



EAST RIDING

OF YORKSHIRE COUNCIL

SCHEME FOR FINANCING SCHOOLS

Revised
September 2016

CONTENTS

Page No

| | |
|---|-----------|
| Section 1: Introduction | 1 |
| 1.1 The Funding Framework: Main Features | 1 |
| 1.2 The Role of the Scheme | 2 |
| 1.2.1 Application of the Scheme to the Authority and Maintained Schools | 2 |
| 1.3 Publication of the Scheme | 2 |
| 1.4 Revision of the Scheme | 2 |
| 1.5 Delegation of Powers to Headteachers | 2 |
| 1.6 Maintenance of Schools | 3 |
| Section 2: Financial Controls | 4 |
| 2.1 2.1.1 Application of Financial Controls to Schools | 4 |
| 2.1.2 Provision of Financial Information and Reports | 4 |
| 2.1.3 2.1.3.1 Payment of Salaries | 4 |
| 2.1.3.2 Payment of Invoices | 5 |
| 2.1.4 2.1.4.1 Control of Assets - Inventory | 5 |
| 2.1.4.2 Disposal of Assets | 5 |
| 2.1.4.3 ICT | 5 |
| 2.1.5 Accounting Policies | 6 |
| 2.1.6 Writing Off of Debts | 6 |
| 2.2 Basis of Accounting | 6 |
| 2.3 Submission of Budget Plans and Forecasts | 6 |
| 2.4 Efficiency and Value for Money | 7 |
| 2.5 Virement | 7 |
| 2.6 Audit: General | 7 |
| 2.7 Separate External Audits | 8 |
| 2.8 Audit of Voluntary and Private Funds | 8 |
| 2.9 Register of Business Interests | 8 |
| 2.10 Purchasing, Tendering and Contracting Requirements | 8 |
| 2.11 Application of Contracts to Schools | 9 |
| 2.12 Central Funds and Earmarking | 9 |
| 2.13 Spending for the Purposes of the School | 9 |
| 2.14 Capital Spending from Budget Shares | 10 |
| 2.15 Notice of concern | 10 |
| 2.16 Schools Financial Value Statement (SFVS) | 10 |
| 2.17 Fraud | 11 |
| Section 3: Instalments of the Budget Share: Banking arrangements | 12 |
| 3.1 Frequency of Instalments | 12 |
| 3.2 Proportion of Budget Share Payable at Each Instalment | 12 |
| 3.3 Interest Clawback | 12 |
| 3.3.1 Interest on late budget share payments | 12 |
| 3.4 Budget Shares for Closing Maintained Schools | 13 |
| 3.5 Bank and Building Society Accounts | 13 |
| 3.5.1 Restrictions on Accounts | 13 |
| 3.6 Borrowing by Schools | 13 |
| 3.7 Other Provision | 14 |
| 3.8 Academy Conversion Banking Arrangements | 14 |

CONTENTS continued

Page No

| | |
|--|-----------|
| Section 4: The treatment of surplus and deficit balances arising in relation to budget shares | 15 |
| 4.1 The Right to Carry Forward Surplus Balances | 15 |
| 4.2 Controls on Surplus Balances | 15 |
| 4.3 Interest on Surplus Balances | 15 |
| 4.4 Obligation to Carry Forward Deficit Balances | 15 |
| 4.5 Planning for Deficit Budgets | 15 |
| 4.6 Charging of Interest on Deficit Balances | 15 |
| 4.7 Writing Off Deficits | 16 |
| 4.8 Balances of Closing and Replacement Schools | 16 |
| 4.9 Licensed Deficits | 16 |
| 4.10 Loan Schemes | 17 |
| Section 5: Income | 18 |
| 5.1 Income from Lettings | 18 |
| 5.2 Income from Fees and Charges | 18 |
| 5.3 Income from Fund Raising Activities | 18 |
| 5.4 Income from the Sale of Assets | 18 |
| 5.5 Administration Procedures for the Collection of Income | 18 |
| 5.6 Purposes for which Income may be used | 18 |
| Section 6: The Charging Of School Budget Shares | 19 |
| 6.1 General Provision | 19 |
| 6.1.1 Charging of salaries at actual cost | 19 |
| 6.2 Circumstances in which Charges may be made by the LA without the consent of the Governing Body | 19 |
| Section 7: Taxation | 21 |
| 7.1 Value Added Tax | 21 |
| 7.2 Construction Industry Taxation Scheme (C.I.T.S.) | 21 |
| Section 8: The provision of services and facilities by the Authority | 22 |
| 8.1 Provision of Services from Centrally Retained Budgets | 22 |
| 8.2 Provision of Services Bought Back from the Authority Using Delegated Budgets | 22 |
| 8.2.1 Packaging | 22 |
| 8.3 Service Level Agreement | 22 |
| 8.4 Teachers Pensions | 22 |
| Section 9: Private Finance Initiative (PFI)/Public Private Partnership (PPP) | 24 |
| Section 10: Insurance | 24 |
| 10.1 Insurance cover | 24 |

| | Page No |
|--|----------------|
| Section 11: Miscellaneous | 25 |
| 11.1 Right of Access to Information | 25 |
| 11.2 Liability of Governors | 25 |
| 11.3 Governors' Expenses | 25 |
| 11.4 Responsibility for Legal Costs | 25 |
| 11.5 Health and Safety | 25 |
| 11.6 Right of Attendance for Director of Corporate Resources | 26 |
| 11.7 Special Educational Needs | 26 |
| 11.8 Interest on Late Payments | 26 |
| 11.9 Whistleblowing | 26 |
| 11.10 Child Protection | 26 |
| 11.11 Redundancy / Early Retirement Costs | 26 |
| | |
| Section 12: Responsibility for Repairs and Maintenance | 27 |
| 12.1 Introduction- scheme should have a list of work GB expected to meet from budget | 27 |
| 12.2 Voluntary Aided Schools | 27 |
| | |
| Section 13: Community Facilities | 28 |
| 13.1 Introduction | 28 |
| 13.2 Consultation with the Authority – Financial Aspects | 28 |
| 13.3 Funding Agreements – Authority Powers | 28 |
| 13.4 Other Prohibitions, Restrictions and Limitations | 29 |
| 13.5 Supply of Financial Information | 29 |
| 13.6 Audit | 29 |
| 13.7 Treatment of Income and Surpluses | 29 |
| 13.8 Health and Safety Matters | 29 |
| 13.9 Insurance | 30 |
| 13.10 Taxation | 30 |
| 13.11 Banking | 30 |
| | |
| Annex 1: Schools within the scope of the scheme | 31-33 |
| | |
| Annex 2: Responsibility for Redundancy and Early Retirement Costs | 34-35 |
| | |
| Annex 3: Best Value and Schools | 36 |
| | |
| Annex 4: Scheme of Delegation | 37-38 |
| | |
| Annex 5: Financial Information and Reports required by the Local Authority | 39-40 |
| | |
| Annex 6: Examples of Capital/Revenue Expenditure | 41-46 |
| | |
| Annex 7: CFR Framework Table | 47-48 |
| | |
| Annex 8: Glossary of Terms | 49-51 |

SECTION 1: INTRODUCTION

1.1 The Funding Framework: Main Features

The funding framework which replaces Local Management of Schools is set out in the legislative provisions in Sections 45-53 of the School Standards and Framework Act (SSFA) 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. Included within the two budgets, taken together, is all expenditure, direct and indirect, on an Authority's maintained schools except for capital and certain miscellaneous items. Local Authorities may centrally retain funding 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, 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 centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the Non-Schools Education Budget must be retained centrally (although earmarked allocations may be made to schools).

Authorities may retain an unallocated reserve within the ISB but must otherwise distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State. This formula 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 provisions of the scheme, governing bodies of schools may spend their budget shares as they think fit for the 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 2000 are treated as if they were amounts spent for the purpose of the school(s50(3A) of the Act

An Authority may suspend a school's right to a delegated budget if the provisions of the scheme for financing schools (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 (s.17 of the SSFA 1998).

Each Authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the Authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school. Details of the funding formula can be found in the Finance Manual for Schools.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

The authority must also publish the scheme and any revisions 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.

1.2 The Role of the Scheme

This scheme sets out the financial relationship between the Authority and the maintained schools which it funds. The Scheme 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 the Authority and Maintained Schools

The scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and Pupil Referral Units (PRUs) maintained by the Authority whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to academies. The schools to which this scheme applies are listed in Annex 1.

1.3 Publication of the Scheme

A copy of the scheme will be made available on the East Riding of Yorkshire Council website, and the East Riding of Yorkshire Council Intranet, together with the date any revisions were made. Schools will be advised of any revisions to the scheme through the Schools Finance monthly newsletter.

1.4 Revision of the Scheme

Any proposed revisions to the scheme will be the subject of consultation with schools before being submitted to the Schools Forum for approval by members of the forum representing maintained schools. Where the forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

1.5 Delegation of Powers to Headteachers

The governing body is required to consider the extent to which it wishes to delegate its financial powers to the Headteacher, and to record its decision (and any revisions) in the minutes of the governing body. Specifically, the Authority's Financial Regulations require that:

The governing body of a school with delegated powers is responsible for managing the budget and should formally: -

- (a) nominate a budget holder (normally the headteacher and if required other senior staff) and
- (b) agree a statement which sets out the delegated tasks of the nominated budget holder and the level of expenditure or virement which can be made without reference to the governing body (guidance on the delegation of financial powers can be found within the Finance Manual (adapted) for Schools in Chapter 27. An example template is included here, in Annex 4).

The delegation of financial powers to the headteacher and relevant committees should be reviewed and submitted to the authority annually

The first formal budget plan of each financial year must be approved no later than 31st May by the governing body, or by a committee of the governing body, who should also ratify all significant in-year revisions to the spending plan.

1.6 Maintenance of Schools

The Local Authority is responsible for maintaining the schools covered by the scheme, including 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). Part of the way an Authority maintains schools is through the funding system put in place under Sections 45 to 53 of the Schools Standards and Framework Act 1998.

SECTION 2: FINANCIAL CONTROLS

2.1.1 Application of Financial Controls to Schools

In managing their delegated budgets all schools covered by this scheme must comply with the Council's requirement for financial controls and monitoring which are set out in the Finance Manual (adapted) for Schools and the Bank Account Manual for Schools operating their own bank account.

The regulations apply to all governors, head teachers and staff (teaching and non-teaching). It is the responsibility of the governors and head teachers to ensure that all relevant staff within the school is aware of, understand, and comply with financial regulations. Any staff who fails to observe financial regulations may be subject to disciplinary action.

2.1.2 Provision of Financial Information and Reports

Schools are required to provide the Authority with details of anticipated and actual expenditure and income, in a form and at times determined by the Authority.

The Authority will not require submission of such details more often than once every 3 months except for those connected with tax or banking reconciliation - unless the Authority has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation. The restriction to a minimum 3 month interval does not apply to schools which are part of an on-line financial accounting system operated by the Authority.

The form determined by the Authority for submission of information will, as far as possible, take account of the Consistent Financial Reporting framework and the desirability of compatibility with that framework.

Schools that are not using the Council's own 3 year planning tool are required to provide reports that are in the CFR format (See Annex 7) for at least 3 years and a breakdown by ledger code for the current year.

The Schools Finance Team monitor the Schools Budget overall. Significant variances on individual schools are challenged with the support of the Schools Forum and the number of responses is reported back to each meeting.

If a school is in a deficit position, the school must gain approval to operate with a deficit and produce a recovery plan. If a school is projecting a deficit in the forthcoming year the school will be required to supply further information, with costings, on how they intend to bring the budget back into balance. The Budget Adjustment Scenario Calculator provided by the School's Finance team should be used to assist in this process. Minutes of Governing Body meetings will also be required to ensure the financial position of the school is being managed.

For a full list of financial information and reports expected from schools and individual deadlines, please refer to Annex 5.

2.1.3.1 Payment of Salaries

The procedure for the payment of salaries will vary according to the choices schools make about the buying back of the Local Authority's payroll system. Further details on the Local Authority's payroll administration can be found in Chapter 12 of the Finance Manual (adapted) for Schools.

Should the school decide to enter into a contract with another payroll provider, the school must ensure the provider concerned can adequately carry out the payroll functions required. For example: monthly payroll deductions to HM Revenue and Customs and appropriate pension funds within agreed timescales.

2.1.3.2 Payment of Invoices

The procedure for the payment of invoices will vary according to the choices schools make about holding bank accounts. Schools without their own bank account can find further details on ordering and payments in Chapter 10 of the Finance Manual (adapted) for Schools.

Further details on bank account administration can be found in Bank Accounts for Schools: Manual of Guidance.

2.1.4 Control of Assets

2.1.4.1 Inventory

Each school must maintain an inventory of its moveable non capital assets in a form to be agreed by the Authority.

The inventory must include all items valued at more than £250. In addition a register of assets which are valued at less than £250 must be kept, but schools may determine the form and method in which this is kept.

2.1.4.2 Disposal of Assets

A governing body of a school with delegated powers may authorise the disposal of stock or inventory items over which they have delegated responsibility, which are surplus to requirements, subject to steps being taken to maximise income and will be entitled to utilise any proceeds from such disposals. Further guidance is available in Chapter 11 of the Authority's Finance Manual (adapted) for Schools.

2.1.4.3 ICT

It is the user's responsibility to ensure that the following points are adhered to at all times:

- All tablet PCs and laptops must be encrypted by the Council and password protected.
- Users must take due care and attention of portable computer devices when moving between home and another business site or between business sites.
- Users must ensure that portable computer devices are protected against loss, damage or theft and therefore must not leave them unattended unless the device is secured.
- All data stored on removable media devices must be encrypted unless prior approval is gained by a Director. All personal and sensitive data must always be encrypted when stored on removable media.
- All removable media devices and any associated equipment and software must only be purchased and installed by IT Services. Explicit permission must be gained from Corporate ICT for the use of non-council owned removable media devices.
- In order to minimise physical risk, loss or theft, all storage media must be stored in an appropriately secure and safe environment.

2.1.5 Accounting Policies

Schools are required to abide by this Authority's Accounting Policies and Procedures as published in the Authority's Finance Manual (adapted) for Schools (including year end procedures found in Chapter 6).

2.1.6 Writing Off of Debts

The write off procedure in Chapter 11 of the Finance Manual (adapted) for Schools will be followed for debts that have been raised by the Corporate Billing Section on behalf of the school.

If a school opts to raise its own invoices to recover debts the governing body are authorised to write off debts that cannot be recovered up to a level of £500.

In the case of writing off larger debts (above £500) the school must consult with the Director of Corporate Resources.

2.2 Basis of Accounting

The final accounts of the Authority are produced on an accrual basis. Maintained schools are required to ensure that annual spending notified to the authority and Consistent Financial Reporting returns to the DfE are on an accruals basis. However schools internal accounts can be produced on a cash or accruals basis and schools are free to use any financial software they wish provided they meet any costs of modification to provide output required by the authority.

2.3 Submission of Budget Plans and Forecasts

Each school must submit a financial plan, approved by the governing body, to the Local Authority before 31st May. Each school can submit a revised financial plan during the Autumn term. The revised plan, or confirmation that the school does not wish to revise the plan, must be submitted to the Local Authority by 31st October following approval by the governing body.

The financial plan must cover at least a three year period, taking into account anticipated pupil numbers and be in the Consistent Financial Reporting (CFR) format.

The Local Authority will provide monthly budget monitoring prints showing all income and expenditure data for the month to facilitate efficient financial planning by schools.

The school's financial management system should accurately reflect the approved budget plan at all times.

The financial plans will be used to confirm that schools are undertaking effective financial planning; be used as evidence to support the Local Authority's responsibility for declaring the schools adherence to financial controls; be used in support of the Local Authority's balance control mechanism; and identify to the Local Authority potential budgetary problems in future years.

Schools that are showing significant deficit balances in future years may be asked to provide some evidence to show how they plan to avoid going into financial difficulty. This will enable the Local Authority to prioritise support for those schools in most need of financial advice.

2.4 Efficiency and Value for Money

Schools must seek to achieve value for money and efficiencies, to optimise their resources and invest in teaching and learning, taking into account the purchasing, tendering and contracting requirements outlined in section 2.10.

Given the very high proportion of LA spending which flows through delegated budgets, the government considers it desirable that schools demonstrate they are following best value principles.

It is for heads and governors to determine at school level how to secure better value for money. Annex 3 includes a statement on Best Value and also sets out the main features of Best Value, however it is no longer a requirement for schools to submit a best value statement along with their budget plan. There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it with other schools and think about how to make improvements.

2.5 Virement

Schools are allowed to vire freely between budget headings in the expenditure of their budget shares, however, any virements submitted to the authority should be in line with the schools scheme of delegation. Further details are contained in the Authority's Finance Manual (adapted) for Schools, Chapter 27, and Annex 18.

2.6 Audit: General

Schools will be subject to internal audit as deemed appropriate by the Authority's Director of Corporate Resources and to external audit as determined by KPMG. Schools are required to co-operate and to provide access to the school's records for both internal and external auditors.

Schools are audited using a risk based approach. The frequency and extent of audits can depend on a number of factors such as previous audit findings and reports, staffing/school structure changes, OFSTED reports, whistle blowing referrals and materiality.

Schools are advised to complete the Control Risk Self Assessment (CRSA) before completing the Schools Financial Value Standard (SFVS) on an annual basis.

Internal Audit would expect the following from a School and its Governing Body:

- i) The auditor would require somewhere to work within the school during the course of the audit, ideally within the school
- ii) Access will be required to all records and staff involved in the process being audited
- iii) All staff should be notified of the audit process including its purpose and duration etc
- iv) A written response will be required at the end of each audit to acknowledge the school's agreement to the implementation of the findings and recommendations.

The Internal Audit Section of the Financial Procedure Rules formalises these expectations and states at paragraph 5.5 the following:

The Head of Finance or his/her authorised representative shall have authority to:-

- i) Enter at all reasonable times on any Council premises or land

- ii) Have access to all records, documents and correspondence relating to any matter or business of the Council.
- iii) Require and receive explanations as considered necessary concerning any matter under examination
- iv) Require any employee of the Council to produce cash, stores or any other Council property under their control.
- v) Report uncensored to any department, Director, Chief Executive, Committee, Audit Committee, The Cabinet or the Council as considered necessary.

2.7 Separate External Audits

A Governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any Authority or external audit process. The cost of external auditors shall be met from the schools' budget share.

There is no expectation by the Secretary of State that routine annual external audit at school level of budget share expenditure should be a usual feature of the funding system; merely that schools should not be prevented from seeking an additional source of assurance at their own expense.

2.8 Audit of Voluntary and Private Funds

Schools are required to provide audit certificates on an annual basis to the Authority's Internal Audit Section in respect of voluntary and private funds held by them, and of the accounts of any trading organisations controlled by the school. The cost of the audit of such funds (including certificates) should be met from each fund concerned. A school refusing to provide a certificate is in breach of the scheme, upon which the authority may take action. The School's finance team offer the service of auditing the school fund through a service level agreement.

2.9 Register of Business Interests

The governing body of each school is required to establish a register which lists for each member of the governing body, the Headteacher and any member of staff with financial management responsibility any business interests they or any member of their immediate family have which may conflict with their role as governor, Headteacher or staff member. The register should be kept up to date with notification of changes and through annual review of entries. The register should be made available for inspection by governors, staff, parents and the Authority.

The register of business interests should be formally referred to prior to the acceptance of quotations or the awarding of contracts. Where a supplier for which a business interest has been declared is proposed to be used, the matter should be referred to the Governing Body for approval. The staff member with the interest should have no part in the procurement of the goods or services in question. It should be minuted that this procedure has been followed.

2.10 Purchasing, Tendering and Contracting Requirements

Schools are required to abide by the Authority's Financial Regulations and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking into account of the Authority's policies and procedures.

These regulations and standing orders will not apply if they would require schools to:-

- (a) do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive,
- (b) seek Local Authority officer counter signature for any contracts for goods or services for a value below £60,000 in any one year
- (c) select suppliers only from an approved list:

or would permit schools to seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year.

2.11 Application of Contracts to Schools

Schools have the right to opt out of Authority arranged contracts.

Governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts. In most cases this is on behalf of the Authority as maintainer of the school and owner of the funds in budget share. In some cases 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.

If schools feel they need to acquire assets such as computer equipment or photocopiers under a lease, they need to contact the School's Finance Team in the first instance to discuss other options such as the School's Loan Fund, or if the school has agreed to adopt the Council's Contract Procedure Rules, follow the appropriate procurement route. Legal advice should also be sought.

2.12 Central Funds and Earmarking

The Authority is authorised to make funds available to schools from central funds in the form of allocations which are additional to and separate from the school's budget shares. Such allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used and must be spent only for the purpose for which it is given. Any earmarked funds must be returned to the Authority if not spent in the year unless otherwise agreed with the Authority.

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

2.13 Spending for the Purposes of the School

In accordance with s.50(3) of the School Standards and Framework Act 1998 governing bodies are free to spend budget shares 'for the purposes of the school' including pupils on the roll of other maintained schools or academies. However, it should be noted that under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur.

Spending on the community facilities should not put the main school budget into a deficit position.

Schools should ensure that they secure value for money on all expenditure. All expenditure that is incurred should be spent with a single goal in mind, providing the best possible chances for their pupils.

The pupil premium (although outside the Dedicated Schools Grant) has been introduced with the aim of 'narrowing the gap' between disadvantaged and non-disadvantaged pupils. Schools need to consider their spending with this aim in mind. Schools will have to report on how this money has been spent.

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 (See Annex 6 for examples of capital spend). 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 Education Act 2002. If any such proposed capital expenditure in any one year exceeds £10,000 the governing body must notify the Authority and take into account any advice from the Director of Children, Family and Adult Services as to the merits of the proposed expenditure. This does not apply to specifically devolved capital funds e.g. devolved capital formula grant.

Any capital expenditure funded by the budget share cannot cause the school to go into a deficit position, which is carried forward into the future year.

Schools are required to notify the Finance department of any purchases on plant, equipment and vehicles over £10,000.

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 Corporate Resources and the Director of Children's, Family and Adult 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, limitations or prohibitions in relation to the management of funds delegated to it.

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the Local Authority;
- insisting on regular financial monitoring meetings at the school attended by local Authority officers;
- requiring a governing body to buy into a local Authority's financial management systems; and
- 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.

2.16 Schools Financial Value Statement (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. It is for the school to determine at which time of 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 before 31 March each year.

2.17 Fraud

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

The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching those controls. This information must also be included in the induction for new school staff and governors. In particular staff should be made aware of how to raise concerns they may have. The Whistle Blowing Policy (Schools) (G5a) is available on the corporate intranet site.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE: BANKING ARRANGEMENTS

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

3.1 Frequency of Instalments

Schools holding their own bank accounts will be advanced their school budget share (less the estimated cost of staff payroll or other centrally paid costs for those schools using the Authority's payroll service) on the 1st April each year. This payment will be subject to an interest clawback - see para. 3.3.

As an alternative, schools may opt to have the budget share made available on a monthly basis in which case the following instalments will apply:

| | |
|----------------|--|
| 1st April | - $\frac{1}{3}$ rd of $\frac{1}{12}$ th of budget share |
| 18th April |) |
| 18th May |) |
| 18th June |) |
| 18th July |) |
| 18th August |) |
| 18th September |) $\frac{1}{12}$ th of budget share |
| 18th October |) |
| 18th November |) |
| 18th December |) |
| 18th January |) |
| 18th February |) |
| 18th March | - $\frac{2}{3}$ rds of $\frac{1}{12}$ th of budget share |

For schools utilising the Authority's banking arrangements the whole budget share will be available at the beginning of the financial year (see paragraph 3.4).

Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

3.2 Proportion of Budget Share Payable at Each Instalment

The budget share referred to in paragraph 3.1 above represents the total budget share of the school, including staff costs, except that for any school which uses the Authority payroll service. In these cases a deduction from the budget share representing the monthly staffing or other centrally paid costs will be made from each instalment.

3.3 Interest Clawback

If the budget share is advanced to the school on 1st April (see para. 3.1 above) interest will be charged to the school to recognise the loss of interest to the Authority. The basis for this interest calculation will be the estimated Bank of England base rate for the financial year and will be adjusted to the actual rate as part of the deduction for the following financial year.

No interest will be charged to schools by the Authority on the monthly advances.

3.3.1 Interest on late budget share payments

The Authority will add interest to late payment of budget share instalments, where such late payment is the result of Local Authority error. The basis for this interest calculation will be the estimated Bank of England base rate for the financial year and will be adjusted to the actual rate as part of the deduction for the following financial year.

3.4 Budget Shares for Closing Maintained Schools

The arrangements for instalments in paragraph 3.1 will apply for any school where approval for discontinuation has been secured regardless of banking arrangements.

3.5 Bank and Building Society Accounts

All schools are permitted to hold external bank accounts into which their budget share instalments are paid. Where schools have external bank accounts they shall be allowed to retain all interest payable on the account.

For both financial and administrative reasons schools transferring to external bank accounts may only do so from 1st April, in each financial year. It will be necessary for a school to give the Director of Corporate Resources 4 months notice of its intention to transfer to external bank account arrangements.

Any school holding a deficit budget will not be allowed to operate an external bank account until the deficit is cleared without specific approval from the Director of Children, Family and Adult Services.

If a school opens an external bank account the Authority must, if the school desires, transfer immediately to the account an amount agreed by both School and Authority as the estimated surplus balance held by the Authority in respect of the schools 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

The selection of banks for external banking purposes must be made by the full governing body of the school and the bank selected must be consistent with the Local Authorities Treasury Management Policy which includes the following banks:

Clearing Banks

- National Westminster
- HSBC PLC
- Barclays Bank PLC
- Lloyds Bank
- Co-operative Bank PLC
- Yorkshire Bank PLC

Schools may open their accounts for budget share purposes in the name of the individual school or in the name of the Authority. If a school has such an account, then the account mandate should provide that the Authority is the owner of the funds in the account; that the Authority 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.

Budget share funds paid by the authority and held in school accounts remain authority property until spent (s.49(5) of the act).

3.6 Borrowing by Schools

Governing bodies may only borrow money (including the use of finance leases) with the written permission of the Secretary of State and following consultation with the Authority. The Secretary of State's general position is that schools will only be granted permission for borrowing (including finance leases) in exceptional circumstances. However, the Secretary of State may introduce limited schemes in order to meet broader policy objectives, and schools can use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.

This provision does not apply to the loan scheme run by the authority (see section 4.10).

Although schools are barred from using credit cards they are encouraged to use the authority's purchase cards which have reduced transaction costs and can enable schools to benefit from significant discounts. Further details are included within the Finance Manual (adapted) for Schools, chapter 13 which is on the East Riding of Yorkshire Council intranet.

3.7 Other Provision

Further details and guidance on the operation of bank accounts are contained in the Bank Account Manual for Schools.

3.8 Academy Conversion Banking Arrangements

The banking arrangements will be suspended on the conversion date.

The bank account will then become the joint responsibility of a nominated officer of the school and a senior officer of the Local Authority until the account is closed.

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

4.1 The Right to Carry Forward Surplus Balances

Schools are entitled to carry forward from one financial year to another any budget surplus. Schools may accumulate balances, carry them forward from one year to another and be able to draw on them to any, or their full extent at any time.

For a school opening a new bank account a provisional balance will be agreed between the Authority and the school and transferred to the new bank account before the end of April. This provisional transfer will be adjusted following the closure of the Authority's accounts for the previous year.

4.2 Controls on Surplus Balances

The Schools Forum agreed on 19 November 2012 to suspend the Scheme for Recycling Excessive School Balances for a period of two years. On 7 October 2013 the School Forum agreed to hold the scheme in abeyance for a further year 2014-15 and for it to be reviewed on an annual basis.

4.3 Interest on Surplus Balances

Any surplus balances held by schools at the end of each financial year will attract payment of interest on the following basis:

The surplus balance on which interest will be calculated is the opening and closing balances divided by two.

Interest will be calculated using the average rate over the course of the financial year. The interest rate will be the average Bank of England base rate for the year minus 2%. If the average Bank of England base rate for the year is less than 2% no interest will be paid to schools.

4.4 Obligation to Carry Forward Deficit Balances

Any deficit balance will be carried forward and deducted from the following year's budget share.

4.5 Planning for Deficit Budgets

Governing bodies may not plan for a deficit budget in any financial year without receiving the prior approval of the Local Authority (see 4.9). Such approval will only be granted in exceptional circumstances, such as:

- Elimination of underlying budget deficit
- Investment of other service improvement
- Other development(s) as set out in the Schools Development Plan
- Pressures arising as a result of changes in pupil numbers or unexpected increases in expenditure

If a governing body discovers during a financial year that a budget deficit may occur then they are required to notify the Authority of the level of any anticipated deficit and state how it proposes to recover the situation.

4.6 Charging of Interest on deficit balances

Any deficit balance held by schools at the end of the financial year will be charged interest on the following basis:

Interest will be charged after the end of the financial year calculated on the average deficit balance taking the opening and closing balances divided by two. The interest rate will be the average Bank of England base rate for the year minus 2%. If the average Bank of England base rate for the year is less than 2% no interest will be charged to schools.

4.7 Writing Off Deficits

The Authority will not write off the deficit balance of any school. Schools should be aware of a small contingency fund where schools in financial difficulties can apply if there have been exceptional circumstances at the school which has resulted in this position. This is a de-delegated contingency budget agreed by the School Forum.

4.8 Balances of closing and replacement schools

When a maintained school closes, any balance (whether surplus or deficit) reverts to the Authority. It cannot be transferred to any other school, even where the school is a successor to the closing school. However, a surplus does transfer to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010. Where a school with a deficit balance converts to academy status, the Authority shall be compensated by central government for the amount of deficit inherited at the date of conversion. Central government will then recover the deficit from budget allocations made by them to the new academy

4.9 Licensed Deficits

Approval for governing bodies to plan for budget deficits will only be given in exceptional circumstances (see paragraph 4.5). If approval is given then the following criteria shall apply:

- (a) The maximum term over which schools must eliminate the deficit will be 3 years unless a specific limit in excess of this has been approved by the Director of Children, Family and Adult Services.
- (b) Deficit budgets will only be considered to accommodate short-term budget pressures arising as a result of changes in pupil numbers or unexpected increases in expenditure.
- (c) The maximum proportion of the collective balances for schools held by the Local Authority which will be used to back the arrangement will be 50%
- (d) Governing Bodies will be required to apply in writing to the Schools Management Accountant at the Local Authority by the 30 June. The application must be approved by the Director of Children, Family and Adult Services.
- (e) Where a school is in deficit at the end of the financial year without notifying the Local Authority in advance, this will be reported to the Schools Forum and the school will be required to make a formal application.
- (f) The local authority will, during the period of the approval, conduct its own analysis of the school's progress using the information of the school's expenditure and income as recorded on the Local Authority's financial system.
- (g) If a school thinks it will not be able to recover the deficit within the timescale the school should contact the Local Authority to discuss remedial action as soon as possible.
- (h) Where a school does not recover the deficit within the timescale of the approval, this may result in the issue of a Notice of Concern and Local Authority action which may include the withdrawal of delegation (see paragraph 2.15).

- (i) Where a school succeeds in achieving a balanced budget prior to the licensed deficit application's end date, it will be considered as having completed that application's term. Should a subsequent deficit budget then occur, a new application will be required.

4.10 Loan Schemes

The Authority will operate a Loans Scheme which will enable individual schools to borrow from the overall pooled balances held by the Authority on behalf of schools. The terms and restrictions on which the Loans Scheme will operate are set out within the Finance Manual (adapted) for Schools, Chapter 25. The general provision in paragraph 3.6 restricting the powers of Governing Bodies from borrowing money shall not apply to any loan scheme operated by the Authority.

SECTION 5: INCOME

5.1 Income from Lettings

School premises may be let to outside organisations at any time outside of school use, subject to the Authority's Scheme for Directed Community Use or any alternative provisions arising from any joint use or Private Finance Initiative (P.F.I.) agreements. Any income generated from such lettings may be retained by the school which 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. Schools will be required to have regard to directions issued by the Authority as to the use of school premises as permitted under the School Standards and Framework Act 1998 for various categories of schools.

Income from lettings of school premises owned by the authority may not be paid into voluntary or private funds held by the school.

5.2 Income from Fees and Charges

Schools may retain any income raised from fees and charges (net of VAT) except where a service is provided by the Authority from centrally retained funds. Each school should have its own charging policy, which meets the authority's requirements and approved by the Governors on an annual basis. Income from boarding charges is collected on behalf of the authority and should not exceed that needed to provide board and lodging for the pupils concerned.

5.3 Income from Fund Raising Activities

Schools may retain any income raised from fund raising activities which should be paid into a school fund account. Donations or contributions may be paid into either the school fund account or delegated budget where the payments are freely given and not in return for any service or sale.

5.4 Income from the Sale of Assets

Schools may retain any proceeds from the sale of assets (net of VAT) except in cases where the asset was purchased with non-delegated funds in which case it will be for the Authority to decide whether or not the school should retain the proceeds. Schools may not dispose of assets forming part of the land or buildings or school premises if owned by the Authority without first consulting the Authority.

5.5. Administration Procedures for the Collection of Income

Schools will be expected to take account of guidelines published separately in the Authority's Finance Manual (adapted) for Schools relating to the appropriate administrative procedures for the collection of income which accrues to the Authority (e.g. where a school has contracted with the council meals service). The Headteacher will be responsible for the security and prompt banking of all monies received. Monies held on the school grounds should not exceed the insurance limits of the school.

Schools may wish to seek advice from the authority as to whether it should charge VAT on lettings and on services which lead to fees and charges, and on VAT implications of fund raising and sale of assets.

5.6 Purposes for which income may be used

Income generated by a school 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

Expenditure may be charged against the budget share of a school by the Authority without the consent of the governing body only in those circumstances expressly permitted under paragraph 6.2 of this scheme. The Authority must consult the school as to the intention to so charge, and notify the school when it has been done.

Schools are reminded that the authority cannot act unreasonably in the exercise of any power given by this scheme, or it may be subject of a direction under section 496 of the Education Act 1996.

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

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 by the Authority without the consent of the Governing Body

6.2.1 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).

6.2.2 Other expenditure incurred to secure resignations where the school had not followed Authority advice.

6.2.3 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 the Authority's advice.

6.2.4 Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the 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 Authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Authority or the school has voluntary controlled status.

6.2.6 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 be arranged by the 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 Authority.

6.2.8 Recovery of penalties imposed on the Authority by the Board of Inland Revenue, , H.M. Revenue and Customs, Teachers Pensions, the Environment Agency or regulatory bodies as a result of school negligence.

- 6.2.9 Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions).
- 6.2.10 Additional transport costs incurred by the Authority arising from decisions by the governing body on the length of the school day, and failure to notify the Authority of non-pupil days resulting in unnecessary transport costs.
- 6.2.11 Legal costs which are incurred by the Authority because the governing body did not accept the advice of the Authority (see also section 11).
- 6.2.12 Costs of necessary health and safety training for staff employed by the Authority where funding for training had 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-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 Authority in securing provision specified in a statement of SEN 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 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 Authority as a result of the governing body being in breach of the terms of a contract.
- 6.2.19 Payments due to the Authority for services provided to a school under a service level agreement (SLA) where within the SLA the school has specifically agreed that charges may be made by journal transfer against the budget share.
- 6.2.20 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.
- 6.2.21 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

SECTION 7: TAXATION

7.1 Value Added Tax

H.M. Revenue and Customs have agreed that V.A.T. incurred by schools when spending any funding made available by the Authority relating to non-business activity is treated as being incurred by the Authority and qualifies for reclaim by the Authority.

For those schools operating through the Authority's bank account, charges to school budgets will be made net of any V.A.T. which will be reclaimed separately by the Authority.

Schools operating their own bank account must submit a monthly claim to the Authority and all V.A.T. recovered will be reimbursed promptly to the school.

This does not apply to expenditure by governors of voluntary aided schools when carrying out their statutory responsibilities to maintain the external fabric of their buildings.

Further details on V.A.T. issues are included in the Authority's Finance Manual (adapted) for Schools Chapter 14.

7.2 Construction Industry Scheme (CIS)

The new Construction Industry Scheme (CIS) rules took effect from 6 April 2007. The new rules were first outlined in the 2004 Finance Act and these were expanded upon in the Statutory Instrument 2005/2045.

The new scheme states 'where a maintained school has a delegated budget and the construction contract is between the governing body (or headteacher) and the subcontractor, then CIS will not apply'.

'Capital works undertaken by the Local Authority, where the contract will be between the Authority and subcontractor, will remain within CIS.

As capital works undertaken by the Local Authority will be processed in Infrastructure and Facilities, the CIS elements will be picked up that way, and as such school's will not need to record or collect the CIS element.

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

8.1 Provision of Services from Centrally Retained Budgets

It is for the Authority to determine the basis on which services from centrally retained funds will be provided to schools. However the Authority will not discriminate in its provision of services on the basis of categories of schools except where such discrimination is justified by differences in statutory duties

Services in this sense encompass existing premature retirement costs and redundancy payments.

8.2 Provision of Services Bought Back from the Authority Using Delegated Budgets

The term of any arrangement with a school to buy services or facilities from the Authority will be limited to a maximum of 3 years from the date of the agreement and periods not exceeding 5 years for any subsequent agreement relating to the same services. These restrictions will not apply to centrally funded premises and liability insurance as such restrictions may be impracticable for insurance purposes.

When a service is provided for which expenditure is not retained centrally by the Authority under the Regulations made under Section 45A of the School Standards and Framework Act 1998, 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 Authority is providing on a buy back basis must be offered by the Authority in a way which does not unreasonably restrict school's 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.

8.3 Service Level Agreements

Service Level Agreements with the Authority must be in place by 31st March to be effective for the following financial year and schools must have at least a month to consider the terms of any agreement.

8.3.1 Any services or facilities provided under a service level agreement - whether free or on a buy back basis - the terms of which start on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

8.3.2 Any services offered by the Authority will be available on a basis which is not related to an extended agreement.

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.

SECTION 9: Private Finance Initiative (PFI)/Public Private Partnership (PPP)

9.1 PFI/PPP arrangement

Any governing body which has jointly with the Authority entered into a PFI/PPP arrangement will be required to enter into a separate agreement with the Authority and shall take account of any separate provisions and requirements published by the Authority. These will include such matters as the power of the Authority to charge to the school's budget share amounts agreed under a PFI/PPP agreement entered into by the governing body of a school.

SECTION 10: INSURANCE

10.1 Insurance Cover

Given that funds for insurance are delegated to schools, the Authority requires any school to demonstrate that cover relevant to an 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 under its own arrangements.

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

SECTION 11: MISCELLANEOUS

11.1 Right of Access to Information

Governing bodies are required to supply upon request, and within a reasonable timescale, all financial and other information (including the specific requirements outlined in this document) 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 (e.g. earmarked funds) on the school.

11.2 Liability of Governors

As the governing bodies of schools are corporate bodies, and because of the terms of Section 50(7) of the School's Standards and Framework Act 1998, 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.

Breaches of the scheme are not in themselves failures to act in good faith; neither is rejection of authority advice as to financial management. An example of failure to act in good faith is the carrying out of fraudulent acts.

11.3 Governors' Expenses

The Authority may delegate funds to meet governors expenses to the governing body of a school yet to receive a delegated budget and any such amounts would be determined by the Authority.

Under Schedule 11 of the School Standards and Framework Act 1998 only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share and payment of any allowances not so specified are forbidden. Neither are schools permitted to pay expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

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 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.

If a school seeks legal advice from the Authority's Director of Corporate Resources, and in the view of that Officer such a request may result in a conflict of interest between the Authority and the governing body, then the Director of Corporate Resources shall represent the Authority and the school will be advised to consult an independent solicitor. The appointment of an independent solicitor shall be a matter for the full governing body of the school and the cost shall be met from the school's budget share or accumulated balance.

11.5 Health and Safety

In expending the school's budget share the governing body should 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.

11.6 Right of Attendance for Director of Corporate Resources

Governing bodies are required to permit the Director of Corporate Resources, or any officer of the Authority nominated by the Director of Corporate Resources to attend meetings of the governing body at which any of the agenda items are relevant to the exercise of their responsibilities.

11.7 Special Educational Needs

Schools are required to use their best endeavours in spending the budget share to secure the special educational needs of their pupils. This is a statutory requirement and may lead to suspension of delegation where a situation is serious enough to warrant it. This would not normally relate to an individual pupil.

11.8 Interest on Late Payments

School are reminded that all invoices should be paid within the terms and conditions of the suppliers and that late payment may attract charges which will be met from the schools budget share.

11.9 ‘Whistle Blowing’

Any person working in a school or a school governor who wishes to complain about financial management or financial propriety at the school without prejudice to their personal position can use the Whistle Blowing hotline on the East Riding of Yorkshire Council intranet. Alternatively they should write to or telephone the Authority’s Audit & Technical Manager in the Corporate Resources Directorate.

11.10 Child Protection

Schools must be prepared to release staff to attend child protection case conferences and other related events. The Authority will consider meeting the costs of complying with this requirement.

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 at Annex 2.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Introduction

The Authority will delegate funding for repairs and maintenance to schools. Only capital expenditure is to be retained. 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 Authority accounting. In particular, where, the Authority uses de minimis limits for what expenditure is treated as capital and what is revenue in its financial accounts, the same de minimis limits will be used in defining what is delegated.

12.2 Voluntary Aided Schools

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. 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 13: COMMUNITY FACILITIES

13.1 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 its Authority and have regard to advice from the Authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under s.28(1), the main limitations and restrictions on the power will be those contained in the maintaining Authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to 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 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.

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

13.2 Consultation with the Authority – financial aspects

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.

Schools proposing to introduce the provision of community facilities must seek Authority advice at least 3 months in advance and provide such information as may be required by the Authority.

The Authority will respond to requests for advice within one month and subsequently schools will be required to inform the Authority of the action taken following the receipt of advice. The Authority will not levy a charge for this advice.

13.3 Funding agreements – Authority powers

The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations are potentially involved.

Any such proposed agreement should be submitted to the Authority for its comments at least three months in advance of the proposed commencement of any scheme. The Authority will not have a right of veto on such agreements. If the third party requires Authority consent to the agreement for it to proceed, such a requirement and the method by which Authority consent is to be signified is a matter for that third party, not for the scheme.

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

13.4 Other prohibitions, restrictions and limitations

The Authority may require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned shall make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the Authority.

13.5 Supply of Financial Information

Schools which exercise the community facilities power must provide the Authority every six months with a summary statement, in a form determined by the Authority, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months.

The Authority may, on giving notice to any school where it believes there to be cause for concern as to the school's management of the finances of the community facilities power, require the submission of a recovery plan for the activity in question.

13.6 Audit

Schools will be 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.

Schools will also be required, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, to ensure that such agreements contain adequate provision for access by the 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.

13.7 Treatment of income and surpluses

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 Authority or some other person.

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

If 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.

13.8 Health and safety matters

Any health and safety provisions of the main scheme will also extend to the community facilities power.

The governing body will be responsible for the costs of securing Criminal Records Bureau 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.

13.9 Insurance

It is the responsibility of the governing body to 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. Schools must seek the Authority's advice before finalising any insurance arrangement for community facilities.

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

13.10 Taxation

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

Schools are reminded that if 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 likely to be held liable for payment of income tax and National Insurance, in line with HM Revenue & Customs rules.

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

13.11 Banking

Schools must either maintain a separate bank account for budget share and community facilities, or have one account but with adequate internal accounting controls to maintain separation of funds. Alternatively schools may utilise Authority banking arrangements which would permit adequate separation of such funds from the school budget share and other Authority funds.

Any bank, building societies or other financial institutions with which any bank accounts may be held will be limited to those previously identified in section 3.5.

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 their maintaining Authority.

Schools within the scope of the scheme at November 2013:

Nursery Schools

Beverley, Manor Nursery School
 Bridlington Nursery School
 Hedon Nursery School
 Hornsea Nursery School

Primary Schools

Airmyn Park Primary School
 Aldbrough Primary School
 All Saints CE VC Infants School
 All Saints CE VC Junior School
 Anlaby Acre Heads Primary School
 Anlaby Primary School
 Bacon Garth Primary School
 Barmby on the Marsh Primary School
 Barmby Moor CE Primary School
 Bay Primary School
 Beeford CE VC Primary School
 Bempton Primary School
 Beswick and Watton CE VC Primary School
 Beverley Minster CE VC Primary School
 Beverley St. Nicholas Primary School
 Bilton Community Primary School
 Bishop Wilton CE VC Primary School
 Boothferry Primary School
 Boynton Primary School
 Brandesburton Primary School
 Brough Primary School
 Bubwith Primary School
 Bugthorpe CE VC Primary School
 Burlington Infant School
 Burlington Junior School
 Burstwick Community Primary School
 Burton Agnes CE VC Primary School
 Burton Pidsea Primary School
 Cherry Burton CE VC Primary School
 Cottingham Croxby Primary School
 Cowick CE VC Primary School
 Driffield CE VC Infant School
 Driffield Junior School
 Driffield Northfield Infant School
 Dunswell Primary School
 Easington CE Primary School
 Eastrington Primary School
 Elloughton Primary School
 Flamborough CE VC Primary School
 Garton-on-the-Wolds CE VC Primary School
 Gembling Primary School
 Gilberdyke Primary School
 Hallgate Primary School
 Hedon Primary School

Primary Schools continued

Hilderthorpe Primary School
 Holme on Spalding Moor Primary School
 Hook CE VC Primary School
 Hornsea Primary School
 Hornsea, Burton Primary School
 Howden CE VC Infant School
 Howden Junior School
 Hutton Cranswick Community Primary School
 Inmans Primary School
 Keldmarsh Primary School
 Keyingham Primary School
 Kilham CE VC Primary School
 Kingsway Primary School
 Kirk Ella St.Andrew's Community Primary School
 Langtoft Primary School
 Leconfield Primary School
 Leven CE VC Primary School
 Little Weighton Rowley CE VC Primary School
 Lockington CE VC Primary School
 Market Weighton Infants School
 Marshlands Primary School
 Martongate Primary School
 Melbourne Community Primary School
 Middleton on the Wolds CE VC Primary School
 Molescroft Primary School
 Mount Pleasant CE VC School
 Nafferton Primary School
 Newbald Primary School
 New Pasture Lane Primary School
 Newport Primary School
 North Cave CE VC Primary School
 North Ferriby CE VC Primary School
 North Frodingham Primary School
 Our Lady and St Peter RC VA Primary
 Parkside Primary School
 Patrington CE VC Primary School
 Paull Primary School
 Pocklington CE VC Infants School
 Pocklington Community Junior School
 Pollington-Balne CE Primary School
 Preston Primary School
 Quay Primary School
 Rawcliffe Bridge Primary School
 Rawcliffe Primary School
 Reedness Primary School
 Riston CE VC Primary School
 Roos CE VC Primary School
 Sigglesthorne CE VC Primary School
 Skidby CE VC Primary School
 Skipsea Primary School
 Skirlaugh CE VC Primary School
 Sledmere CE VC Primary School

Primary Schools continued

Snaith Primary School
 South Cave CE VC Primary School
 Springhead Primary School
 Sproatley Endowed CE VC Primary School
 St. John of Beverley RC VA Primary School
 St. Joseph's Catholic Primary School
 St. Martin's CE VA Primary School
 St. Mary's RC VA Primary School (Market Weighton)
 St Mary's CE VC Primary School
 St. Mary's & St. Joseph's RC VA Primary School
 Stamford Bridge Primary School
 Sutton-upon-Derwent CE VC Primary School
 Swinefleet Primary School
 Swinemoor Primary School
 Thorngumbald Primary School
 Tickton CE VC Primary School
 Walkington Primary School
 Warter CE Primary School
 Wawne Primary School
 Welton Primary School
 Westfield Primary School
 Wetwang CE VC Primary School
 Wilberfoss CE VC Primary School
 Willerby Carr Lane Primary School
 Withernsea Primary School Wold Newton Foundation School
 Woodmansey CE VC Primary School

Secondary Schools

Beverley High School
 Bridlington School Sports College
 Driffield School
 Headlands School & Community Science College
 Hornsea School & Language College
 Howden School & Technology College
 Longcroft School
 South Holderness Technology College
 The Market Weighton School
 The Snaith School
 Withernsea High School Specialising in Humanities
 Woldgate College
 Wolfreton School & Sixth Form College

Special Schools

King's Mill School
 Riverside Special School
 St. Anne's Community Special School

Responsibility for Redundancy and Early 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 was a good reason, 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

Costs of new early retirements or redundancies can also be charged to the central part of the Schools Budget if the Schools Forum agree and the local authority can demonstrate that the "revenue savings achieved by any termination of employment are equal to or greater than the costs incurred". The Schools Forum must agree to any increase in this budget over the previous financial year. If the Schools Forum does not agree with the local authority's proposal, then the authority can appeal to the Secretary

of State. The Schools Forum would also be involved if the additional expenditure resulted in a breach of the central expenditure limit, whereby central expenditure increases faster than the Schools Budget as a whole.

An example of where a charge to the central Schools Budget might be appropriate would be a school reorganisation. A reorganisation involving the closure of a number of schools would be likely to result in savings because there would be a reduced amount being allocated through the formula for factors such as flat rate amounts to all schools or floor area. If the ongoing costs of the VER/redundancy exceeded the savings in the formula, then this would qualify.

It would be possible to consider savings at an individual school level as well, but this needs to be carefully managed so that there are clear ground rules in place for applications, recommendations and approval. It may be sensible to agree criteria for eligibility which are consistent with the general approach as to when costs should be centrally funded.

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.

There are clearly difficulties in setting a budget, whether inside or outside the Schools Budget, at a point prior to the beginning of the financial year before schools have set their budgets and made staffing decisions. Local authorities can only make a best estimate of what may be needed, based on past experience, local knowledge of the financial position of individual schools and the context of that year's funding settlement. There are dangers in raising expectations that costs will be met centrally if the budget is set too high, and so an alternative would be to keep the budget tight and use contingency or schools in financial difficulties budgets if there is an unexpected need for staffing reductions and it is not appropriate for delegated budgets to fund VER/redundancy costs. To achieve best use of resources, local authorities should also have an active redeployment policy, to match staff at risk to vacancies.

One of the permitted uses of the contingency is where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share" while local authorities are also allowed to retain funding for schools in financial difficulties "provided that the authority consult the schools forum on their arrangements for the implementation of such support." For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, but not from the delegated budget. Section 37 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 agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

(8) Any amount payable by virtue of subsection (7) by the governing body of a maintained school to the local education authority shall not be met by the governing body out of the school's budget share for any financial year.

(9) 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.

(The DfE will review this provision in the context of the forthcoming changes which will allow other community facilities costs to be charged to delegated budgets from 1 April 2011, but this remains the legal position for the time being).

Best Value And Schools

1. This statement is intended to assist schools in considering the relevance of best value principles to the expenditure of funds from their delegated budget share.
2. Best value will be a statutory duty to deliver services to clear standards, covering both cost and quality, the most effective, economic and efficient means available. Legislation is to place a duty on local authorities to secure best value in respect of the way in which they exercise their functions. The new duty is not intended to apply to those functions which are exercised by the governing bodies of LEA maintained schools. However, schools will be encouraged to adopt the best value performance management framework.
3. In relation to schools and expenditure from delegated budgets, the main features of best value can be summarised as a need for the governing body of a school to ensure:
 - a. the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-OFSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:
 - challenging how and why a service is provided (including consideration of alternative providers);
 - comparison of performance against other schools taking into account the views of parents and pupils;
 - mechanisms to consult stakeholders, especially parents and pupils;
 - embracing competition as a means of securing efficient and effective services;
 - b. the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;
 - c. that the following are included in school development plans:
 - a summary of objectives and strategy for the future;
 - forward targets on an annual and longer term basis;
 - description of the means by which performance targets will be achieved;
 - a report on current performance.
 - d. that internal and external audit takes place ensuring that performance information is scrutinised. LA oversight of school finances provides external review.
4. The independent inspection and intervention elements of the best value framework will be the responsibility of other bodies and therefore not relevant to demonstration by a governing body of adherence to best value principles.

Example Template for Scheme of Delegation

Limits should be entered where appropriate

This is only an example and so you should adapt this for your school

Scheme of Delegation

| | Full Governing Body | Finance & General Purposes Committee | Chair Of Governors | Head Teacher | Deputy Head Teacher | Business Manager/Finance Office Manager | Finance Assts/Office Manager | Budget Holders |
|--|---------------------|--------------------------------------|--------------------|--------------|---------------------|---|------------------------------|----------------|
| Budget | | | | | | | | |
| Overall responsibility for setting the budget before 31st May | | | | | | | | |
| Review Budget in Autumn & Spring Terms | | | | | | | | |
| Prepare 3 year plan/working papers | | | | | | | | |
| Budget Monitoring | | | | | | | | |
| Orders | | | | | | | | |
| Completion & authorisation of internal order form | | | | | | | | |
| Inputting of internal order forms on to FMS to produce official order form | | | | | | | | |
| Authorisation of Official Order depending on procurement authorisation limits | | | | | | | | |
| Invoices | | | | | | | | |
| Initial invoice checked against delivery | | | | | | | | |
| Authorising an order invoice for payment | | | | | | | | |
| Authorising a non-order invoice for payment - agreed contracts, SLA's, agency invoices, rates and energy costs | | | | | | | | |

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| Authorising all other non-order invoices for payment following procurement rules | | | | | | | | |
| Processing of invoice onto FMS for payment | | | | | | | | |

| | Full Governing Body | Finance & General Purposes Committee | Chair Of Governors | Head Teacher | Deputy Head Teacher | Business Manager/Finance Office Manager | Finance Assts/Office Manager | Budget Holders |
|--|---------------------|--------------------------------------|--------------------|--------------|---------------------|---|------------------------------|----------------|
| Payments | | | | | | | | |
| BACS & Cheque Runs from FMS | | | | | | | | |
| Authorisation of Cheques | | | | | | | | |
| Authorisation of BACS | | | | | | | | |
| Verification of BACS | | | | | | | | |
| Transmit BACS | | | | | | | | |
| Income | | | | | | | | |
| Collection of school meals income | | | | | | | | |
| Collection or other budget and school fund income | | | | | | | | |
| Banking and recording of school meals income | | | | | | | | |
| Banking and recording of other budget and school fund income | | | | | | | | |
| Virements | | | | | | | | |
| Authorisation to vire between budget headings | | | | | | | | |

Financial Information and Reports required by the Local Authority

All Schools

- Schools Financial Value Standard (SFVS) Form- by 31st March*
- 3 Year Plan (Approved by Governors)- by 31st May
- CFR Return (signed by the Headteacher)- by mid June
- Application for request to set a deficit budget- by 30th June
- Revised 3 Year Plan (Approved by Governors)- by 31st October
- Application for an excess balance- by 31st December
- Application for request to carry forward Pupil Premium monies- by mid April

Bank Account Schools (In addition to above)

- VAT Submittal (Signed by authorised signatory)- by 1st working day of every month
- VAT Long Summary- by 1st working day of every month
- VAT Full Report- by 1st working day of every month
- Petty Cash Listing- by 1st working day of every month
- Completed Checklist- by 15th day of the following month

- Bank Reconciliation- by 15th day of the following month
- Bank Statement from the Bank- by 15th day of the following month
- Unreconciled Items Report- by 15th day of the following month
- Summary Trial Balance- by 15th day of the following month
- Summary Trial Balance Pro-Forma (Signed by authorised signatory)- by 15th day of the following month
- Fund to Bank Report
- Aged Debtor and Creditor Reports- Annually in February
- Admin Procedure Notes- Annually in January
- Central Cost Estimates- Annually by March

CIPFA Code of Practice – Capital Expenditure Items

Illustrative examples in line with DfE interpretation of the CIPFA Code of Practice:

| Element | CAPITAL | REVENUE: REPAIRS & MAINTENANCE |
|-------------------------------|--|---|
| <p>Roofs Flat:</p> | <ul style="list-style-type: none"> • 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 build • Edge Trim/ fascia, replacement of all/substantially all on existing roof • Drainage on new build • Other e.g. flashings, roof lights on new build. Replacement of all/substantially all on existing roof | <ul style="list-style-type: none"> • 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 • Clearing out gutters and downpipes • Replacement/repair/ repainting of/ individual gutters/pipes • Repair/ replacement/ cleaning of individual items |
| <p>Pitched:</p> | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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/ increasing thickness of insulation in an existing roof • Replace missing/ damaged small parts • Repairs/ replacement/ repainting |

| | | |
|--------------------------------|---|--|
| | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters • Repair/ replacement/cleaning |
| Other: | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Minor repairs, maintenance to existing covered link • Minor repairs, maintenance to existing structure |
| Floors Ground Floor: | <ul style="list-style-type: none"> • 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 • Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room | <ul style="list-style-type: none"> • Repair/replacement of small parts of an existing structure • Replacement and repair of screed and finishes/ replacement of mats/ matwells. • Maintenance e.g. re-varnishing wooden floors. |
| Upper Floor: | <ul style="list-style-type: none"> • Structure - as ground floor • Screed and Finish - as ground floor | <ul style="list-style-type: none"> • As ground floor • Repairs of finishes/ Replacement - as ground floor |

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|---|--|---|
| <p>Ceilings Top/ only storey:</p> | <ul style="list-style-type: none"> • Suspension • Membrane • Fixed • Access panels | <ul style="list-style-type: none"> • Repair/ replacement incl. from water damage, & necessary decoration |
| <p>Lower storeys:</p> | <ul style="list-style-type: none"> • Suspension • Membrane • Fixed | <ul style="list-style-type: none"> • Repair/ replacement |
| <p>All:</p> | <ul style="list-style-type: none"> • Specialist removal/ replacement of damaged/ disturbed asbestos based materials, planned or emergency | <ul style="list-style-type: none"> • Inspection/ air testing/applying sealant coats to asbestos surfaces for protection |
| <p>External walls Masonry/ cladding:</p> | <ul style="list-style-type: none"> • 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. re-pointing/re-cladding work affecting most of a building/ replacement build | <ul style="list-style-type: none"> • Repairs • Preventive measures e.g. tree removal • Repair/replacement of small parts of an existing structure. e.g. re-pointing/ re-cladding a proportion of a wall where failure has occurred. |
| <p>Windows & Doors:</p> | <ul style="list-style-type: none"> • Framing - new build • Framing - structural replacement programme • Glazing - new build • Upgrading existing glazing • Ironmongery • Improved security • Jointing including mastic joints • Internal and external decorations to new build | <ul style="list-style-type: none"> • Repair/ replacement of individual frames • Repainting frames • Repair/ replacement of individual windows • Replacing broken glass • Repair/ replacement, upgrading locks etc. • Internal and external decoration to include cleaning down and preparation. |

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| Masonry chimneys: | <ul style="list-style-type: none"> • Structure • Jointing including expansion and mortar joints/ pointing/ DPC | <ul style="list-style-type: none"> • Repair/ re-pointing |
| <u>Internal walls</u> | | |
| Solid: | <ul style="list-style-type: none"> • Complete including various internal finishes, linings and decorations • Refurbishment and alterations | <ul style="list-style-type: none"> • Repairs and redecoration to internal plaster/ linings tiles, pin boards etc • Minor alterations |
| Partitions: | <ul style="list-style-type: none"> • Complete structure including linings, framing, glazing, decoration etc • Refurbishment and alterations | <ul style="list-style-type: none"> • Repairs and redecoration • Minor alterations |
| Doors & Screens: | <ul style="list-style-type: none"> • Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations | <ul style="list-style-type: none"> • Internal maintenance and redecoration. • Repair/ replacement of defective doors and screens |
| All: | <ul style="list-style-type: none"> • Glazing to meet statutory Health & Safety requirements | <ul style="list-style-type: none"> • Replacement of broken glass |
| <u>Sanitary Services</u> | | |
| Lavatories | <ul style="list-style-type: none"> • In new buildings provision of all toilet fittings, waste plumbing and internal drainage • Large scale toilet refurbishment • Provision of disabled facilities, and specialist facilities related to pupils with statements | <ul style="list-style-type: none"> • Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc. • Small areas of refurbishment • Repair/ replacement of damaged fittings, waste plumbing etc. |
| Kitchens | <ul style="list-style-type: none"> • Kitchens in new buildings complete with fittings, equipment, waste plumbing and internal drainage • Internal finishes and decorations • General refurbishment • Large and costly items of equipment | <ul style="list-style-type: none"> • Maintain kitchen to requirements of Local Authority • Cleaning out drainage systems • Redecoration/ repairs/ replacement parts |

| | | |
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| <u>Mechanical services</u> | | |
| Heating/ hot water: | <ul style="list-style-type: none"> • Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc • Safe removal of old/ damaged asbestos boiler and pipe-work insulation, where risk to Health & Safety. • Planned replacement of old boiler/ controls systems past the end of their useful life • Emergency replacement of boiler plant/ systems | <ul style="list-style-type: none"> • General maintenance of all boiler house plant including replacement of defective parts • Regular cleaning • Energy saving projects • Monitoring systems • Health & safety issues • Replacement of defective parts |
| Cold water: | <ul style="list-style-type: none"> • Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects | <ul style="list-style-type: none"> • Maintenance and repair/ replacement of defective parts such as servicing pipes. • Annual servicing of cold water tanks |
| Gas: | <ul style="list-style-type: none"> • Distribution on new and major refurbishment's, terminal units | <ul style="list-style-type: none"> • Repairs, maintenance and gas safety • All servicing |
| Ventila- tion: | <ul style="list-style-type: none"> • Mechanical ventilation/ air conditioning to major projects | <ul style="list-style-type: none"> • Provision of local ventilation. Repair/ replacement of defective systems and units |
| Other: | <ul style="list-style-type: none"> • Swimming pool plant and its complete installation, including heat recovery systems | <ul style="list-style-type: none"> • Repair/ replacement of parts to plant, pumps and controls • Water treatment equipment and all distribution pipe-work • Simple heat recovery systems • Solar heating plant and equipment |
| <u>Electrical services</u> | | |
| General: | <ul style="list-style-type: none"> • Main switchgear and distribution in major projects • Replacement of obsolete and dangerous wiring systems, including distribution boards | <ul style="list-style-type: none"> • Testing/ replacement of distribution boards. • The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings • All testing, earthing and bonding to meet Health & Safety • All servicing |

| | | |
|------------------------|--|---|
| Power: | <ul style="list-style-type: none"> • Control gear, distribution, fixed equipment, protection etc | <ul style="list-style-type: none"> • All testing, repair and replacement of small items of equipment |
| Lighting: | <ul style="list-style-type: none"> • Provision of luminaires and emergency | <ul style="list-style-type: none"> • Replacement of luminaires, all testing, adjustments and improvements to emergency |
| Other: | <ul style="list-style-type: none"> • Lightning protection in new build for alarm systems, CCTV, lifts/ hoists etc • New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc and provision in new build. | <ul style="list-style-type: none"> • Repair/ replacement/ repair and maintenance, including all door access systems |
| External Works | | |
| Pavings: | <ul style="list-style-type: none"> • Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access | <ul style="list-style-type: none"> • Maintenance and repair • Car park and playground markings |
| Miscellaneous: | <ul style="list-style-type: none"> • Provision of walls, fencing, gates and ancillary buildings as part of major project | <ul style="list-style-type: none"> • Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates. |
| Drainage | <ul style="list-style-type: none"> • Drains, soakaways, inspection chambers and sewage plant as part of new projects | <ul style="list-style-type: none"> • Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. • Cleaning of the above and unblocking as necessary. |
| Open air pools: | <ul style="list-style-type: none"> • Structure, Hygiene/ safety in new build | <ul style="list-style-type: none"> • Hygiene, cleaning, maintenance and repairs, including replacement parts. • Simple energy saving systems. |
| Services distribution: | <ul style="list-style-type: none"> • Heating mains • Gas mains • Water mains • Electricity mains • Renewal of any above | <ul style="list-style-type: none"> • Annual servicing |

CFR Framework Table

| EXPENDITURE | |
|-------------|---|
| E01 | Teaching Staff |
| E02 | Supply Teaching Staff |
| E03 | Education Support Staff |
| E04 | Premises Staff |
| E05 | Administrative and Clerical Staff |
| E06 | Catering Staff |
| E07 | Cost of Other Staff |
| E08 | Indirect Employee Expenses |
| E09 | Development and Training |
| E10 | Supply Teacher Insurance |
| E11 | Staff Related Insurance |
| E12 | Building Maintenance and Improvement |
| E13 | Grounds Maintenance and Improvement |
| E14 | Cleaning and Caretaking |
| E15 | Water and Sewerage |
| E16 | Energy |
| E17 | Rates |
| E18 | Other Occupation Costs |
| E19 | Learning Resources (not ICT equipment) |
| E20 | ICT Learning Resources |
| E21 | Exam Fees |
| E22 | Administrative Supplies |
| E23 | Other Insurance Premiums |
| E24 | Special Facilities |
| E25 | Catering Supplies |
| E26 | Agency Supply Teaching Staff |
| E27 | Bought In Professional Services (Curriculum) |
| E28 | Bought In Professional Services (Other) |
| E29 | Loan Interest |
| E30 | Direct Revenue Financing (Revenue Contributions to Capital) |
| E31 | Community Focused School Staff |
| E32 | Community Focused School Costs |

| INCOME | |
|--------|---|
| I01 | Funds Delegated by the LA |
| I02 | Funding for Sixth Form Students |
| I03 | High Needs Top-Up Funding |
| I04 | Funding for Minority Ethnic Pupils |
| I05 | Pupil Premium |
| I06 | Other Government Grants |
| I07 | Other Grants and Payments Received |
| I08 | Income from Facilities and Services |
| I09 | Income from Catering |
| I10 | Receipts from Supply Teacher Insurance Claims |
| I11 | Receipts from Other Insurance Claims |
| I12 | Income from Contributions to Visits etc |
| I13 | Donations and / or Voluntary Funds |
| I15 | Pupil Focused Extended School Funding and / or Grants |
| I16 | Community Focused School Funding and / or Grants |
| I17 | Community Focused School Facilities Income |

| CAPITAL EXPENDITURE | |
|----------------------------|---|
| CE01 | Acquisition of Land and Existing Buildings |
| CE02 | New Construction Conversion and Renovation |
| CE03 | Vehicles, Plant, Equipment and Machinery |
| CE04 | Information and Communication Technology |

| CAPITAL INCOME | |
|-----------------------|------------------------------------|
| CI01 | Capital Income |
| CI03 | Voluntary or Private Income |
| CI04 | Direct Revenue Financing |

Glossary of Terms

The explanations given for the following key terms and phrases are intended to assist understanding. These explanations are not meant to be legally definitive.

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| Accounts - | Statements setting out records of income and expenditure. |
| Best value - | Statutory duty placed on local authorities to secure Best Value in respect of the way in which they exercise their functions covering both cost and quality. The new duty is not intended to apply to those functions which are exercised by the Governing Bodies of LA maintained schools. However, schools are encouraged to adopt the Best Value performance management framework. |
| Budget - | Representation in financial terms of the Governing Body's plan for a given period of time. |
| Budgeting - | Preparation of estimates of expenditure and income to form a budget. |
| Budget plan - | Governing Body's spending intentions for the financial year, drawn up having regard to curriculum priorities and the overall level of resources available to the school. |
| (Individual) Budget Share - | A school's share of the Individual Schools Budget for a financial year, worked out using the Authority's funding formula. |
| CIPFA - | The Chartered Institute of Public Finance and Accountancy. |
| Capital expenditure - | Spending on building projects, including new build and (subject to the thresholds determined by the Authority) repairs and maintenance, and large items of equipment. |
| Central services - | Services provided to schools by the Authority, using centrally retained funds from the Schools Budget. Can also refer to the services purchased by schools from the Authority if funds for these services are delegated. |
| Competitive tendering - | Obtaining quotes from a variety of possible Providers, (including, for example, the Authority and private sector companies) before awarding contracts for goods and services. |
| Delegated budget - | Budget share allocated to a school through the application of the funding formula. The spending of the delegated budget is controlled and managed by the Governing Body. |
| Delegation - | Process by which one body or person gives another body or person authority to take decisions on a particular matter. |

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| Devolved Funding - | Funding allocated to schools for a specific purpose. Such funding cannot be used to support the general activities of the school and is often referred to as "earmarked funding". |
| Earmarked Funds - | Funds allocated to the school separately from the budget share which can only be used for a particular purpose. |
| Financial Year - | The 12 months from 1 April to 31 March. |
| Maintained School - | Any maintained nursery, primary, secondary or special school covered by the Authority's Scheme for Financing Schools. |
| Outturn statement - | Statement of what the school actually spent for the whole financial year. |
| PFI/PPP - | Private Finance Initiative/Public and Private Partnership. These are Government initiatives aimed at providing better and more cost effective public services, and improving value for money through partnership with the private sector. |
| Public Funds - | Monies provided by the state or local authority for specific purposes. |
| Quarter - | Period of three months beginning on 1 April, 1 July, 1 October or 1 January. |
| Register of Business Interests - | A list covering both Governors and school staff with significant financial responsibilities, of all business interests such as directorships, significant share holdings, close family or personal ties with any business which may have dealings with the school. |
| Revenue expenditure - | The resources available to be spent on day-to-day running costs but not on capital projects. |
| Schools Budget - | Total of all expenditure direct and indirect on the Authority's maintained nursery, primary, secondary and special schools. The Individual Schools Budget is distributed via the funding formula and is the Schools Budget net of any central retention for identified purposes. |
| Section 251 Statement - | Statement published each year setting out details of the Authority's planned expenditure on education, showing the amounts to be centrally retained, the budget share of each school, the formula used to calculate these budget shares and the detailed budget calculation for each school. A separate Statement is published after the end of the financial year showing actual expenditure at both central level and for each school, and the balances held in respect of each school. This is known as the 'out turn' statement. |

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| Service Level Agreement (SLA) - | Agreement with the Authority for the delivery of a specified level of services to the school. |
| Statutory Provision - | Provision as required by an Act of Parliament or subordinate legislation. |
| The Scheme - | The Scheme for Financing Schools drawn up in accordance with Section 48 of the School Standards and Framework Act 1998 and approved by the Secretary of State. |
| Virement - | The process of transferring budget between one expenditure heading and another. |