

SCHEME

FOR

FINANCING SCHOOLS

CONSULTATION DRAFT JULY 2018
(APPENDIX 3)

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SECTION 1

1.1 The Funding Framework

The funding framework is based on the legislative provisions in sections 45-51 of the School Standards and Framework (SSAF) Act 1998.

Under this legislation, local authorities determine for themselves the size of their Schools Budget and their Non-Schools Education Budget – although at a minimum a local authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools, except for capital and certain miscellaneous items. Local authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their School 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).

Local authorities must distribute the ISB amongst its 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 this Scheme made by the Authority in accordance with s.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 S.50 of the Act. (* Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

Funds devolved and delegated (whether under Section 50 or otherwise) to the School's Governing Body by the Local Authority remain the property of the Local Authority until spent by the Governing Body or the Headteacher; and when spent by the Governing Body or the Headteacher shall be taken to be spent by them as the Authority's agent.

An authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (schedule.17 of the Act).

The Secretary of State may direct a local authority to provide information about its planned and actual expenditure in connection with its education funds. The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State. Each year the Authority publishes 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. The Authority also publishes a statement showing out-turn expenditure at

both central level and for each school, and the balances held in respect of each school.

Regulations 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.

Section 48 (3) of the SSFA 1998 provides that where there is any inconsistency between the Scheme maintained by the Local Authority and any other rules or regulations made by the Authority, which relate to the funding or financial management of schools they maintain, the terms of the Scheme shall prevail.

1.2 The role of the Scheme

The Scheme provides for the delegation of financial and managerial responsibility to Governing Bodies of schools and describes the regulations and conditions to which Governing Bodies should adhere, in order to remain accountable to the public and the Authority.

The Scheme is based on the following principles:-

- (i) That responsibilities should be aligned with funding, so that both schools and the Local Authority are held to account for their performance in spending public money,
- (ii) That the optimum level of delegation of financial and managerial responsibilities to Governing Bodies should be achieved,
- (iii) That Governing Bodies should be allowed the maximum amount of freedom in determining the financial and managerial policies for their schools consistent within the framework of this Scheme, the Financial Regulations for Maintained Schools, the Guide to Financial Procedures in Schools, and Schools Contract Standing Orders,
- (iv) That the process for allocating resources to schools should be transparent and aim for an equitable distribution related to the needs of pupils,
- (v) That the Scheme should aim to enhance the teaching and learning process in each school, in order to meet the needs of the pupils.

The Scheme in places refers to separate documents, which set out in more detail certain aspects of financial responsibilities and good practice guidance.

The Financial Regulations for Maintained Schools, Schools Contract Standing Orders, and Guide to Financial Procedures can be access [here](#).

The Local Authority's Surplus Balances Protocol and Deficit Budget Protocol can be found [here](#).

1.2.1 Application of the Scheme to the Authority and maintained schools

The Scheme applies in respect of all community, nursery, voluntary, foundation (including trust), community or foundation special schools and pupil referral units (PRUs) maintained by the Authority. The schools covered by this Scheme are listed in Annex A.

1.3 Publication of the Scheme

A copy of the Scheme is available on our [public website](#)

1.4 Revision of the Scheme

Any proposed revisions to the Scheme will be the subject of consultation with schools, the Headteacher and the Governing Body of each school, maintained by the Local Authority, before the proposed revisions are submitted to the Schools Forum for their approval. All proposed revisions must be submitted to the Schools Forum for approval by members of Forum representing maintained schools.

Approved revisions will be notified to the Headteacher and Governing Body of each school.

1.5 Delegation of powers to the Headteacher

The Governing Body should consider the extent to which it wishes to delegate its financial powers to the Headteacher. Where such delegation is agreed, the decision (and any revisions) should be recorded in the minutes of the Governing Body.

The responsibilities of the Headteacher and Governing Body in respect of the annual budget plan are that the first formal budget plan of each financial year, must be approved by the governing body, or by a committee of the governing body.

1.6 Maintenance of schools

The Local Authority is responsible for maintaining the schools covered by the Scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary school where some of the expenses are, by statute, payable by the Governing Body). Part of the way the Authority maintains schools is through the funding system put in place under sections 45 to 51 of the School Standards and Framework Act 1998.

SECTION 2: FINANCIAL REQUIREMENTS

2.1.1 Application of financial controls to schools

All schools are required to abide in the management of their delegated budgets by the Authority's requirements on financial controls and monitoring, not only those in this Scheme but also those requirements which are contained in the Financial Regulations for Maintained Schools, the Guide to Financial Procedures in Schools **and Schools Contract Standing Orders**.

2.1.2 Provision of financial information and reports

Schools are required to provide to the Director of Children's Services or his/her nominee, quarterly monitoring reports and bank account reports, in formats determined by the Local Authority and in accordance with the following timetable:

Quarter One

- Budget monitor report with projected year end out-turn forecast
 - Bank account receipts and payments for the period April - June with bank account reconciliation as at 30 June
- by 31 July

Quarter Two

- Budget monitor report with projected year end out-turn forecast
 - Bank account receipts and payments for the period July - September with bank account reconciliation as at 30 September
- by 31 October

Quarter Three

- Budget monitor report with projected year end out-turn forecast
 - Bank account receipts and payments for the period October - December with bank account reconciliation as at 31 December
- by 31 January

Quarter Four

- Budget out-turn report with actual income and expenditure (ie including accruals)
 - Bank account income and expenditure for the period January - March with bank account reconciliation as at 31st March
- by 30 April *
- (* date set annually in the Authority's year end closure guidance)

VAT returns

Monthly

However, the above timetable can vary if the Authority notifies the schools in writing, that in its view the school's financial position requires more frequent submission e.g. the school is in its first year of operation or the school is due to close.

The restriction to a minimum 3 month interval does not apply to schools which are part of an on-line financial accounting system operated by the Local Authority.

2.1.3 Payment of salaries; payment of bills

The Governing Body is responsible for ensuring that secure and efficient systems are in place to administer the systems for payment of invoices and making payments to staff, in accordance with the requirements and guidance given in Financial Regulations for Maintained Schools, the Guide to Financial Procedures in Schools **and Schools Contract Standing Orders**. Payments to workers must comply with IR35 Regulations.

2.1.4 Control of assets

The governing body must ensure that an inventory of plant, equipment, computer hardware and furniture is kept in accordance with the requirements of Financial Regulations for Maintained Schools and the guidance included within the Guide to Financial Procedure in Schools. However, the Governing Body is free to determine their own arrangements for keeping an inventory for items below £1,000. A register must be kept in some form.

2.1.5 Accounting Policies (including year-end procedures)

The Chief Financial Officer is responsible for approving and controlling Council-wide accounting and financial systems. Schools must abide by the procedures issued by him/her as regards all accounting policies and procedures, including the in-year maintenance of accounts and the preparation of year-end accounts.

2.1.6 Writing off of debts

The Governing Body may write-off debts up to the value limit defined in the Financial Regulations for Maintained Schools and in accordance with the procedures set out in the Guide to Financial Procedures in Schools. The value limit is currently £500 and is subject to periodic review.

Debts over £500 may only be written off by the Council's Chief Financial Officer when evidence is provided that the school's debt recovery procedures have been followed and the debt is deemed to be irrecoverable by the Council's Chief Financial Officer.

2.2 Basis of accounting

All financial reports furnished by the Governing Body to the Local Authority must be on an accruals basis.

2.3 Submission of budget plans

Schools must submit to the Local Authority, an annual budget approved by the Governing Body by 15 May each year. The desirable format for the submission of the budget plan should, as far as possible, take account of the Consistent Financial Reporting framework. Schools must also submit draft "3 year" budgets detailing their provisional budget plan for the following 2 financial years, in a format prescribed by the Local Authority, by 30 June. Schools are required to take full account of estimated deficits and surpluses, at the previous 31 March, in this budget plan.

The Local Authority will provide to schools all the income and expenditure data it holds which is necessary to facilitate efficient planning by schools, and supply schools with an annual statement showing when this information will be available at times through the year.

2.3.1 Submission of Financial Forecasts

The Authority may require schools to submit a financial forecast covering each year of a multi-year period.

2.4 Efficiency and Value for Money

Schools must seek to achieve efficiencies 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 detailed in **Schools Contract Standing Orders**.

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

2.5 Virement

Schools may vire freely between budget headings in the expenditure of their budget shares. Where a school has opted for its budget share to be paid into the school bank account net of staffing costs, then it must notify the Director of Children's Services of virements between staffing and non-staffing vote headings, to ensure that correct instalments are advanced into its bank account.

2.6 Audit: General

All funds delegated to schools by the Local Authority under this Scheme, and including any other Authority or associated funds generated by the school in support of the general provision of education, are subject to the internal audit arrangements of the Authority.

Similarly, the Authority's external auditors will also be responsible for certification of school accounts and financial arrangements as part of the Authority's annual statutory accounts audit. Additionally, the external auditor may from time to time be required to undertake other audit work involving access to schools.

Schools are required to co-operate with any reasonable and legitimate request for access to records or information made by the Authority's internal and external auditors.

2.7 Separate external audits

A Governing Body may spend funds from its budget share to obtain external audit certification of its school accounts.

Such an external audit will be additional to, and separate from, the requirements of the Local Authority's internal and external audit arrangements and will not be a substitute for these.

The Local Authority will be entitled to request from the Governing Body a copy of any separate external audit certificate and/or report issued.

2.8 Audit of voluntary and private funds

A Governing Body must provide audit certificates in respect of voluntary and private funds which it holds and of the accounts of any trading organisation controlled by the school, in accordance with the procedures detailed in the Guide to Financial Procedures for Schools.

2.9 Register of business interests

The Governing Body of each school must establish a register, which lists for each member of the Governing Body and the Headteacher:

- (i) Any business interests they or any members of their immediate family have;
- (ii) Details of any other educational establishments that they govern;
- (iii) Any relationships between school staff and members of the governing body

The Governing Body must:

- (i) Ensure that the register is kept up to date with notification of changes and through annual review of entries
- (ii) Make the register available for inspection by governors, staff and parents, and the authority

- (iii) Publish the register, for example, on a publicly accessible website.

2.10 Purchasing, tendering and contracting requirements

Governing Bodies must abide by the Schools Contract Standing Orders in all purchasing, tendering and contracting matters.

2.11 Application of contracts to schools

Governing Bodies have the right to opt out of contracts arranged by the Authority provided that notice is given in accordance with the contract terms and, where no notice period is set out, no less than 3 months notice should be given.

Although governing bodies are empowered under paragraph 3 of schedule 1 of the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the Local Authority as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

2.12 Central funds and earmarking

The Local Authority may, under appropriate circumstances, make sums available to schools from central funds, in the form of allocations which are additional to, and separate from, the schools' budget shares. These allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used. Whilst schools may be allowed to vire such funds (except, of course, where the funding is supported by a specific grant which the Local Authority itself is not permitted to vire), virement will not be made to the point of assimilating these allocations into the schools budget share.

It is a requirement that such earmarked funding from centrally retained funds is spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not vired into the schools budget share. The Governing Body of each school will maintain an accounting mechanism in order to demonstrate that this requirement has been complied with.

Where a school does not fully spend earmarked funds in-year, or within the prescribed period, the Local Authority will ask for the unspent balance to be refunded.

The Local Authority will not make any deduction, in respect of interest costs to the Local Authority, from payments to schools of devolved specific or special grant.

2.13 Spending for the purposes of the school

By virtue of section 50(3A), which came into force on 1 April 2011, but subject to regulations made by the Secretary of State and any provisions of the Scheme, amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

2.14 Capital spending from budget shares

Governing Bodies may use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the Governing Body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSFA Act 1998.

The Council's definition of capital expenditure is where the total expenditure for a single project or Scheme is at least £10,000. Anything below £10,000 is defined as revenue expenditure.

If the expected capital expenditure from the budget share in any one year will exceed £15,000, the Governing Body must notify the Local Authority and the Governing Body must take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure.

If the premises are owned by the Local Authority or the school has voluntary controlled status then the Governing Body should seek the consent of the Local Authority to the proposed works, but such consent can only be withheld on health and safety grounds.

2.15 Notice of Concern

The Local Authority may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Chief Financial Officer and the Director of Children's Services, the school has failed to comply with any provisions of the Scheme, or where actions need to be taken to safeguard the financial position of the Local Authority or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the Governing Body restrictions, limitation 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 restriction or conditions on the day to day financial management of a school than the Scheme requires for all schools – such as the provision of monthly accounts to the Local Authority;
- insisting on regular financial monitoring meetings at the school attended by Local Authority officers;
- requiring a Governing Body to buy into the Local Authority's financial management systems; and
- imposing restrictions or limitation 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.

Where the Governing Body has complied with the requirements of a notice of concern the notice will be withdrawn.

2.16 Schools Financial Value Standard

All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form.

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.

All maintained schools with a delegated budget must submit the form to the Local Authority annually before 31 March.

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.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

3.1 Frequency of instalments

The Budget Share will be made available to schools on a monthly basis according to the following profile:

- an initial advance on 1 April
- 11 monthly instalments from April to February
- a final instalment in March from which the amount advanced on 1 April is deducted.

The date on which instalments are advanced each month will be the same for all schools and will include monthly reimbursements of net VAT expenditure incurred by schools. For the purposes of this section, Budget Share includes any place-led funding for special schools or pupil referral units. Top up payments for pupils with high needs are made on a monthly basis, unless alternative arrangements have been agreed with the provider.

3.2 Proportion of the budget share payable at each instalment

Schools will have the option of payment of budget share into their bank accounts:

- either net of staffing costs
- or the total budget share

In both cases, the amount paid each month will be 1/12 of the annual sum advanced (after allowing for the initial advance on 1 April as shown in section 3.1. above)

Where budget shares are advanced net of staffing costs, the schools' annual budget (see section 2.3) and any subsequent in-year revisions to the budget (see section 2.5) will be used to determine those amounts of budget shares held centrally for staffing, and those amounts payable into schools' bank accounts in equal monthly instalments.

A school wishing to change its option of payment of budget share may only do so from the beginning of a financial year and must notify the Local Authority in writing by 1 January.

Where a school wishes to receive its total budget share, but where the Authority is administering payroll for that school, then the LA will advise the school of the arrangements which need to be put in place and ask the school whether it needs to take up this option.

3.3 Interest clawback

The Chief Financial Officer will charge interest on those elements of advances of budget share which relate to pay costs in cases where these are advanced to schools earlier than the Local Authority's normal dates for paying employees. Interest will be calculated on a daily basis and charged at the Bank of England Base Rate plus 1%.

The same rate of interest will be charged to schools:-

- where schools ask for advances of budget share in advance of the standard timetable as outlined in section 3.2,
- where the Authority is administering payroll for the school and the school is late in making payment.

3.3.1 Interest on late budget share payments

The Authority will add interest to late payments of budget share instalments, where such late

payment is the result of Local Authority error. Interest will be calculated on a daily basis and paid at the Bank of England Base Rate plus 1%.

3.4 Budget shares for closing schools

Where approval for the closure of a school has been secured, the Local Authority may determine that budget shares will only be made available net of estimated pay costs, even where a different basis was previously used.

3.5 Bank and building society accounts

Schools are allowed to have external bank accounts into which their budget share instalments are paid. All interest received by schools from balances held in these accounts will be retained by schools.

Where a school opens an external bank account the Local Authority will, if the school desires, transfer immediately to the account an amount agreed by both the school and Local Authority as the estimated surplus balance held by the Local Authority in respect of the school's budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.

3.5.1 Restrictions on accounts

Schools are permitted only to hold school budget funds with Barclays, HSBC, Lloyds TSB and RBS (Nat West). Schools that, at 1 October 2012, did not hold school budget funds with RBS (Nat West) are not permitted to hold school budget funds with this bank.

In investing school budgets funds e.g. in deposit accounts, the maximum permitted period of investment is 1 year.

Schools are permitted to have accounts for budget share purposes, which are in the name of the school rather than the Authority. However, if a school has such an account the account mandate must provide that the Authority is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the Authority.

Schools must nominate at least 3 and at most 5 people to be authorised signatories, of which two will normally be the Headteacher and Deputy Headteacher. Authorised signatories must be employees either of the Local Authority or the school.

3.6 Borrowing by schools

This provision does not apply to loan Schemes run by the Authority (see section 4.9).

Governing Bodies may borrow money only with the written permission of the Secretary of State. Borrowing includes the use of finance leases, which are not allowable, with the exception of certain schemes approved by the Secretary of State (currently only Salix loans have such approval).

Schools can use both debit cards and credit cards provided the balance is cleared each month. Schools are encouraged to use procurement cards, as these cards can be a useful means of facilitating electronic purchase.

3.7 Other provisions

Detailed guidance about the administrative procedures for operating external bank accounts is included in the Guide to Financial Procedures in Schools.

SECTION 4: THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

4.1 Right to carry forward surplus balances

At the end of each financial year, where any school has a surplus balance, this will be carried forward and added to the budget share for the following financial year. A school's opening balance at 1 April will equal its closing balance at 31 March the previous year.

4.2 Control on surplus balances

Schools must comply with the requirements for the reporting of surplus balances, outlined in detail in the [Authority's School Surplus Balances Protocol](#). The carry forward of surplus revenue balances into the next financial year is restricted by the provisions outlined in this Protocol. The Local Authority will consult with the Schools Forum and schools on proposed changes to the Protocol before these are implemented. The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority.

4.3 Interest on surplus balances

The Authority will not give interest on surplus carry forward balances, as the procedure for operating external bank accounts, as outlined in the Guide to Financial Procedures for Schools, allows each school to hold its surplus balance in its own bank account.

4.4 Obligation to carry forward deficit balances

At the end of each financial year, where any school has a deficit balance, this will be carried forward and deducted from the budget share for the following year. A school's opening balance at 1 April will equal its closing balance at 31 March the previous year.

4.5 Planning for deficit budgets

Schools wishing to apply for a deficit budget, or to increase an existing deficit, must apply to the Local Authority for approval who may allow them in approved circumstances (see section 4.9).

4.6 Charging of interest on deficit balances

Interest may be charged on deficits, whether approved or unplanned, on the basis of the Bank of England Base Rate plus 1%.

4.7 Writing off deficits

The Authority cannot write off the deficit balance of any school. Subject to the approval of the Schools Forum, additional funding to support schools in financial difficulty may come from a de-delegated contingency fund from the Dedicated Schools Grant for mainstream schools or from a central budget within the Dedicated Schools Grant for special schools and PRUs.

4.8 Balances of closing and replacement schools

Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

4.9 Licensed deficits

Schools wishing to apply for a deficit must apply to the Local Authority. Approval will only be given where:

- (i) the normal period for repayment is 3 years or less, however in exceptional circumstances the Authority will have the discretion to extend this period to 5 years
- (ii) the deficit is 5% of school budget share for that year or the deficit is for exceptional non-recurrent expenditure, transitional arrangements, or other exceptional circumstances
- (iii) the deficit can be financed from the collective surplus balances held by schools. The maximum proportion of schools' collective balances which will be used to finance these arrangements will be 25%.

Detailed guidance on the operational procedures of licensed deficits is included in the Guide to Financial Procedures in Schools and the [Authority's Deficit Budget Protocol](#). Licensed deficits must be approved by the Council's Chief Finance Officer or his / her representative.

4.10 Capital Loans Scheme

The Local Authority will operate a capital loans system for schools covered by the Scheme. Such loans will operate as actual payments to the school on condition that a corresponding amount, plus interest as outlined below, is repaid to the Local Authority from the school's budget share over an agreed period of time. The period of time is as listed at 4.9 (i) above.

The purposes for which applications for loans can be requested, the conditions and the application process, are outlined in the Authority's School Capital Loans Protocol. All loans are subject to the acceptance of the school's governing body of the terms and conditions of the Loan Agreement. All loans are subject to the approval of both the Schools Financial Performance Group, on behalf of the Schools Forum, and the Council's Chief Financial Officer or representative.

Under normal circumstances, a maximum of 50% of the overall cost of the works may be provided by a loan. Loans for a greater proportion of the cost may be approved in exceptional circumstances.

The maximum loan available to any one school is the lower of £100,000 or 5% of the school's delegated budget for the year (excluding surplus revenue carry forward), unless the Local Authority gives specific written agreement otherwise. Schools with an annual budget share of £650,000 or less will be exempt from this limit in recognition that a 5% limit places a restriction on the benefits to be gained from the scheme by very small schools.

The total value of loans current at any time will not exceed £1,000,000. This maximum will be reviewed on an annual basis.

The capital loans scheme is open to all schools, including those with their own bank accounts. However, for schools that operate their own bank accounts, interest will be charged on the loan. Interest will be calculated on an annuity basis using the Council's banking provider's rate. The actual rate of interest will initially be calculated at the Council's banking provider's rate at the time the loan is taken and will then be reviewed on a financial year basis, with the rate of interest for the next financial year being set at the Council's banking provider's rate in the March immediately preceding the start of the financial year. Interest will be charged from the date the advance is made. The interest and principal will be repaid in equal instalments each month.

Any change in the legal status of the school such that it ceases to be a maintained school shall not affect the validity of the Loan Agreement. In such circumstances, the Loan Agreement shall bind and inure to the benefit of any successor body to the school, which can be:

- a. any other school; or
- b. any other body established by legislation or statute in order substantially to perform any of the functions that had previously been performed by the school; or
- c. any private sector body, which substantially performs the functions of the school

Where a maintained school converts to academy status, the value of the loan outstanding at the point of conversion will be deducted from the value of balance to be transferred to the academy. The value of any outstanding amount, after this deduction, will be recovered from the academy.

Where a school that does not have a successor body closes with an outstanding loan amount and where the school's surplus balance is not sufficient to cover this, the remaining outstanding amount will be charged to the Schools Budget.

Schools are not be permitted to borrow other than through the Authority's scheme, except with the written permission of the Secretary of State, or where borrowing is undertaken by trustees or foundations and the debt is not serviced directly from a school's delegated budget.

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

SECTION 5: INCOME

5.1 Income from lettings

Schools may retain income from lettings of the school premises, subject to alternative provisions arising from any joint use or Private Finance Initiatives (PFI) agreements. Schools may 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, schools must have regard to directions issued by the Local Authority as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

All income from lettings of school premises which would otherwise accrue to the Local Authority must be paid into the school's local bank account.

5.2 Income from fees and charges

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

Income from boarding charges is collected on behalf of the Local Authority and should not exceed that needed to provide board and lodging for the pupils concerned.

All such income must be paid into the school's local bank account.

5.3 Income from fund raising activities

Schools are allowed to retain income from fund-raising activities.

5.4 Income from the sale of assets

Schools may retain the proceeds of sale of assets except where:-

- (i) the asset was purchased with non-delegated funds (where it will be for the Local Authority to decide whether the school can retain the proceeds),
- (ii) the asset concerned is land or buildings forming part of the school premises and is owned by the Local Authority.

5.5 Administrative procedures for the collection of income

Schools should comply with the recommended administrative and financial procedures contained in the Guide to Financial Procedures in Schools.

5.6 Purposes for which income may be used

School income from the sale of assets purchased with delegated funds may only be spent for the purposes of the school.

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The budget share of a school can be charged by the Local Authority, without the consent of the Governing Body, only in the circumstances expressly stated in paragraph 6.2 below. The Local Authority must consult the school as to the intention to so charge, and notify the school when it has been done.

Where the charge relates to school-based staff, then the salaries charged to the schools budget share will be at actual cost.

(It should be noted that the Local Authority cannot act unreasonably in the exercise of this power, or it may be the subject of a direction under s.496 of the Education Act 1996).

The Local Authority may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

6.1.1 Charging of salaries at actual cost

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

6.2 Circumstances in which charges may be made:

- 6.2.1 Where premature retirement costs have been incurred without the prior written agreement of the Local Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Local Authority);
- 6.2.2 Other expenditure incurred to secure resignations where the school has not followed Local Authority advice;
- 6.2.3 Awards by courts and employment tribunals against the Local Authority, or out of court settlements arising from action or inaction by the Governing Body contrary to the Local Authority's advice;
- 6.2.4 Expenditure by the Local Authority in carrying out health and safety work or capital expenditure for which the Local Authority is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work;
- 6.2.5 Expenditure by the Local Authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Local Authority or the school has voluntary controlled status;
- 6.2.6 Expenditure incurred by the Local Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Local Authority;
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the Local Authority;
- 6.2.8 Recovery of penalties imposed on the Local Authority by the Board of HM Revenue and

- Customs, the Contributions Agency or HM Customs and Excise, Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence.
- 6.2.9 Correction of Local Authority errors in calculating charges to a budget share (eg pension deductions);
 - 6.2.10 Additional transport costs incurred by the Local Authority arising from decisions by the Governing Body on the length of the school day, and failure to notify the Local Authority of non-pupil days resulting in unnecessary transport costs;
 - 6.2.11 Legal costs which are incurred by the Local Authority because the Governing Body did not take or accept the advice of the Local Authority (see also section 10.4);
 - 6.2.12 Costs of necessary health and safety training for staff employed by the Local Authority, where funding for training has been delegated but the necessary training not carried out;
 - 6.2.13 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;
 - 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non-Local Authority payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
 - 6.2.15 Costs incurred by the Local 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 and / or specific funding for a pupil with High Needs;
 - 6.2.16 Costs incurred by the Local Authority due to submission by the school of incorrect data;
 - 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;
 - 6.2.18 Costs incurred by the Local Authority as a result of the governing body being in breach of the terms of a contract;
 - 6.2.19 Costs incurred by the Local 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.

SECTION 7: TAXATION

7.1 Value Added Tax (VAT)

Schools are required to follow the procedures detailed in the Guide to Financial Procedures for Schools to enable the Authority to reclaim from Customs and Excise VAT on expenditure relating to non-business activity, and pay over VAT on income generated. All such net VAT reclaimed by the Authority on behalf of a school will be passed back to the school.

7.2 Construction Industry Scheme (CIS)

Schools are required to follow the procedures detailed in the "Guide to Financial Procedures in Schools" in connection with the Construction Industry Scheme (CIS).

SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of services from centrally retained budgets

The Local Authority will determine the basis on which services from centrally retained funds will be provided to schools. (Such services include existing premature retirement costs and redundancy payments).

The Local Authority will not be allowed to discriminate in its provision of services on the basis of categories of schools except where such discrimination is justified by differences in statutory duties.

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

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

When a service is provided for which expenditure is not retainable centrally by the Local Authority, under the Regulations made under section 45A of the Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

8.2.1 Packaging

Any service which the Local Authority is providing on a buyback basis must be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

This provision will not prevent the Local Authority offering packages of services which offer a discount for schools taking up a wider range of services.

8.3 Service level agreements

Service level agreements must be in place, by 31 March to be effective for the following financial year and by the 31 August to be effective for the following academic year, and schools must have at least a month to consider the terms of agreements.

If services or facilities are provided under a service level agreement, whether free or on a buyback basis, the terms of any such agreement starting on or after the inception of the Scheme, will be reviewed at least every three years if the agreement lasts longer than that.

Services, if offered at all by the Local Authority, will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements. Where services are provided on an ad hoc basis, they may be charged for at a different rate than if provided on the basis of an extended agreement.

Centrally arranged premises and liability insurance are specifically excluded from the requirements listed in sections 8.2 to 8.3 as the limitations envisaged may be impracticable for insurance purposes.

Governing Bodies have the right to opt out of service level arrangements arranged by the Authority provided that notice is given in accordance with the contract terms and, where no notice

period is set out, no less than 3 months notice should be given.

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 2010 (as amended), 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.

SECTION 9: INSURANCE

9.1 Insurance cover

If funds for insurance are delegated to any school, the Local Authority will require the school to demonstrate that cover relevant to the Local Authority's insurable interests, under a policy arranged by the Governing Body, is at least as good as the cover arranged by the Local Authority if the Local Authority makes such arrangements (either paid for from central funds or from contributions from schools' delegated budgets).

The Authority must have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools.

(see also 6.2.6)

SECTION 10: MISCELLANEOUS

10.1 Right of access to information

As well as specific requirements listed above, the Authority may require a Governing Body to supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (eg earmarked funds) on the school.

10.2 Liability of governors

As the governing body is a corporate body, and because of the terms of s.50 (7) of the SSAF Act, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share, provided they act in good faith.

10.3 Governors' expenses

The LA may delegate to the Governing Body of a school yet to receive a delegated budget, funds to meet governors' expenses

Under the Education Act 2002, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. There must be no payment of any other allowances. Schools must not make payment of expenses which duplicate those paid by the Secretary of State to additional governors appointed by him/her to schools under special measures.

10.4 Responsibility for legal costs

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

(see section 6.2.11)

The procedures which schools should follow in obtaining legal advice where there is a conflict of interest between the Local Authority and the Governing Body are outlined in the Guide to Financial Procedures in Schools.

Legal advice cannot be provided by the Local Authority to a school where this would lead to a conflict of interest with the Local Authority, for example, re-tendering of Local Authority services or TUPE matters. Advice on exclusions, admissions and special educational needs issues cannot be provided directly to schools unless this is in liaison with work carried out with Children's Services or directly at the request of the Local Authority.

10.5 Health and Safety

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

10.6 Right of attendance for Chief Financial Officer

The Chief Financial Officer of the authority, or his/her duly nominated representative, shall have the right to attend any meeting of a school Governing Body to give advice on any matters affecting the school's financial position or arrangements. The Authority will give prior notice of such attendance unless it is impracticable to do so.

10.7 Special Educational Needs

Schools should use their best endeavours to secure the most effective provision possible for pupils with SEN, in spending their delegated budget share. This is a statutory requirement. The provision is included within this Scheme to allow the Local Authority to suspend delegation where a situation is serious to warrant it. The same is required in spending devolved SEN funding.

10.8 Interest on late payments

Schools covered by the Scheme must act in accordance with the statutory requirements of the Late Payment of Commercial Debts (Interest) Act 1998 (as amended).

10.9 'Whistleblowing'

The Authority has in place a Whistleblowing Code. This provides for individuals to raise concerns in a confidential way that avoids any public disclosure and for workers to do so without fear of victimisation, subsequent discrimination or disadvantage when "blowing the whistle". The Code also sets out clearly the process to be followed, including the safeguards, how to raise a concern, how the Authority will respond and how the matter can be taken further.

The Council's Whistleblowing Code can be found on the Council's Internet site under the section on the Council's constitution, and summarised guidance is included in the Guide to Financial Procedures in Schools.

The reporting of financial irregularities to the Council's Chief Financial Officer under Financial Regulations for Maintained Schools remains a responsibility of all members of school staff, Governors and Governing Bodies. If an individual prefers to do so, the reporting of financial irregularities may be raised under the Confidential Reporting Code in a confidential way that avoids public disclosure of their identity.

The Governing Body must record information about these responsibilities and procedures in appropriate information provided to all staff and Governors

10.10 Child Protection

The School should release staff to attend child protection case conferences and other related events such as court proceedings. The Governing body is responsible for the costs of this.

10.11 The charging of redundancy and early retirement costs of school staff - framework

The Local Authority's framework follows the requirements and provisions of the 2002 Education Act (s.37) that,

a. costs incurred by the Local 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 agrees with the governing body in writing (whether before or after the retirement occurs) that the costs shall not be so met (see 10.11.2),

b. costs incurred by the Local 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 has good reason for deducting those costs, or any part of those costs from that share (see 10.11.3). The reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c.18).

10.11.1 Redundancy / Early Retirement Costs

Costs incurred by the Local Authority under 10.11 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 1 April 2013. Costs charged may not exceed the amount budgeted in the previous financial year.

The local authority is permitted to 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.

Costs not charged to the relevant school's delegated budget share, the central schools services block or to a fund established by a deduction from maintained school budgets (excluding nursery schools) shall be charged to the Local Authority's non-schools budget.

10.11.2 Circumstances under which consideration may be given for the costs (wholly or partly) of premature retirement of school staff not to be charged to the school's budget share

- a. Where a school has a long term reduction in pupil numbers and charging such costs to their budget would impact on standards;
- b. Where a school is closing and does not have sufficient balances to cover the costs;
- c. Where charging such costs to the school's budget share would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale;
- d. Where a school is in special measures, does not have sufficient balances and where employment of the relevant staff is being or has been terminated as a result of Local Authority or Government intervention to improve standards.

In such cases, the Schools Forum may firstly consider supporting the financial position of maintained schools, to be able to meet these costs, via an established 'schools in financial difficulty' de-delegated contingency.

10.11.3 Circumstances under which consideration may be given for the costs (wholly or partly) of dismissal or resignation of school staff to be charged to a school's delegated budget share

The Local Authority may propose to the Schools Forum that the costs (wholly or partly) of dismissal or resignation of school staff are charged to the relevant school's budget share where the school,

- a. Is making staffing reductions which the Local Authority does not believe are necessary to either set a balanced budget or to meet the conditions of a licensed deficit;
- b. Is making staffing reductions arising from a deficit caused by factors within the control of the school;
- c. Has excess surplus balances and no agreed plan to use these;
- d. Has acted outside the Local Authority's policy;
- e. Has refused to engage with the Local Authority's redeployment policy;
- f. Has decided to offer more generous terms than the Local Authority's policy, where the excess may be charged to the school.

10.12 The charging of redundancy and early retirement costs for staff employed by schools for community purposes

Where the Local Authority incurs 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 purposes of securing the resignation, of any member of the staff of a maintained school who is employed for community purposes,

the Local Authority shall recover those costs from the governing body except in so far as the Local 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.

Any amount payable by the governing body of a maintained school 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 below is met.

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 the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.

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.

SECTION 11: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

- 11.1 Annex B shows the categories of work which Governing Bodies must expect to finance from their delegated budget.
- 11.2 The Local Authority will delegate all funding for repairs and maintenance to schools. Only capital expenditure will be retained by the Authority. Expenditure will be treated as capital only where 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.
- 11.3 In determining what is classified as capital expenditure, the Authority will use the DfE's interpretation of the CIPFA Code of Practice as detailed in Annex B. For Voluntary Aided schools, the liability of the Authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, 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.

SECTION 12: COMMUNITY FACILITIES

12.1-2 Introduction

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

Under s.28 (1), the main limitations and restrictions on the power will be

- a. those contained in schools' own instruments of government, if any; and
- b. those in the maintaining Local Authority's Scheme for financing schools made under s.48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of Schemes to the powers of governing bodies to provide community facilities. Schools are therefore subject to prohibitions, restrictions and limitations in the Scheme for financing schools.

This section 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.

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

12.3 Consultation with the Local Authority – Financial Aspects

Governing bodies must consult the Local Authority, and have regard to advice given to them by their LA, before exercising this power. The Authority will make no charge for this advice

12.4-5 Funding Agreements – Authority Powers

12.4 The provision of community facilities in 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. The funding agreement should contain the provisions required by 12.11 below.

12.5 Any proposed agreement should be submitted to the Local Authority for its comments. However, the Local Authority will not impose a right of veto on such agreements, either directly or through requiring a right to countersign the agreement.

If an agreement has been or is to be concluded against the wishes of the Local Authority, or has been concluded without informing the Local Authority, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, this may constitute grounds for suspension of the right to a delegated budget.

12.6-7 Other Prohibitions, restrictions and limitations

12.6 The Local Authority may, in a particular case, require the governing body to make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the Local

Authority. However, this requirement will only be imposed where the Authority believes that the proposed project carries significant financial risks.

12.7 The exercise of the community facilities power is subject to restrictions and limitations as contained in this Scheme and the Financial Regulations for Maintained Schools.

12.8-9 Supply of financial information

12.8 Those schools which exercise the community facilities power will provide to the Authority an annual summary statement, in a form determined by the Authority, showing the income and expenditure for the school arising from the facilities in question.

12.9 Where the Authority, on giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, will require such financial statements to be supplied every three months and, if necessary may require the submission of a recovery plan for the activity in question.

12.10-11 Audit

12.10 The school is required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

12.11 Any funding agreements made with third parties should allow 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.

12.12-14 Treatment of income and surpluses

12.12 Schools will be allowed to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the Local Authority or some other person.

12.13 Schools will be able to carry over retained net income from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of each financial year, transfer all or part of it to the budget share balance.

12.14 Where the school is a community or community special school, and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority, unless otherwise agreed with a funding provider.

12.15-16 Health and Safety

12.15 Health and safety provisions contained within this Scheme also extend to the provision of community facilities.

12.16 The governing body is responsible for the costs of securing a Disclosure and Barring Service Check clearance for all adults involved in community activities taking place during the school day. Governing bodies will be free to pass on such costs to a funding partner as part of an agreement with that partner.

12.17-18 Insurance

12.17 The governing body is responsible for ensuring adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power. Such insurance should not be funded from the school budget share. The school must seek the Authority's advice before finalising any insurance arrangement for community facilities.

12.18 The Local Authority may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, may make arrangements itself and charge the resultant cost to the school. Such costs would not be charged to the school's budget share.

12.19-21 Taxation

12.19 Schools should seek the advice of the LA and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility.

12.20 If any member of staff employed by the school or Local Authority in connection with community facilities at the school is paid from funds held in a school's own bank account, the school is likely to be held liable for payment of income tax and National Insurance, in line with HM revenue and Customs rules.

12.21 Schools are required to follow Local Authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

12.22-24 Banking

12.22 Governing bodies must ensure that income and expenditure relating to community-focused school activities can be separately identified. It is not a requirement for schools to maintain separate bank accounts for budget share and community-focused school activities. However, in making a decision on banking arrangements, the governing body of a school must have regard to the advice given by the Local Authority within the Guide to Financial Procedures.

12.23 Where a school operates separate bank accounts for community-focused school activities, these accounts must be operated in accordance with the procedures detailed in this Scheme, Financial Regulations for Maintained schools and the Guide to Financial Procedures.

12.24 Schools are reminded that they may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by the Authority.

**ANNEX A: LIST OF BRADFORD LOCAL AUTHORITY MAINTAINED SCHOOLS AT 1 APRIL
2018**

PRIMARY SCHOOLS

Addingham Primary School
All Saints' CE Primary School (Bradford)
All Saints' CE Primary School (Ilkley)
Ashlands Primary School
Baildon CE Primary School
Bankfoot Primary School
Ben Rhydding Primary School
Blakehill Primary School
Bowling Park Primary School
Brackenhill Primary School
Burley & Woodhead CE Primary School
Burley Oaks Primary School
Carrwood Primary School
Cavendish Primary School
Clayton Village Primary School
Cottingley Village Primary School
Crossflatts Primary School
Crossley Hall Primary School
Cullingworth Village Primary School
Eastburn Junior and Infant School
Eastwood Primary School
Eldwick Primary School
Fagley Primary School
Farfield Primary
Fearnville Primary School
Foxhill Primary School
Frizinghall Primary School
Girlington Primary School
Glenaire Primary School
Greengates Primary School
Grove House Primary School
Heaton St Barnabas' CE Primary School
Hill Top CE Primary School
Holycroft Primary School
Home Farm Primary School
Hoyle Court Primary School
Idle CE Primary School
Ingrow Primary School
Keelham Primary School
Keighley St Andrew's CE Primary School
Killinghall Primary School

Knowleswood Primary School
Ley Top Primary School
Lidget Green Primary School
Lister Primary School
Long Lee Primary School
Low Ash Primary School
Low Moor CE Primary School
Lower Fields Primary School
Marshfield Primary School
Menston Primary School
Miriam Lord Community Primary School
Myrtle Park Primary School
Nessfield Primary School
Newby Primary School
Newhall Park Primary School
Oldfield Primary School
Our Lady & St Brendan's Catholic Primary School
Parkland Primary School
Peel Park Primary School
Poplars Farm Primary School
Princeville Primary School and Children's Centre
Riddlesden St Mary's CE Primary
Russell Hall Primary School
Saltaire Primary School
Sandal Primary School and Nursery
Sandy Lane Primary School
ShIPLEY CE Primary School
Silsden Primary School
St Anthony's Catholic Primary School (Clayton)
St Anthony's Catholic Primary School (ShIPLEY)
St Clare's Catholic Primary School
St Columba's Catholic Primary School
St Cuthbert & the First Martyrs' Catholic Primary
St Francis' Catholic Primary School
St Joseph's Catholic Primary School (Bingley)
St Joseph's Catholic Primary School (Bradford)
St Luke's CE Primary School
St Mary's and St Peter's Catholic Primary School
St Matthew's Catholic Primary School
St Matthew's CE Primary School
St Paul's CE Primary School
St Stephen's CE Primary School
St William's Catholic Primary School
Stanbury Village School

Steeton Primary School
Stocks Lane Primary School
Swain House Primary School
Thackley Primary School
Thorpe Primary School
Trinity All Saints CE Primary School
Wellington Primary School
Wibsey Primary School
Woodlands CE Primary School
Worthinghead Primary School
Wycliffe CE Primary School

SECONDARY SCHOOLS

Bingley Grammar School
Carlton Bolling College
Hanson School
Parkside School
St Bede's and St Josephs's Catholic College
The Holy Family Catholic School
Titus Salt School

NURSERY SCHOOLS

Abbey Green Nursery School & Children's Centre
Canterbury Nursery School & Children's Centre
Hirst Wood Nursery School
Lilycroft Nursery School
Midland Road Nursery School & Children's Centre
St Edmund's Nursery School & Children's Centre
Strong Close Nursery School & Children's Centre

SPECIAL SCHOOLS

Beechcliffe Special School
Chellow Heights Special School
Delius Special School
Oastler School

PUPIL REFERRAL UNITS

Bradford Central PRU
Bradford District PRU
Primary PRU
Ellar Carr PRU
Tracks PRU
Education in Hospital – BRI
Education in Hospital – Airedale

ANNEX B: CAPITAL / REVENUE SPLIT AND ITEMS WHICH ARE THE SEPARATE RESPONSIBILITY OF GOVERNORS IN VA SCHOOLS

ILLUSTRATIVE EXAMPLES IN LINE WITH DfE's INTERPRETATION OF THE CIPFA CODE OF PRACTICE

NB ACTUAL INTERPRETATION OF CIPFA CODE OF PRACTICE FOR THESE PURPOSES WILL BE FOR EACH LOCAL AUTHORITY

ELEMENT	RESPONSIBILITY FOR MAJOR WORKS & STRUCTURAL REPAIRS AND MAINTENANCE (CAPITAL FUNDED) CAPITAL: AS CIPFA CODE OF PRACTICE LA – CAPITAL VA – LCVAP SCHOOLS – FORMULA DEVOLVED ALLOCATION	SCHOOL RESPONSIBILITY FOR PLANNED REPAIRS & MAINTENANCE (REVENUE FUNDED)
Roofs		
<u>Flat</u>	<p>Structure. New (not replacement) structure</p> <p>Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure</p> <p>Screed / insulation in a new building/extension</p> <p>Screed / insulation. Replacement/repair of substantially all. Improve effectiveness of insulation</p> <p>Finish on new build. Replacement of all/substantially all on existing roof</p> <p>Edge Trim/ Fascia on new build</p> <p>Edge Trim/ Fascia, Replacement of all/substantially all on existing roof</p> <p>Drainage on new build</p> <p>Other e.g. Flashings, Rooflights on new build Replacement of all/substantially all on existing roof</p>	<p>Repair/replacement of small parts of an existing structure</p> <p>Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed</p> <p>Repair/replacement of screed/ insulation where defective.</p> <p>Work to improve insulation standards, during work to repair/ replace small areas of roof.</p> <p>Replacement of roof finish on existing building. Re-coating chippings to improve life expectancy</p> <p>Repairs/ replacement. (uPVC) Repainting.</p> <p>Repairs/ replacement. (uPVC) Repainting.</p> <p>Clearing out gutters and downpipes. Replacement/repair/ repainting of/ individual gutters/pipes</p> <p>Repair/ Replacement/ cleaning of individual items</p>

<u>Pitched</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof
	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	Replace missing/ damaged small parts
	Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/ replacement/ Repainting
	Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters
	Drainage. Replacement of all/substantially all on existing roof	
<u>Other</u>	Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/ Replacement /cleaning
	Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link
	Rebuild or substantially repair structure of existing covered link Add porch etc. to existing building	Minor repairs, maintenance to existing structure
	Rebuild or substantially repair structure of existing porch	

Floors

<u>Ground Floor</u>	Structure and dpc in new building	Repair/replacement of small parts of an existing structure
	Structure and dpc - Replacement of all	

	or substantial part of an existing structure to prevent imminent or correct actual major failure of the 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.
<u>Upper Floor</u>	Structure - as ground floor	As ground floor
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor
Ceilings		
<u>Top/ only storey</u>	Suspension	Repair/ replacement incl. From water damage, & necessary decoration
	Membrane	
	Fixed	Repair/ replacement inc. from water damage
	Access panels	Repair/ replacement
<u>Lower storeys</u>	Suspension	Repair/ replacement
	Membrane	
	Fixed	Repair/ replacement
<u>All</u>	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection
External walls		
<u>Masonry/ cladding</u>	Structure Underpinning/ propping for new build	Repairs Preventive measures e.g. tree removal
	External Finish on new build	Repair/replacement of small parts of an existing structure. e.g. repointing/ recladding a proportion of a wall where failure has occurred.
	External Finish on existing build 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	

<u>Windows and Doors</u>	Framing - new build	Repair/ replacement of individual frames. Repainting frames
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames
	Glazing - new build	Replacing broken glass
	Glazing Upgrading existing glazing	
	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.
	Jointing including mastic joints	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
<u>Masonry chimneys</u>	Structure	
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing
Internal walls		
<u>Solid</u>	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
	Refurbishment and alterations	Minor alterations
<u>Partitions</u>	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
	Refurbishment and alterations	Minor alterations
<u>Doors & Screens</u>	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens
<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
Sanitary Services		
<u>Lavatories</u>	In new buildings provision of all toilet fittings, waste plumbing and internal drainage.	Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc.
	Large scale toilet refurbishment	Small areas of refurbishment
	Provision of disabled facilities, and	Repair/ replacement of damaged

specialist facilities related to pupils with statements

fittings, waste plumbing etc.

Kitchens

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

Maintain kitchen to requirements of LA

Cleaning out drainage systems

General refurbishment

Redecoration
Repairs

Large and costly items of equipment

Repairs/ replacement parts

Mechanical services

Heating/ hot water

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

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

Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.

Monitoring systems

Health & safety issues

Planned replacement of old boiler/ controls systems past the end of their useful life

Replacement of defective parts

Emergency replacement of boiler plant/ systems

Cold water

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

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

Gas

Distribution on new and major refurbishment's, terminal units

Repairs, maintenance and gas safety

Ventilation

Mechanical ventilation/ air conditioning to major projects

All servicing

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

Other

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

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

<u>General</u>	Main switchgear and distribution in major projects.	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 & Safety. All servicing.
<u>Power</u>	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
<u>Other</u>	Lightning protection in new build	Repair/ replacement
	Alarm systems, CCTV, lifts/ hoists etc.,	Repair and maintenance
	New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.	Repair/ replacement/ maintenance, including all door access systems
External Works		
<u>Pavings</u>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access	Maintenance and repair Car park and playground markings.
<u>Miscellaneous</u>	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.
<u>Drainage</u>	Drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
<u>Open air pools</u>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.
<u>Services distribution</u>	Heating mains gas mains water mains electricity mains, renewal of any above.	Annual servicing

Notes

This illustrative list is the DfE's interpretation of the CIPFA Code of Practice and the Authority refers to this Code when defining capital and revenue.

Where the authority use de minimis limits for defining capital and revenue in their financial accounts, the same de minimis limits is used in defining what is delegated. The application of a de minimis limit may change the examples given in the first two columns of the illustrative list.