs

Large and costly items of equipment

Repairs/replacement parts

Mechanical Services – Heating/Hot Water

Capital: as CIPFA code of practice

Complete heating and hot water systems to new projects including fuel, storage, controls, distribution, flues etc

Safe removal of old/damaged asbestos boiler and pipework insulation where it is a risk to Health and Safety

Planned replacement of old boilers/control systems past the end of their useful life

Emergency replacement of boiler plant/systems.

Revenue: Repairs and maintenance

General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects

Monitoring systems. Health and safety issues

Replacement of defective parts

Mechanical Services – Cold water

Capital: as CIPFA code of practice

Provision of cold water services, storage tanks, distribution, boosters, hose reels etc in major projects

Revenue: Repairs and maintenance

Maintenance and repair/replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks

Mechanical Services – Gas

Capital: as CIPFA code of practice

Distribution on new and major refurbishments, terminal units

Revenue: Repairs and maintenance

Repairs, maintenance and gas safety. All servicing

Mechanical Services – Ventilation

Capital: as CIPFA code of practice

Revenue: Repairs and maintenance

Mechanical ventilation/air conditioning to major projects.

Provision of local ventilation Repair/replacement of defective systems and units

Mechanical Services – Other

Capital: as CIPFA code of practice

Swimming pool plant and its complete installation, including heat recovery systems

Revenue: Repairs and maintenance

Repair/replacement of parts to plant pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment

Electrical Services – General

Capital: as CIPFA code of practice

Main switchgear and distribution in major projects

Revenue: Repairs and maintenance

Testing/replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings

Replacement of obsolete and dangerous wiring systems, including distribution boards

All testing, earthing and bonding to meet Health and Safety. All servicing

Electrical Services – Power

Capital: as CIPFA code of practice

Control gear, distribution, fixed equipment, protection etc

Revenue: Repairs and maintenance

All testing, repair and replacement of small items of equipment

Electrical Services – Lighting

Capital: as CIPFA code of practice

Provision of luminaires and emergency

Revenue: Repairs and maintenance

Replacement of luminaires, all testing, adjustments and

improvements to emergency

Electrical Services – Other

Capital: as CIPFA code of practice

Lighting protection in new buildings

Alarm systems, CCTV, lifts/hoists etc

New installation of communication systems, radio/TV, call, telephone, data transmission, IT etc and provision in new buildings

Revenue: Repairs and maintenance

Repair/replacement

Repair and maintenance

Repair/replacement/ maintenance, including all door access systems

External Works – Paving

Capital: as CIPFA code of practice

Provision of new roads, car parks, paths, courts, terraces, play pitches, steps and handrails, as part of major project, including disabled access

Revenue: Repairs and maintenance

Maintenance and repair. Car park and playground markings

External Works – Miscellaneous

Capital: as CIPFA code of practice

Provision of walls, fencing, gates and ancillary buildings as apart of major project

Revenue: Repairs and maintenance

Maintenance and repair of all perimeter/boundary /retaining walls, fencing and gates.

External Works – Drainage

Capital: as CIPFA code of practice

Drains, soakaways, inspection chambers and sewage plant as part of new projects

Revenue: Repairs and maintenance

Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the

above and unblocking as necessary

External Works – Open air pools

Capital: as CIPFA code of practice

Structure, hygiene/safety in new build

Revenue: Repairs and maintenance

Hygiene, cleaning, maintenance and repairs including replacement parts. Simple energy saving systems

External Works – Services distribution

Capital: as CIPFA code of practice

Heating mains, gas mains, water mains, electricity mains, renewal of any of the above

Revenue: Repairs and maintenance

Annual servicing