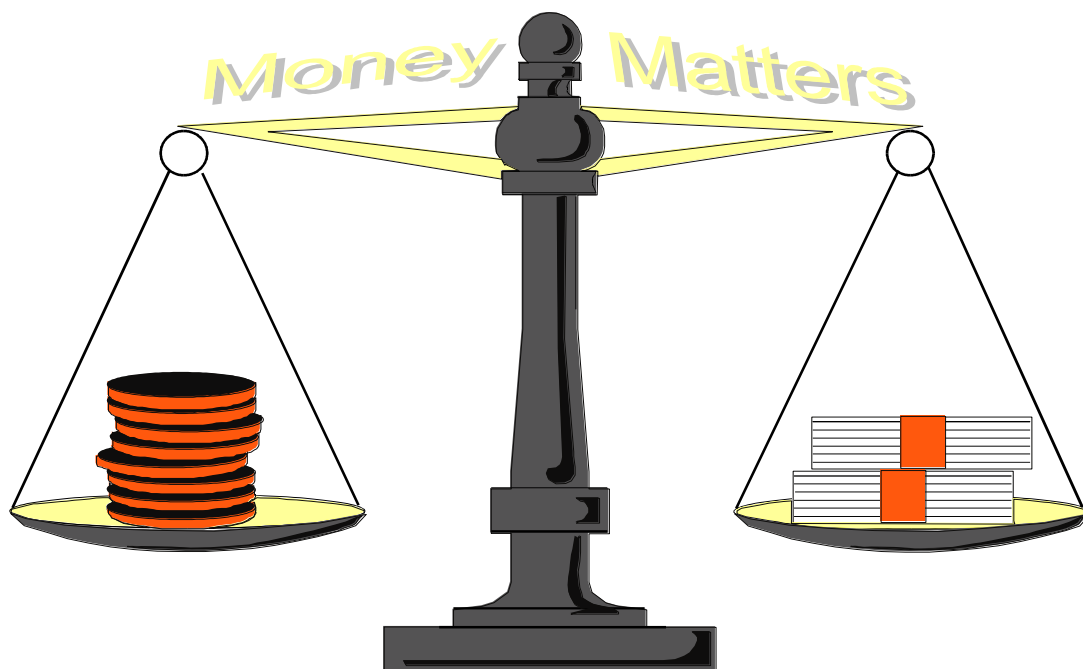


# SCHEME FOR FINANCING SCHOOLS

Effective 1 April 2021



**BURY COUNCIL**  
**Children & Young People Department**  
**Financial Services**

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## **1. SUMMARY, DIRECTED REVISIONS, SCHEME CHANGES**

### **1. Summary**

#### **1.1 About this guidance**

This statutory guidance is given by the Secretary of State pursuant to s.48(4) and paragraph 2A (2) of Schedule 14 to the School Standards and Framework Act 1998, School Standards and Framework Act 1998

Local authorities are required to publish schemes for financing schools, setting out the financial relationship between them and the schools they maintain. This guidance lists the provisions which a local authority's scheme must, should or may include. Schemes need not follow the format used in this guidance, except for the text of directed revisions.

In making any changes to their schemes, other than directed revisions, local authorities must consult all maintained schools in their area and receive the approval of the members of their schools' forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools' forum.

Find out what has changed in this issue.

#### **1.2 Directed revisions**

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

**There are no directed revisions.**

#### **1.3 Other important changes to the guidance**

##### **Section 4.16 Schools financial value standards (SFVS)**

Due to the coronavirus (COVID-19) outbreak, the Department for Education (DfE) has decided that the SFVS return should be delayed this year. This is to take account of the current pressures schools and local authorities are facing.

For the financial year 2020 to 2021, schools should submit their SFVS to their local authority by no later than 28 May 2021.

Local authorities should submit their assurance statement to DfE within 6 weeks, by no later than 9 July 2021.

##### **Section 5.8 Borrowing by schools**

The introduction of IFRS 16 was postponed in relation to 2020 to 2021. It has been postponed again, until April 2022.

##### **Section 6.9 Licensed deficits**

In circumstances where a school requires a budget share advance in order not to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements.

## 2. THE OUTLINE SCHEME

References throughout this statutory guidance to:

“the Act” are to the School Standards and Framework Act 1998;

“the authority” means the local authority;

“maintained school” means Nursery, Primary, Secondary, Special including Pupil Referral Units, with delegated budgets as maintained by the Local Authority; and

“the Regulations” are to the School and Early Years Finance (England) Regulations 2018 made under the Act.

The Regulations state that schemes must deal with the following matters:

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares.
2. Amounts which may be charged against schools’ budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the authority for schools maintained by them.
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.
8. The virement between budget heads within the delegated budget.
9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority’s non-school’s education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.
10. The use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets.



11. Borrowing by governing bodies.
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools' budget shares having regard to section 50(7) of the 1998 Act.
14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act.
15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.
21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

### **3. INTRODUCTION**

#### **3.1.1 The Funding Framework**

##### **THE FUNDING FRAMEWORK: MAIN FEATURES**

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

Under this legislation, local authorities determine for themselves the size of their schools' budget and their non-schools education budget, although at a minimum a local authority must appropriate its entire dedicated schools grant to its schools budget.

The categories of expenditure which fall within the 2 budgets are prescribed under regulations made by the Secretary of State, but included within the 2, taken together, is all expenditure, direct and indirect, on a local authority's maintained schools except for capital and certain miscellaneous items.

Local authorities may deduct funds from their schools' budget for purposes specified in regulations made by the Secretary of State under section 45A of the act (the centrally retained expenditure).

The amounts to be deducted for these purposes are decided by the local authority concerned, subject to any limits or conditions, including gaining the approval of their schools' forum or the Secretary of State in certain instances, as prescribed by the Secretary of State.

The balance of the schools' budget left after deduction of the centrally retained expenditure is termed the individual school's budget (ISB). Expenditure items in the non-schools' education budget must be retained centrally, although earmarked allocations may be made to schools.

Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State and enables the calculation of a budget share for each maintained school.

This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with section 51 of the Act.

The financial controls within which delegation works are set out in a scheme made by the local authority in accordance with section 48 of the act and regulations made under that section.

All proposals to revise the scheme must be approved by the schools' forum, though the local authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school and for any additional purposes prescribed by the Secretary of State in regulations made under section 50 of the Act.

Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (section 50(3A) of the act).

A local authority may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme, or rules applied by the scheme, have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

A school's right to a delegated budget share may also be suspended for other reasons, under schedule 17 to the act.

Each local authority is obliged to publish each year a statement setting out details of its planned schools' budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools; after each financial year the authority must publish a statement showing outturn expenditure.

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

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

### 3.2 **The Role of the Scheme**

This Scheme sets out the financial relationship between the maintained schools in Bury and the Authority. It contains requirements relating to financial management and associated issues which, once approved, are binding on both the Authority and on schools.

### 3.3 **Application of the Scheme to the Authority and Maintained Schools**

The arrangements as detailed in this Scheme apply to all community, voluntary, community special, Pupil Referral Units (PRU's) and foundation (including trust) schools in the area of, and maintained by, the Authority.

For information, the schools covered by the Scheme are listed in **ANNEX A**.

Although academies are outside the remit of this Scheme, they have a presence on the Schools' Forum, which is in accordance with the number of pupils in each category.

It should be noted that academies are funded in exactly the same way as a maintained Authority school through the schools' funding formula which is agreed annually by the Schools' Forum. This arrangement means that there is no financial advantage or disadvantage in a school converting to become an academy.

The school funding formula does not include the financial impact of the Authority's responsibilities that a school will inherit should they convert to be an academy.

### 3.4 **Publication of the Scheme**

The approved Scheme will be supplied to the Head Teacher and the Governing Body of each school covered by the Scheme. Any subsequent amendments will be notified to Head Teachers and Governing Bodies as and when they are approved by the Schools' Forum.

The approved Scheme will also be made available to a wider audience in accordance with the prescribed regulations. As a minimum the Scheme will be published on a website which is accessible to the general public. Any revised versions will be published by the date the revisions come into force and will include a statement to confirm the revised scheme comes into force on that date.

### 3.5 **Revision of the Scheme**

The approved Scheme will not be amended until any amendments have been the subject of a full consultation with schools and have been approved at Schools' Forum by members of the Forum representing maintained schools.

### 3.6 **Delegation of Powers to the Head Teacher**

It will be necessary for each Governing Body to determine the level of financial delegation to the Head Teacher and to clearly record such a decision within the minutes of the Governing Body. The level of delegation and any cash values should be considered annually by the Governing Body.

### 3.7 **Maintenance of Schools**

The Local Authority is responsible for maintaining the schools covered by the Scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary school where some of the expenses are, by statute, payable by the Governing Body). Part of the way an Authority maintains schools is through the funding system put in place under Sections 45 to 53 of the School Standards and Framework Act 1998.

## **4. FINANCIAL CONTROLS**

### **4.1 General Procedures**

#### **4.1.1 Application of Financial Controls to Schools**

Each Governing Body within the Scheme will be accountable to the Authority, through the Executive Director of Children's Services, for the financial management of its establishment and the Executive Director of Children's Services will be accountable to the Chief Finance Officer for the overall Education Budget. The Governors and Executive Director of Children's Services will observe all timetables for the purposes of closure of accounts, budget preparation and other financial matters as determined by the Chief Finance Officer and the Executive Director of Children's Services. All accounting policies required by the Authority will be observed by the Governing Body. The Council's officers shall have access to all financial and management records for the purpose of audit, inspection, and advice.

#### **4.1.2 Provision of Financial Information and Reports**

Governors will be required to manage the affairs of their establishment within the budget share allocated to them. As an aid to this objective the Governors will submit to the Executive Director of Children's Services their approved financial plan for the year within two months of receipt of their budget share statement and shall inform the Executive Director of Children's Services of all subsequent changes at least once per term.

Where electronic data exchange is in operation, officers of the Authority will have access to it in the same way as with paper records.

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

#### **4.1.3 Payment of Salaries; Payment of Bills**

Payment of salaries, wages, compensation, and other emoluments will be made by the Chief Finance Officer or under arrangements approved by him. Each Head Teacher shall notify the Executive Director of Children's Services as soon as possible of all matters affecting the payment of such emoluments and in particular: -

- (a) appointments, resignations, dismissals, suspensions, secondments, and transfers;
- (b) absences from duty for sickness, maternity, or other reasons, apart from approved leave with pay;
- (c) changes in remuneration, other than normal increments and pay awards and agreement of general application;
- (d) information necessary to maintain records of service for superannuation, income tax, national insurance, and the like.

All time records or other pay documents shall be certified in manuscript by or on behalf of the Head Teacher.

Payment of invoices will be made against official orders where the work, goods or services have been received, carried out, examined, and approved, where the relevant expenditure has been properly incurred in line with the approved estimate set by Governors, where the invoice has been checked for accuracy, and has been checked to ensure it does not form a duplicate payment.

Payment of undisputed bills should be made promptly in accordance with the Authority's stated aim of complying with a three week deadline.

Procedures for payment may be through a school bank account or through the Authority's payment procedures if schools so wish.

#### 4.1.4 **Control of Assets**

Inventories shall be maintained by all establishments in a form approved by the Executive Director of Children's Services. Records will be maintained of all moveable non-capital assets.

Each Head Teacher will be responsible for carrying out an annual check of all items on the inventory, for taking action where surpluses or deficiencies occur and for notifying Governors that the annual check has been carried out.

Items for disposal shall be notified to Governors for their approval, except where the Scheme of delegation allows this to be determined by the Head Teacher. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000; however they must keep a register in some form.

#### 4.1.5 **Accounting Policies (including year-end procedures)**

The Authority will issue guidance from time to time relating to accounting procedures. Schools must adhere to the procedures included in the Authority's Management Handbook or to guidance as issued.

#### 4.1.6 **Writing Off Debts**

No debt shall be written off by Governors without permission from the Executive Director of Children's Services or the Chief Finance Officer. Requests for permission for write-offs will be in the Authority's prescribed format.

#### 4.2 **Basis of Accounting**

To comply with the Authority financial requirements all accounting records shall be maintained on an accruals basis.

Schools are able to use what financial software they wish, provided they meet any costs of modification to provide output in the format required by the Authority.

#### 4.3 **Submission of Budget Plans**

As stipulated in 6.1.2, unless otherwise stated Governing Bodies are required to submit their formal spending plans within two months of receiving their budget share, together with any assumptions taken into account in devising the plan. The Authority will provide schools with all income and expenditure data which it holds which is necessary to efficient planning by schools.

The budget plan must take full account of any estimated deficits / surpluses from the previous financial year.

Where changes occur during the year, Governing Bodies shall notify these changes to the Executive Director of Children's Services at least once per term.

The format of the spending plan will be determined by the Authority and will build upon the model which has been in use since the inception of Local Management. Information on the format and the levels of inflation applicable in any year will be made known to Governing Bodies at least annually. The form determined by the Authority for submission of information will so far as possible take account of the Consistent Financial Reporting framework and the desirability of compatibility with that framework.

##### 4.3.1 **Submission of Financial Forecasts**

Schools are required to submit to the Authority a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current financial year. These forecasts may be used as evidence to support the Authority's responsibility for declaring their schools' adherence to the Schools Financial Value Standard and in support of the Authority's balance control mechanism.

#### 4.4 **School Resource Management**

Schools must seek to achieve efficiencies and value for money, to optimise the effective use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements outlined in section 4.10

It is for Heads and Governors to determine at school level how to secure better value for money and to regularly review income and expenditure forecasts and seek to make improvements where necessary, using comparative analysis to other schools with similar characteristics.

In order to assist Heads and Governors in the exercise of their duty, **ANNEX E**, of this Scheme provides the principles of Best Value to be adhered to.

Schools should also refer to DfE guidance at: [School Resource Management](#)

#### 4.5 **Virement**

Governing Bodies may wish to vire money between estimate heads during the course of the financial year and will be required to notify the Executive Director of Children's Services of any virements at least once per term. This should be done in accordance with the pre-agreed levels as identified in the schools' scheme of delegation.

#### 4.6 **Audit: General**

Schools will be required to co-operate with the Authority's auditors where internal audits are carried out on behalf of the Chief Finance Officer. Schools will also be required to co-operate with the external auditors of the Authority. Schools are required to provide access to schools' records for both internal and external auditors.

#### 4.7 **Separate External Audits**

Governing Bodies may use their school's budget share for the purposes of obtaining an external audit certificate where they feel this is warranted. Any such expenditure would be required to be clearly identified for the purposes of informing parents.

#### 4.8 **Audit of Voluntary and Private Funds**

Where an employee controls unofficial or voluntary funds, by virtue of their office, the Governing Body must ensure that adequate arrangements exist for the regular audit of these funds. Audit certificates in respect of such funds shall be provided to the Executive Director of Children's Services on a regular basis.

In the event that such audit certificates are not provided, the Chief Finance Officer and the Executive Director of Children's Services shall have access to such records for inspection purposes.

#### 4.9 **Register of Business Interests**

In line with the Standing Orders of the Council relating to schools with delegated powers, each Governing Body shall arrange to maintain a register to record the interests of Governors, employees and their immediate family in contracts and other matters.

The interests to be recorded for all identified above include:

- Any Business Interests
- Details of any other educational establishment that they govern
- Any Relationships between school staff and members of the Governing Body

In all cases the register must be updated on a regular basis with notification of changes and through annual review of entries. The register must be made available for inspection by Governors, staff, parents and to the Executive Director of Children's Services and their officers on request.

The register must also be published, for example on a publicly accessible website.



#### 4.10 **Purchasing, Tendering and Contracting Requirements**

In line with the requirements at 4.1.3, orders for goods, work and services must be made on an official order form.

In line with Standing Orders of the Council relating to schools with delegated powers, each Governing Body should, wherever practicable, require the Head Teacher to obtain three estimates in writing for any contract for the execution of work or the supply of goods and services where the estimated value exceeds any pre-approved limits according to a schools scheme of delegation.

Every contract shall be in writing. Where the estimated value of any work is in excess of £15,000, Governing Bodies shall follow the procedures for advertising, tendering, and accepting tenders as laid down in the Standing Orders of the Council for schools with delegated powers. These are contained within the Authority's Management Handbook.

From time to time the Authority will provide details of recommended suppliers and contractors which schools may wish to use. Where any work to be ordered may involve areas relating to health and safety, schools may wish to seek advice from the Authority on any insurance aspect of the work.

Where Governing Bodies use a contractor other than one recommended by the Authority, they should ensure that contractor has adequate cover in relation to health and safety issues as well as the level of insurance and advice may be sought from the Authority.

#### 4.11 **Application of Contracts to Schools**

A central purchasing service will be available to schools which will aim to provide value for money to the Authority. Governing Bodies may wish to use this service to take advantage of bulk purchase facilities, but will be free to determine their own suppliers.

Where Governing Bodies have entered individually into contracts for premises cleaning or grounds maintenance, those contracts will stand until the agreed expiry date.

Governing bodies are empowered under paragraph 3 of schedule 10 to the School Standards and Framework Act 1998 to enter into contracts, however in most cases this is on behalf of the Authority as maintainer of the school and owner of the funds in the budget share. Contracts may be made solely on behalf of the Governing Body when the Governing Body has clear statutory obligations eg. contracts made by aided or foundation schools for the employment of staff.

#### 4.12 **Central Funds and Earmarking**

The Authority may make available to schools further sums of money beyond the budget share. This may take the form of specific Government grant devolved to schools for clearly defined purposes or earmarked sums devolved by the Authority for specific initiatives. Such sums would not be able to be subject to virement for alternative use, except where the guidelines permit and should be treated at all times as separate from the school's budget share. Any earmarked funds, from whatever source, will be returnable to the Authority if not spent in-year.

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

#### 4.13 **Spending for the Purpose of the School**

Governing Bodies will be free to spend the school's budget share for any reasonable purpose which can be shown to help to educate the pupils in line with the National Curriculum and any specific targets which may be set.

In determining what may be termed "reasonable", Governing Bodies must have regard to the statutory requirements relating to the curriculum as a whole, including religious education and worship and with the statutory requirements relating to the special needs of statemented children.

Where the money to support a child with a statement forms part of the school's budget share Governors will be required to show that they are meeting the needs specified on that statement.

Governors will be required to comply with legislation relating to employment, health and safety and any further legislative requirements. In all areas of expenditure, Governors should seek to obtain value for money.

By virtue of Section 50(3A) (which came into force on 1<sup>st</sup> April 2011), amounts spent by Governing Bodies on community facilities under Section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes) (England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools.

#### 4.14 **Capital Spending from Budget Shares**

Where there is sufficient funding, Governing Bodies may use part of their budget share to fund works of a "capital" nature.

Where the school premises are in the ownership of the Authority, all proposals for building adaptations should be discussed with the Executive Director of Children's Services to ensure that building regulations are adhered to and to enable the Council to be asked for the additional revenue resources to fund the additional area in future years.

Consent from the Authority to the proposed works can only be withheld on health and safety grounds.

Where the school premises are not in the ownership of the Authority, additional revenue funding will not be made available unless prior approval has been granted.

#### 4.15 **Notice of Concern**

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

The notice will set out any reasons and evidence for it being made.

The Authority may impose requirements on a Governing Body in relation to the management of funds, including actions, restrictions, limitations, or prohibitions it must comply with. These requirements 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/experienced 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.

The Authority may use the notice as a way of making a Governing Body aware of the Authority's concerns short of withdrawing delegation and identifying the actions a Governing Body should take in order to improve their financial management to avoid withdrawal.

The Authority will withdraw any notice issued once the Governing Body has complied with the requirements it imposes.

#### 4.16 **Schools Financial Value Standard (SFVS)**

This Standard replaced the Financial Management Standard in Schools (FMSiS) which was withdrawn by the Secretary of State with effect from 15 November 2010.

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

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner.

***Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.***

Unless otherwise notified, all maintained schools with a delegated budget must submit the form to the local authority before 31 March annually.

The Authority can issue a notice of concern where schools fail to complete SFVS as required. The Authority may also consider publishing a list of schools that have not completed SFVS on time.

Further details and guidance can be obtained from the DfE website at:

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/Schools%20Financial%20Value%20Standard/a00192114/schools-financial-value-standard-sfvs>

#### 4.17 **Fraud**

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets. The governing body and 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 these controls. This information must also be included in induction for new school staff and governors.

## **5. INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS**

The guidelines for the operation of a school bank account should be read in conjunction to the Scheme.

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

### **5.1 Frequency of Instalments**

Bank accounts may be made available where schools wish, subject to approval by the Authority. Schools will not be required to open bank accounts and the Authority will facilitate all payments on their behalf. Schools going into deficit after the opening of their bank account shall have an approved action plan that puts them back into a balanced position within an agreed timescale with the Authority so that their eligibility for a bank account can continue. Failure to adhere to the action plan will result in the removal of the bank account facility of the school.

Where schools wish to have bank accounts (other than imprest accounts), that part of the budget share to be operated through the bank account will be allocated either in equal monthly instalments, with an addition in April to enable the payment of rates in April, or termly. Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

All schools will be able to opt for the whole budget share to be transferred to a bank account, but will be required to have payroll systems in place that guarantee compliance with the need to pay staff accurately and promptly and which are approved by the Chief Finance Officer. Schools might wish to operate a bank account for non-staffing costs only, or to continue to use the central facility.

In order to arrive at the appropriate instalments for April and/or May and June in any year, the Authority will make an assessment of the budget distribution, pending receipt of the finalised statement at the end of May.

### **5.2 Proportion of Budget Share Payable at Each Instalment**

Where the budget share is allocated monthly, the allocations will be by equal twelfths, together with the value of rates in April, and will be made by the 15th of each month or as determined by the Chief Finance Officer. This allocation will be based on, and take account of, whether a school wishes to receive its full budget share or the non-staff elements only.

Where the budget share is allocated termly the proportions of the relevant portion of the budget share payable will be as follows:- April advance to equal 40% plus the value of rates; September advance to equal 32.5% and January advance to equal 27.5%.

### 5.3 **Interest Clawback**

Where instalments are made termly, an amount will be deducted to offset the loss of revenue to the Authority, as determined by the Chief Finance Officer.

Where instalments are made monthly, there will be no deduction for loss of interest.

### 5.4 **Interest on late budget share payments**

The Authority is required to add interest to late payments of budget share instalments, where such late payment is the result of Authority error. The interest rate used will be the current Bank of England base rate.

### 5.5 **Budget Share for Closing Schools**

Where a school has been approved for closure and, where that school has been operating a bank account, the maximum advance to be made for non-staffing costs will be no higher than one-twelfth per month of the remaining available monies.

### 5.6 **Bank and Building Society Accounts**

All schools may request an external bank account as in 5.1 above. Interest accruing to that account will be retained by schools.

Where schools wish to operate a petty cash imprest account for defraying petty expenses and the purchase of small quantities of goods instead of a full or part costs bank account, the Authority will make one available. Each advance account will be accompanied by proper records and further replenishment advances will be made against a statement supported fully by vouchers and receipts. No account shall be overdrawn.

### 5.7 **Restrictions on Accounts**

In accordance to Authority policy, bank accounts may be held at any legitimate banking institutions which are United Kingdom (UK) registered as Banks or Building Societies:

School bank accounts shall bear the name of the Authority and the school as in examples "Bury Council Fairfield Primary School", or "Fairfield Primary School (Bury Council)". Money paid by the Authority and held in such accounts will remain Authority property until spent.

All account mandates should provide that the Authority is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the Authority.

## 5.8 **Borrowing by Schools**

Governing Bodies may not borrow money (which includes the use of Finance Leases) without the written permission of the Secretary of State. This includes any use of credit cards and overdrafts which are regarded as borrowing.

The Secretary of State's general position is schools will only be granted permission for borrowing in exceptional circumstances. From time to time however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives and schools may use any such scheme if available to them without specific approval, currently including the Salix scheme which is designed to support energy efficiencies.

Schools may achieve procurement efficiencies by using a purchasing card which can be made available to them by the Authority. Further details and an application form may be obtained at:

<http://intranet.bury.gov.uk/CorporateServices/CorporateProcurement/PurchasingCards.htm>

or:

[Corporate Procurement: 0161 253 6175](tel:01612536175)

## 5.9 **Retention of Records**

The following records **MUST** be kept for the current financial year and the previous six financial years:

- Copy orders
- Signed delivery notes
- Certified paid invoices
- Copy remittance advices
- Paying-in slip stubs/records
- Copy receipts for all income
- Computerised detailed accounts
- Bank statements
- Bank reconciliation statements

Cheque counterfoils should be kept in one file in cheque number order, with paid cheques if returned by the Bank. Cancelled cheques should also be kept in this file, clearly marked "CANCELLED", together with their counterfoils.

Copy orders should be kept in another file in numerical order with supporting invoices and delivery notes attached. When payments are made, the relevant copy orders should be annotated with the cheque number, payment date and amount paid. Invoices must be clearly marked "PAID".

There **MUST** be a trail from the cheque counterfoil to the order and invoice and from the monthly returns sent to the Chief Finance Officer back to the individual invoice through the accounting records held at the school.

## 5.10 **VAT**

Any penalties imposed by Customs and Excise due to errors on the part of the school, will be chargeable to the school budget.

## **6. THE TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES**

### **6.1 The Right to Carry Forward Surplus Balances**

Schools will be required to adhere to their budget limits, but in the event of an unplanned deficit occurring this will be deducted from the following year's budget share. Any surplus will be retained by the school in full and will be carried forward into the subsequent year. In certain circumstances and by prior arrangement with the Executive Director of Children's Services, it may be possible for schools to anticipate a future budget in order to undertake major works.

The balance as at 31st March determined at the year end, shall be the figure carried forward into the next financial year.

### **6.2 Controls on Surplus Balances**

In accordance to the provision permitted by the Secretary of State, with effect from 1 April 2011, the Authority to assist schools in making early efficiencies to strengthen their medium-term budgeting will thereby operate a more relaxed approach to controls on surplus balances.

All school balances will continue to be monitored and reported; however the Authority will focus the following mechanism on only those schools which have accumulated surplus balances above the maximum permitted thresholds. This will include balances recorded with effect from each completed financial year.

Where a school is anticipating that it will carry forward a balance in excess of 8% for Nursery, Primary and Special Schools and 5% for Secondary Schools of its current year budget share, (or £40,000 for Nursery, Primary and Special Schools or £100,000 for Secondary Schools, where that is greater than the relevant percentage threshold per sector), the Governing Body will be required to report to the Executive Director of Children's Services on the reasons for retaining such a balance.

Only the Executive Director of Children's Services is empowered to remove excess surplus balances above the maximum thresholds listed above.

This decision will be taken following full consideration to all relevant information provided by Financial Services and the individual school concerned.

Where the Executive Director of Children's Services may not agree to the reasons provided for any school for retaining balances above the maximum thresholds the Executive Director will be minded to instigate controls on surplus balances measures and will inform individual schools directly of this intention. Schools will have an opportunity to liaise directly with the Executive Director in respect to the matter prior to any balances being affected.

Surplus balances held by schools as permitted under this Scheme are subject to the following restrictions:

- a. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting (CFR) Framework;



- b. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance.
- c. the Authority shall then deduct from the resulting sum any amounts which the Governing Body of the school has declared to be assigned for specific purposes permitted by the Authority, and which the Authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
- d. if the result of steps a-c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £40,000 (where that is greater than either percentage threshold), then the Authority shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this Scheme or otherwise.

The Authority will involve its Schools' Forum in this process and confirm to all schools affected where balance control measures are highlighted.

Schools should be aware this provision allows for the deduction of amounts where applicable on 1 September in any financial year with no subsequent appeal or repayment.

The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority, as outlined in the DSG criteria. Any redistribution of amounts realised under this provision will focus on supporting improved provision across Bury's schools and will be determined by the Executive Director of Children's Services.

Under this provision, in full support of Schools' Forum, the Authority may also invoke its right to professional dialogue and challenge to individual schools that persistently year on year carry forward substantial surplus balances, albeit below the maximum thresholds contained within this Scheme.

### 6.3 **Interest on Surplus Balances**

Interest will neither be charged on deficits nor added to savings where the balances are held by the Authority. Where the balance is held in a separate bank account the interest accrued will remain with the school.

### 6.4 **Obligation to Carry Forward Deficit Balances**

As detailed at 6.1 above, deficit balances will be deducted from the following year's budget share.

#### 6.5 **Planning for Deficit Budgets**

As detailed in 6.1 above, schools may, with prior written permission, anticipate a future year's budget.

#### 6.6 **Charging of Interest on Deficit Balances**

As detailed in 6.3 above, interest will not be charged on deficit budgets where the funds continue to be held by the Authority. Where a school operates its own bank account, the account may not be overdrawn and, thus, the charging of interest or overdraft charges will not occur. Where an account is overdrawn in error, all charges will rest with the school. Charges incurred as a result of a school's mismanagement of funds, including in any other accounts held by the school and where authority intervention is required, will rest with the school.

#### 6.7 **Writing Off Deficits**

There will be no writing-off deficits under any circumstances or at any time.

The Authority may give assistance towards elimination of a deficit balance through the allocation of a cash sum. This may be from the Authority's schools budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum).

#### 6.8 **Balances of Closing and Replacement Schools**

At the point of closure of a school, any remaining balances (whether surplus or deficit) will revert to the Authority; it cannot be transferred as a balance to any other school, even when the school is a successor to the closing school, except that a surplus or deficit transfers to an academy or their funding agency where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

#### 6.9 **Licensed Deficits**

The arrangements for anticipating a future year's funding detailed at 6.1 above, will apply to the financial year starting on 1st April 2011, but no school with an agreed deficit shall operate its own bank account.

The written agreement will detail the anticipated pay-back timetable which can be no greater than three years and this will be adhered to unless a further agreement, not simply an extension, has been authorised by the Executive Director of Children's Services in writing.

The written agreement will also include the reason and purpose for which a deficit may be agreed and will specify the maximum size of deficit which may be agreed.

#### 6.10 **Loan Schemes**

The Authority will not operate a "loan scheme".

##### 6.10.1 **Credit Union Approach**

Schools may wish to group together to utilise externally held balances for a credit union approach to loans. Where schools choose to borrow money through such a scheme the Authority will require audit certification of the running of the scheme unless the Authority itself acts as administrator of the arrangement.

## **7. INCOME**

### **7.1 Income from Lettings**

The Governors of Community or Voluntary Controlled Schools will be required to adhere to the Authority's policy on non-school use and be required to accommodate adult education, playschemes and Authority maintained youth groups and to give sympathetic consideration to use by Authority approved youth and community use. All income from lettings will accrue to the school budget and no group may use the premises without compensating the school budget to at least the level of cost.

Private lettings can be used to cross-subsidise community and voluntary use to encourage community usage, 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.

The Governors of Voluntary Aided and Foundation Schools will be able to make their own arrangements for lettings, but must ensure that the school budget is recompensed in full for any additional cost.

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

### **7.2 Income from Fees and Charges**

Schools will retain all income from fees and charges, except where a service has been provided by the Authority from centrally retained funds. In developing a charging policy, Governors should have regard to the Authority's charging policy which is contained within the Authority's Management Handbook.

### **7.3 Income from Fund Raising Activities**

All income raised by fund raising events by or on behalf of the school will be retained by the school.

### **7.4 Income from the Sale of Assets**

Assets purchased through a school's delegated budget may be sold by the school and the proceeds remain with the school. Land and buildings owned by the Authority may only be sold by agreement with the Authority and the proceeds of any such sale would be for the Authority to determine.

### **7.5 Administrative Procedures for the Collection of Income**

The collection of money due to the Council shall be in accordance with arrangements approved by the Executive Director of Children's Services.

Schools should follow the Authority's procedures in relation to VAT on income and guidance is given in the Authority's Management Handbook,

All money received by a school shall be banked without delay, either in the school's own bank account, where this is appropriate, or in the Authority's bank for income which accrues to the Authority, e.g. for meals income where a school has contracted with the Authority's Catering Service.

All receipt forms, books, tickets, and invoices shall be in a form approved by the Chief Finance Officer, who will be able to ensure that there are appropriate mechanisms in place to ensure the safe keeping of these documents.

7.6 **Purposes for which income may be used**

All income received by the school from lettings, fees, charges, fundraising or the sale of assets will be used for the benefit of the pupils of the school.

## **8. THE CHARGING OF SCHOOL BUDGET SHARES**

### **8.1 General Provision**

The Authority shall charge a maintained school budget share without the consent of the Governing Body only in certain circumstances and having given advance notice of the intention to charge.

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

### **8.2 Charging of Salaries at Actual Cost**

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

### **8.3 Circumstances in which Charges may be made**

8.3.1 The Authority may charge a school budget share without the consent of the Governing Body where premature retirement costs have been incurred without the prior written agreement of the Authority to bear such costs and where the costs are in excess of any agreement which the Authority would have made.

8.3.2 The Authority may charge a school budget share without the consent of the Governing Body to recover any expenditure incurred to secure resignations where the Governors have acted contrary to any advice from the Authority.

8.3.3 The Authority may charge a school budget share without the consent of the Governing Body in the matter of awards by courts and industrial tribunals against the Authority, or out of court settlements where the Governors have acted contrary to any advice from the Authority.

8.3.4 The Authority may charge a school budget share without the consent of the Governing Body where the Governors have neglected to carry out a health and safety repair which might lead to the Authority being deemed liable. Where a health and safety responsibility might rest with the Governing Body of an aided school, and a dispute exists as to the extent of such responsibility, the Authority may charge the school budget share, pending the outcome of any dispute.

8.3.5 The Authority may charge a school budget share where Governors have received delegated funds for carrying out health and safety repairs or improvements and for "capital" works, but have failed to carry out these jobs and the Authority is required to fund the work.

8.3.6 The Authority may charge a school budget share without the consent of the Governing Body for insuring its own interest 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. See also 12.1

- 8.3.7 The Authority may charge a school budget without the consent of the Governing Body where money is owed by the school to the Authority for services provided and the process of resolving any dispute has been followed and the process has resolved that the monies are owed to the Authority.
- 8.3.8 The Authority may charge a school budget share without the consent of the Governing Body where penalties have been imposed on the Authority by the Board of Inland Revenue, the Contributions Agency, HM Revenues and Customs, Teachers Pensions, the Environment Agency, or any other regulatory authority as a result of school negligence.
- 8.3.9 The Authority may charge a school budget share without the consent of the Governing Body where the Authority has incorrectly computed charges to a budget share, e.g. pension deductions. No such deduction would take place without discussions between the Authority and the Head Teacher or the Governing Body.
- 8.3.10 The Authority may charge a school budget share without the consent of the Governing Body where a Governing Body has determined changes to the length of the school day without notifying the Authority in good time and transport costs are incurred.
- 8.3.11 The Authority may charge a school budget share without the consent of the Governing Body where legal costs are incurred by the Authority through actions of the Governing Body which were in contravention of any advice from the Authority.
- 8.3.12 The Authority may charge a school budget share without the consent of the Governing Body where funds have been delegated to the Governing Body for the essential training of employees in health and safety issues and the training has not been carried out.
- 8.3.13 The Authority may charge a school budget share without the consent of the Governing Body where the school has borrowed against the regulation at 5.8 above the compensation becomes due to a lender. Section 5.8 stipulates schools may not enter into any borrowing agreements without the written permission of the Secretary of State.
- 8.3.14 The Authority may charge a school budget share without the consent of the Governing Body for costs 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 costs of the Authority's compliance with its statutory obligations.

- 8.3.15 The Authority may charge a school budget share without the consent of the Governing Body for costs incurred by the Authority in securing provision specified in an Education Health & Care Plan (EHCP) where the Governing Body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- 8.3.16 The Authority may charge a school budget share without the consent of the Governing Body for costs incurred by the Authority due to the submission by the school of incorrect data.
- 8.3.17 The Authority may charge a school budget share without the consent of the Governing Body for the recovery of amounts spent from specific grants on ineligible purposes
- 8.3.18 The Authority may charge a school budget share without the consent of the Governing Body for costs incurred by the Authority as a result of the Governing Body being in breach of the terms of a contract.
- 8.3.19 The Authority may charge a school budget share without the consent of the Governing Body for costs incurred by the Authority or another school as a result of a school withdrawing from a cluster arrangement which may include where this has funded staff providing services across the cluster.

## **9. TAXATION**

### **9.1 Value Added Tax**

Schools who wish to have bank accounts will be required to maintain records and documents in line with the requirements placed upon the Authority by HM Customs and Excise. Detailed information on this process is provided in the Authority's Management Handbook. The method of reimbursing schools for VAT will be in line with the existing bank account scheme.

### **9.2 CIS (Construction Industry Taxation Scheme)**

Schools will be required to follow the Authority's procedures for payment of buildings work invoices which might involve CIS. Detailed information on these procedures is provided in the Authority's Management Handbook.



## **10. PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY**

### **10.1 Provision of Services from Centrally Retained Budgets**

The Authority will determine the deployment and operational details of services funded by centrally held budgets. The Authority will manage issues in relation to existing premature retirement costs and redundancy where there is no dispute with the Governing Body as to the level of such payments. All schools will have equal access to that central service where need applies equally and the school budget does not contain delegated funds for the services.

### **10.2 Provision of Services Bought Back from the Authority using Delegated Budgets**

Any service level agreement for buy-back of services delegated to schools and payable from a school's delegated budget will be subject to an annual or up to three year agreement. At the end of each period of time, further agreements relating to the same services will be subject to no more than a five year agreement. Contracts for the supply of catering services may be extended to a maximum of 7 years.

This is to enable the Authority to plan a realistic delivery of services requested by schools.

For services provided for which expenditure is not retainable centrally by the Authority under the Regulations made under section 45A of the Act, they must be offered at prices that 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.

The Authority must show during audit tests that the charging policy can reasonably be expected to avoid central subsidy of services.

### **10.3 Packaging**

The Authority will undertake to package services on a co-ordinated way, which will leave schools free to purchase some services rather than all. Where it is financially viable to do so, the Authority will offer a small discount in the cost of buy-back where all services are bought by a school. The full details of these costs and the details of packages will form part of the consultation with schools to enable schools to make informed choices in time for 1st April each year.

### **10.4 Service Level Agreements**

Where services or facilities are provided to schools on a buy-back basis under a service level agreement, the terms of any such agreement will be subject to review within a period not exceeding three years from the inception of the agreement.

Where services or facilities are provided to schools on a buy back basis, the service level agreement will include charges applicable for a full buy-back and any ad hoc charges that would apply in the event that a school did not wish to opt for a full buy-back, and these ad hoc facilities would continue during the period that the operation of such a service continues to be financially viable for the Authority to provide.

## **10.5 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.

**11. PFI/PEP**

Where public finance initiatives develop within the Authority further guidance will be provided.

## **12. INSURANCE**

### **12.1 Insurance Cover**

Where schools require the delegation of monies for insurance in addition to the monies delegated for theft cover, and they do not wish to be included in the Authority's insurance arrangements, Governing Bodies will be required to demonstrate that the cover provided by an external insurer is at least as good as that which would be provided by the Authority. Where Governing Bodies in future wish to make separate arrangements to cover the school for theft, then they will be required to demonstrate that the cover is at least as good as that provided through the Authority. (See also 8.3.6)

In accordance to Authority Financial Guidance for school issued by the DfE in July 1999 and updated to reflect Authority actual cover levels, the non-property insurance cover levels are:

- Business interruption: re-instatement, loss of revenue, any additional costs associated to business interruption
- Contract works: £6,000,000
- Money: £25,000 but cheques £250,000
- Fidelity guarantee: £5,000,000
- Employers and public liability: at least £50m any one incident
- Governors' liability: see Employers and public liability
- Libel and slander: see Employers and public liability
- Legal expenses: covered by Authority Legal services or a minimum £100,000

These categories are not exhaustive.

## **13. MISCELLANEOUS**

### **13.1 Right of Access to Information**

The Authority will require Governing Bodies to provide all reasonable financial information and records to enable the Authority to assure itself that the delegated budget is being used in accordance with the delivery of education to the pupils of the school and that any earmarked funds are being used only for the purpose for which the earmarked funds have been provided.

### **13.2 Liability of Governors**

Where Governors of maintained schools act in accordance with these regulations and any guidance that has been offered by the Authority and where they have acted in good faith, they will not be held personally liable for any subsequent damages that might be levied.

### **13.3 Governors' Expenses**

Governors may be paid from the delegated budget, expenses in relation to travel and subsistence when carrying out duties in connection with the work of the Governing Body insofar as the regulations of each Governing Body permit and in accordance with the level of payments recommended by the Authority. No payments may be made that do not fall within the above definitions. Where a school falls into special measures and additional Governors are appointed by the Secretary of State, expenses will be paid by the Secretary of State and no expenses should be paid from the school budget.

### **13.4 Responsibility for Legal Costs**

Where the Authority is responsible for the maintenance of a school and legal costs are incurred by the Governing Body as a result of rejecting the Authority's advice, the school budget may be charged. Governors of voluntary aided schools acting in connection with their responsibility for the school buildings would not incur such charges. Where schools require independent legal advice to resolve a potential conflict of interest with the Authority, the school's budget share may be used to purchase such advice.

### **13.5 Health and Safety**

Governors of schools must have regard to the Authority's Health and Safety Policy. Governing Bodies are required to act in accordance with the policy and operate within the requirements placed upon Authority's in the matter of health and safety.

### **13.6 Right of Attendance for Executive Director of Children's Services and Chief Finance Officer**

Governing Bodies should permit the attendance, provided prior notice is given and agreed, of either the Executive Director of Children's Services or the Chief Finance Officer, or their representatives, at any meeting of the Governing Body where any particular agenda items are relevant to the exercise of their responsibilities.

13.7 **Special Educational Needs**

Governing Bodies covered by the Scheme must use their best endeavours in spending their budget share to secure appropriate provision and support for those pupils with Special Education Needs.

13.8 **Interest on Late Payments**

Schools are reminded that the Authority is required to add interest to late payments of budget share instalments, where such late payment is the result of Authority error. The interest rate used will be the current Bank of England base rate.

13.9 **Whistleblowing**

Information & advice on the procedure for school governors/employees or any other person working at the school who may have a complaint in respect of financial management or financial propriety at the school is available from the Financial Services Team on a strictly confidential basis.

In the first instance, complaints should be in writing and addressed to the Executive Director of Children's Services.

13.10 **Child Protection**

Schools should be aware that from time to time there is a need to release staff to attend child protection case conferences and other related events. Any associated costs will fall to be met by the school.

13.11 **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 B**.

#### **14. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE**

- 14.1 Schools must expect to finance from their budget all repairs and maintenance and capital works where alternative funding is not available.
- 14.2 For voluntary aided schools, the liability of the authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant, which includes an allowance for Value Added Tax (VAT), from the Secretary of State for capital works at voluntary aided schools, depends on the *de minimis* limit applied by DfE to categorise such work, not the *de minimis* limit used by the authority.
- 14.3 Attached for information at **ANNEX F** are the categories of work defined within CIPFA Code of Practice which identifies what works may be deemed Capital and Revenue. This list does not identify Authority responsibility.

## **15 COMMUNITY FACILITIES**

### **APPLICATION OF SCHEMES FOR FINANCING SCHOOLS TO THE COMMUNITY FACILITIES POWER**

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 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.

The control and management of community facilities funds operates under the Authority's financial regulations. Any mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

#### **15.1 CONSULTATION WITH THE AUTHORITY – FINANCIAL ASPECTS**

- 15.1.1 Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the local education authority, and have regard to advice given to them by their Authority.
- 15.1.2 Information and advice in relation to the administration and financial management of community facilities should be sought from the Authority.
- 15.1.3 Any advice requested from the Authority will be responded to within a maximum of six weeks. The advice will not incur any levy from the Authority and schools may be required to inform the Authority of action that has been taken following Authority advice.



## **15.2 FUNDING AGREEMENTS – AUTHORITY POWERS**

- 15.2.1 The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part on the provision. A very wide range of bodies and organisations are potentially involved.
- 15.2.2 Where any third party agreement is to be entered into the Authority requires that any such proposed agreement should be submitted to the Authority for its comments, with adequate notice for the Authority to review the agreement prior to it being signed. 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.

The Secretary of State does not consider that it is appropriate for LAs to have a general power of veto for these agreements. However, schools are reminded that 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.

## **15.3 OTHER PROHIBITIONS, RESTRICTIONS and LIMITATIONS**

- 15.3.1 The Authority may require that in a specific instance of utilising 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.
- 15.3.2 Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions, and limitations in the Scheme for Financing Schools. The Authority may if it wishes propose other Scheme provisions of that nature which they believe necessary. In considering whether to approve any such provisions for inclusion in the Authority's Scheme, the Secretary of State will adopt as her principal criterion that restrictions should only be in existence if they are necessary to safeguard the financial position of the Authority or school, or to protect pupil welfare or education.

## **15.4 SUPPLY OF FINANCIAL INFORMATION**

- 15.4.1 Schools which exercise the community facilities power should provide, as a minimum, the Authority with a summary statement every six months, 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.
- 15.4.2 The Authority, on giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, can require such financial statements to be supplied every three months.

- 15.4.3 Financial information relating to community facilities will be included in returns made by Bury schools under the Consistent Financial Reporting Framework, and these will be relied upon by the Authority as the main source of information for the financial aspects of community facilities. However, the CFR timetable is such that the Authority is likely to want supplementary information in order to ensure that schools are not at financial risk. (Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share).
- 15.4.4 These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the Authority as to the financial reporting requirements arising from the funding in question.
- 15.4.5 Schools producing monthly cheque book management reports will include the income and expenditure details required by the Authority.

## **15.5 AUDIT**

- 15.5.1 Schools are 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.
- 15.5.2 Schools, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, are asked 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 in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

## **15.6 TREATMENT OF INCOME AND SURPLUSES**

- 15.6.1 The Authority allows schools to retain all income derived from community facilities except where otherwise agreed with a funding provider, whether that be the Authority or some other person.
- 15.6.2 Schools are able 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.
- 15.6.3 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.

## **15.7 HEALTH AND SAFETY MATTERS**

- 15.7.1 In expending any community facilities funds the Governing Bodies of schools covered by the Scheme are required to have due regard to the duties placed on the Authority in relation to health and safety and the Authority's policies on health and safety in the management of the budget share.
- 15.7.2 The Governing Body has the responsibility for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

## **15.8 INSURANCE**

- 15.8.1 It is the responsibility of the Governing Body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power. Such insurance should not be funded from the school budget share. Schools should seek the advice of the Authority before finalising any insurance arrangement for community facilities.

In principle, the insurance issues arising from use of the community facilities power are the same as those which already arise from non-school use of school premises. However, a school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary.

- 15.8.2 The Scheme empowers the Authority 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 a provision is necessary in order for the Authority to protect itself against possible third party claims.

## **15.9 TAXATION**

- 15.9.1 Schools should seek the advice of the Authority and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the Local Authority VAT reclaim facility.
- 15.9.2 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 the school's own bank account, the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.
- 15.9.3 Schools should follow Authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

## **15.10 BANKING**

15.10.1 All schools utilising community facilities powers must comply with the banking arrangements within the Authority's Financial Regulations and Management Handbook. The school can either maintain separate bank accounts for budget share and community facilities, or have one account but adequate internal accounting controls to maintain separation of funds.

The Authority Financial Services Team are available to advise any school covered by the Scheme as to the most appropriate way of ensuring that adequate separation of funds is maintained.

15.10.2 Advice in relation to the signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters can be obtained from the Financial Services Team and from the Financial Regulations / Management Handbook.

15.10.3 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 Bury Council.

**MAINTAINED SCHOOLS COVERED BY THIS SCHEME – at 1 April 2021 ANNEX A**

<b>Primary &amp; Nursery Schools</b>		
All Saints C.E. Primary, Stand	Sedgley Park Community Primary	
Bury and Whitefield Jewish Primary	Springside Primary	
Butterstile Primary	Whitefield Community Primary	
Cams Lane Primary	Woodbank Primary	
Chantlers Primary	<b>Secondary Schools</b>	
Chapelfield Primary	Bury Church High	
Chesham Primary	Manchester Mesivta High	
Christ Church C.E. Primary, Ainsworth	The Derby High	
Emmanuel Holcombe C.E. Primary	The Elton High	
Fairfield Community Primary	Parrenthorn High	
Greenmount Primary	Philips High	
Guardian Angels R.C. Primary	<b>Special Schools</b>	
Hazlehurst Primary	Cloughside School	
Heaton Park Primary	Millwood Primary School	
Holcombe Brook Primary	Spring Lane School (Secondary PRU)	
Hollins Grundy Primary	<b>Academies – For Information only</b>	
Holly Mount R.C. Primary	<b>(Scheme does not apply)</b>	
Hoyle Nursery School	Hazel Wood High	
Lowercroft Primary	St. Gabriel's R.C. High	
Mersey Drive Community Primary	St. Monica's R.C. High	
Old Hall Primary	The Heys (Prestwich) High	
Our Lady of Grace R.C. Primary	Tottington High	
Our Lady of Lourdes R.C. Primary	Unsworth High	
Park View Primary	Woodhey High	
Peel Brow Primary	Christ Church C.E. Primary, Walshaw	
Ribble Drive Community Primary	East Ward Community Primary	
St. Andrew's C.E. Primary (Radcliffe)	Elms Bank Specialist Arts College	
St. Andrew's C.E. Primary (Ramsbottom)	Elton Primary	
St. Bernadette's R.C. Primary	Gorsefield Primary	
St. Hilda's C.E. Primary	Greenhill Primary	
St. John with St. Mark C.E. Primary	Holy Trinity C.E. Primary	
St. Joseph's R.C. Primary (Ramsbottom)	Higher Lane Primary	
St. Joseph & St. Bede R.C. Primary	Radcliffe Hall C.E./Methodist Primary	
St. Luke's C.E. Primary	Radcliffe Primary	
St. Margaret's C.E. Primary	St. John's C.E. Primary (Radcliffe)	
St. Marie's R.C. Primary	St. Thomas's C.E. Primary	
St. Mary's C.E. Primary, Prestwich	Summerseat Methodist Primary	
St. Mary's R.C. Primary, Radcliffe	Sunny Bank Primary	
St. Mary's C.E. Primary, Hawkshaw	Tottington Primary	
St. Michael's R.C. Primary	Unsworth Primary	
St. Paul's C.E. Primary, Bury	Wesley Methodist Primary	
St. Peter's C.E. Primary	Yesoiday HaTorah Boys Primary	
St. Stephen's C.E. Primary	Yesoiday HaTorah Girls Primary	

**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 has 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 early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share".

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

(7) Where a local education authority incurs costs—

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

(b) in respect of the dismissal, or for the 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.

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

## **ANNEX B (cont'd)**

- (7B) The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.
  
- (8) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.



**ANNEX C: APPLICATION OF SCHEMES FOR FINANCING SCHOOLS TO THE COMMUNITY FACILITIES POWER**

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

Section 88 of the Children and Families Act 2014, has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England.

Under section 28(4) a school was obliged to consult its local authority and under section 28 (5) a school must have regard to advice or guidance from the Secretary of State or their local authority when offering this type of provision.

Under section 28(1), the main limitations and restrictions on the power will be those contained in the maintaining local authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002.

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

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

See Section 15 of this Scheme for all provisions relating to Community Facilities Power

## EARLIER DIRECTED REVISIONS

Following consultation that closed on 19 March 2012, the Secretary of State directs that from 1 April 2012 the text below should be incorporated into the schemes of all local authorities in England. The revised text was included in the 26 March 2013 version of the guidance.

### **Efficiency and value for money**

The scheme must include the following provision, which imposes a requirement on schools to achieve efficiencies and value for money, to optimise their resources and invest in teaching and learning, taking into account the purchasing, tendering and contracting requirements.

Schools must seek to achieve efficiencies and value for money, to optimize the use of their resources and to invest in teaching and learning, taking into account the local authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money. There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements

### **Schools financial value standard (SFVS)**

All local authority maintained schools, including nursery schools and PRUs that have a delegated budget) must demonstrate compliance with the SFVS and complete the assessment form on an annual basis. It is for the school to determine at which time of the year they wish to complete the form.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the chair of governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

### **Fraud**

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

The governing body and 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.

### **Planning for deficit budgets**

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.

Bury's threshold for deficits is 0% whereby all deficits are subject to recovery planning.

### **Submission of financial forecasts**

Following consultation that closed on 30 September 2019, from the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.

Following consultation that closed on 30 September 2019, the Secretary of State directs that the text below shall be incorporated into the schemes of all local authorities in England, however due to coronavirus (COVID-19) the directed revision to follow will only be expected to be enforced from the 2021 to 2022 funding year.

### **Register of business interests**

The scheme must contain a provision which requires the governing body of each maintained school to have a register which lists for each member of the governing body and the head teacher:

- any business interests that they or any member of their immediate family have
- details of any other educational establishments that they govern
- any relationships between school staff and members of the governing body

And to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff and parents, and the local authority, and to publish the register, for example on a publicly accessible website.

### **Borrowing by schools**

The scheme should contain a provision reminding schools that governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances.

From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the including the Salix scheme, which is designed to support energy saving.

Following consultation, the Secretary of State directs that from 22 March 2018 the text below shall be incorporated into the schemes of all local authorities in England.

### **Loan schemes**

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.

**PRINCIPLES OF BEST VALUE**

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 is 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 authority 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. Authority 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.

**The following five key features represent the government's expectations for the Best Value Framework.**

<b>Key Features</b>	<b>Main Points</b>
Authorities must establish a corporate view of what they wish to achieve and how they perform against both objective indicators where they exist and the more subjective views of the local community and those that do business with them.	<ul style="list-style-type: none"> <li>➤ Corporate</li> <li>➤ Overall Vision</li> <li>➤ Objective measures</li> <li>➤ Stakeholder perceptions/ subjective measures</li> </ul>
Authorities must review a proportion of their service activity each year.	<ul style="list-style-type: none"> <li>➤ All areas every 4-5 years</li> <li>➤ Highlight poor performers for priority action</li> </ul>
There must be a review mechanism to establish improvement targets and efficiency targets, and how the targets will be achieved using open competition unless authorities are able to demonstrate why this is inappropriate in the circumstances.	<ul style="list-style-type: none"> <li>➤ Targets for standards and efficiency</li> <li>➤ Open competition</li> <li>➤ Performance management techniques</li> </ul>
Authorities must publish and report back on their performance against their targets, they must also participate with other authorities in sharing information and experience.	<ul style="list-style-type: none"> <li>➤ Driving continuous improvement</li> <li>➤ Share performance information</li> <li>➤ Share good practice</li> </ul>
There is a key role for the audit process in ensuring the integrity of reviews and in certifying monitoring information.	<ul style="list-style-type: none"> <li>➤ Transparent and rigorous to create credibility</li> <li>➤ Intervention where failure not tackled</li> </ul>

## CAPITAL / REVENUE SPLIT

## ILLUSTRATIVE EXAMPLES IN LINE WITH INTERPRETATION OF THE CIPFA CODE OF PRACTICE

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

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

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
<b>Floors</b>		
<u>Ground Floor</u>	Structure and damp proof course in new building	Repair/replacement of small parts of an existing structure
	Structure and damp proof course - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	
	Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room	Replacement and repair of screed and finishes/ Replacement of mats/ matwells. Maintenance e.g. revarnishing wooden floors.
<u>Upper Floor</u>	Structure - as ground floor	As ground floor
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor
<b>Ceilings</b>		
<u>Top/ only storey</u>	Suspension	Repair/ replacement incl. From water damage, & necessary decoration
	Membrane	
	Fixed	Repair/ replacement inc. from water damage
	Access panels	Repair/ replacement
<u>Lower storeys</u>	Suspension	Repair/ replacement
	Membrane	
	Fixed	Repair/ replacement
<u>All</u>	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection



<b>ELEMENT</b>	<b>CAPITAL: AS CIPFA CODE OF PRACTICE</b>	<b>REVENUE: REPAIRS &amp; MAINTENANCE</b>
<u>Lower storeys</u>	Suspension	Repair/ replacement
	Membrane	
	Fixed	Repair/ replacement
<u>All</u>	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection
<b>External walls</b>		
<u>Masonry/ cladding</u>	Structure Underpinning/ propping for new build	Repairs Preventive measures e.g. tree removal
	External Finish on new build	Repair/replacement of small parts of an existing structure. e.g. repointing/ recladding a proportion of a wall where failure has occurred.
	External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/ recladding work affecting most of a building /replacement build	
<u>Windows and Doors</u>	Framing - new build	Repair/ replacement of individual frames. Repainting frames
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames
	Glazing - new build	Replacing broken glass
	Glazing Upgrading existing glazing	
	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.
	Jointing including mastic joints	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.

<b>ELEMENT</b>	<b>CAPITAL: AS CIPFA CODE OF PRACTICE</b>	<b>REVENUE: REPAIRS &amp; MAINTENANCE</b>
<u>Masonry chimneys</u>	Structure	
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing
<b>Internal walls</b>		
<u>Solid</u>	Complete including various internal finishes, linings, and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
	Refurbishment and alterations	Minor alterations
<u>Partitions</u>	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
	Refurbishment and alterations	Minor alterations
<u>Doors &amp; Screens</u>	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens
<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
<b>Sanitary Services</b>		
<u>Lavatories</u>	In new buildings provision of all toilet fittings, waste plumbing and internal drainage.	Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc.
	Large scale toilet refurbishment	Small areas of refurbishment
	Provision of disabled facilities, and specialist facilities related to pupils with statements	Repair/ replacement of damaged fittings, waste plumbing etc.
<u>Kitchens</u>		
	Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.	Maintain kitchen to requirements of Authority Cleaning out drainage systems Redecoration

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
	General refurbishment	Repairs
	Large and costly items of equipment	Repairs/ replacement parts
<b>Mechanical services</b>		
<u>Heating/ hot water</u>	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects
	Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring systems  Health & safety issues
	Planned replacement of old boiler/ controls systems past the end of their useful life	Replacement of defective parts
	Emergency replacement of boiler plant/ systems	
<u>Cold water</u>	Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects	Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.
<u>Gas</u>	Distribution on new and major refurbishment's, terminal units	Repairs, maintenance, and gas safety All servicing
<u>Ventilation</u>	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units
<u>Other</u>	Swimming pool plant and its complete installation, including heat recovery systems	Repair/ replacement of parts to plant, pumps, and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
<b>Electrical services</b>		
<u>General</u>	Main switchgear and distribution in major projects.	Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing, and bonding to meet Health & Safety. All servicing.
<u>Power</u>	Control gear, distribution, fixed equipment, protection etc.	All testing, repair, and replacement of small items of equipment
<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments, and improvements to emergency
<u>Other</u>	Lightning protection in new build	Repair/ replacement
	Alarm systems, CCTV, lifts/ hoists etc.,	Repair and maintenance
	New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.	Repair/ replacement/ maintenance, including all door access systems
<b>External Works</b>		
<u>Pavings</u>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps, and handrails, as part of major project, including disabled access	Maintenance and repair Car park and playground markings.
<u>Miscellaneous</u>	Provision of walls, fencing, gates, and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
<u>Drainage</u>	Drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
<u>Open air pools</u>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance, and repairs, including replacement parts. Simple energy saving systems.
<u>Services distribution</u>	Heating mains Gas mains Water mains Electricity mains, renewal of any above.	Annual servicing

**Notes**

This illustrative list is the interpretation of the CIPFA Code of Practice and schools should refer to the Code when defining capital and revenue.

**CONTACTS**

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**Published Scheme**

In accordance to the provision at 1.3 this Scheme is available for open public view at the following weblink:

Bury Council Intranet (Internal): <https://www.bury.gov.uk/index.aspx?articleid=11237>

Bury Council Internet: <https://www.bury.gov.uk/CHttpHandler.ashx?id=17950&p=0>

Alternatively this Scheme may be found by following the Internet route:

[www.bury.gov.uk](http://www.bury.gov.uk)

then from the headings follow:

- > Schools and learning
- > Section 251 financial statements and scheme for financing schools