

**Royal Borough of
Greenwich**

**Scheme for
Financing Schools
(Scheme)**

Regulations and guidance governing the financial
relationship between the Royal Borough of
Greenwich and its maintained schools

June 2019


ROYAL *borough of*
GREENWICH

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I. INTRODUCTION

1.1 The Funding Framework

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

Under this legislation, Councils determine for themselves the size of their Schools Budget and non-schools education budget- although at a minimum a local authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two taken together is all expenditure, direct and indirect, on the authority's maintained schools except for capital and certain miscellaneous items. Local authorities may deduct funds from their Schools Budget for purposes defined in regulations made by the Secretary of State under section 45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limit or conditions (including gaining the approval of their School Forum or the Secretary of State in certain circumstances) as prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained expenditure is termed the Individuals Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculations 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 LA in accordance with section 48 of the Act and regulations made under that section. All proposals to revise the scheme must be approved by the Schools Forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provisions 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 school¹ and for any additional purposes prescribed by the Secretary of State in regulations made under section 50 of the Act.

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

¹ Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act).

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

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State, but each school must receive a copy of its own budget and out-turn statements.

Regulations also require a local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

I.2 The Role of the Scheme

This Scheme sets out the financial relationship between the Royal Borough and maintained schools, which it funds. It contains requirements for financial management and related issues, which are binding on both the Royal Borough and on schools. These requirements attempt to seek the right balance between giving schools the freedom necessary to exercise their delegated and devolved budget authority, and maintaining due regard for the proper accountability for and control over the expenditure of public funds.

I.3 Application of the Scheme to the Royal Borough and Maintained Schools

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

I.4 Publication of the Scheme

A copy of the Scheme will be made available on the Royal Borough's website. Any approved revisions will be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date. Schools will be notified accordingly.

The Scheme will be supported by the School Finance Manual.

I.5 Revision of the Scheme

All proposed revisions to the Scheme must be submitted to the Schools Forum for approval by members of the Forum representing maintained schools after consultation with schools covered by the Scheme.

Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.

I.6 Delegation of Powers to the Headteacher and to Committees of the Governing Body.

The Governing Body has overall responsibility for the resources allocated to the school. It must consider the extent to which it wishes to delegate its financial powers to a committee of the Governing Body (normally a finance committee) or to the Headteacher. This is called the **Scheme of Delegation**² and should include:

- **Terms of Reference** for each committee setting out the functions delegated to the committee by the full governing body.
- **A Statement of Roles and Responsibilities** detailing roles and responsibilities of the Governing Body, its committees, the Headteacher and other staff involved in the financial administration of the school.

The Scheme of Delegation (and any revisions) shall be formally agreed and minuted by the Governing Body.

Governing bodies are advised to delegate responsibility for day-to-day financial management to the Headteacher and staff, including the right to incur and authorise expenditure and the right to vire sums from one budget heading to another, up to an agreed limit. The governing body should receive regular reports on the school's financial position.

The first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body if empowered to do so under the Terms of Reference.

I.7 Maintenance of Schools

The Royal Borough is responsible for maintaining the schools covered by the Scheme. This includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary school where some of the expenses are, by statute, payable by the governing body). Part of the way the Royal Borough maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

² Guidance on the Scheme of Delegation is detailed in the School Finance Manual including model documents.

2. FINANCIAL CONTROLS

2.1 General Procedures

Application of Financial Controls to Schools

The Royal Borough's Director of Finance is responsible for the proper administration of the Royal Borough's financial affairs, including all aspects of financial management undertaken by a Governing Body, under section 151 of the Local Government Act 1972. The school has a duty to ensure the local management of delegated budgets and other funds conforms to the Royal Borough's requirements on financial controls and monitoring as detailed in the School Finance Manual. The Governing Body and Headteacher are responsible for the proper financial management and financial probity of their school and are required to assist the Director of Finance and the Director of Children's Services in the discharge of their statutory duties.

All Governors of a school have collective responsibility, the governing body is a corporate body, for action agreed in accordance with the Royal Borough's regulations and procedures. Joint liability exists for such actions within the terms of the Education Act 1996. The Governing Body and Headteacher have responsibility to ensure compliance with the terms of all statutes, statutory instruments, rules, orders, regulations and bylaws which may affect the operation of schools.

The Governing Body shall be responsible for the accountability of staff and the security, custody and control of all resources, including plant, buildings, materials, cash and stores appertaining to its school. The Governing Body has a duty to ensure all staff within the school are made aware of the existence and significance of the regulations and procedures. Any staff who fail to observe the regulations and procedures of the Royal Borough may be subject to disciplinary action.

Provision of Financial Information and Reports

School Responsibility

Schools are required to provide the Royal Borough with financial information and monitoring reports³ in accordance with a pre-determined schedule provided to schools prior to the commencement of each financial year.

Schools operating an on-line data transfer with the Royal Borough and electing to make their own arrangements for the administration of payroll may be required to submit to the Royal Borough a monthly return of such costs. This should be in a format which complies with the Consistent Financial Reporting (CFR) framework.

Schools not operating an on-line data transfer must submit a quarterly income and expenditure account unless the Royal Borough has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation.

³ Detailed guidance on Financial Information and Monitoring reports will be found in the School Finance Manual

All submissions should be in a format that complies with the Consistent Financial Reporting Framework.

Royal Borough Responsibility

The Director of Finance will provide regular payroll and central charges information to schools in accordance with a pre-determined schedule provided to schools at the commencement of each financial year.

Within three months of the end of each financial year the Director of Finance shall endeavour to provide a written statement to the Governing Body on the final account position.

Payment of Salaries and Bills

Salaries, Wages and Pensions

The Governing Body of each school is responsible for securing the provision of a payroll function for school employees to cover:

- the calculation of all remuneration, pensions and gratuities, deductions for income tax, superannuation, National Insurance, etc.
- the timely payment of all staff
- compliance with all relevant tax, national insurance and superannuation legislation.

The Governing Body may choose to exercise this responsibility through the Royal Greenwich Payroll Service, an outside agency or in house, but must follow detailed guidance in the School Finance Manual and satisfy requirements of the Director of Finance.

Teachers' Pensions

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 Royal Borough 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 Royal Borough which the Royal Borough requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Royal Borough 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 Royal Borough 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 Royal Borough which the Royal Borough requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Royal Borough 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 Royal Borough within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

Accounts Payable

The Governing Body shall be responsible for ensuring that all sums paid are legally and properly payable from delegated resources. Payments should be made within 30 days of completion of contract or receipt of goods or within the settlement terms agreed at purchase and should be certified in accordance with the terms of reference for delegation of responsibility agreed by the Governing Body (see section 1.5).

Under statutory requirements, suppliers can charge interest on late payments for goods and services, any schools being charged are liable for the costs and this must be paid out of the school's budget share.

The creditor payment system operated by the school for the management and disbursement of resources delegated to the Governing Body must be in accordance with the agreement of the Director of Finance, in order to ensure the integrity of the Royal Borough's financial accounting arrangements.

Control of Assets

Each school is required to maintain an inventory⁴ of its moveable non-capital assets, in a form to be determined by the Director of Finance, and to set out the basic authorisation procedures for disposal of assets. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000 but must keep a register in some form for all portable and desirable items.

The Governing Body must ensure adequate security of all cash and valuables held on school premises, in accordance with the School Finance Manual.

Accounting Policies (including year-end procedures)

Schools must abide by procedures issued by the Royal Borough in relation to accounting policies and year-end procedures.

The year-end procedures and timetable are set out in the Closedown Procedure Pack supplied by the Schools Accounting Team at the beginning of the closedown period of each financial year.

Schools shall provide the Director of Finance with any information requested and which is required for the purpose of maintaining or closing the accounts of the Royal Borough.

Access and Retention of Records

Governing Bodies shall retain the financial records for the current year and at least the minimum periods listed in the School Finance Manual. These financial records shall be made available for inspection by:

⁴ Guidance on maintaining an inventory of assets and determining policy on the disposal of assets is detailed in the School Finance Manual.

- the Director of Finance or their representative
- external audit
- the public at the year end
- external statutory bodies e.g. Ofsted and HMRC.

Writing off Debts

Governing bodies may write off debts in accordance with procedures within the School Finance Manual.

2.2 Basis of Accounting

Accounting records submitted to the Royal Borough shall be on a cash receipt and payments basis or as otherwise directed by the Director of Finance.

Schools may use what financial software they wish, provided they meet any costs of modification to provide output required by the authority.

2.3 Submission of Budget Plans

Each Governing Body is required to submit a budget plan to the Royal Borough by the 30th June. The budget plan should show the schools intentions for expenditure and income focusing on providing a balanced budget position for the “current year”, and illustrative positions for the subsequent two financial years.

The detail for the two subsequent years, can only be considered to facilitate due diligence and longer term planning and provide a sound basis for discussion between the School/Governing body and the Royal Greenwich. Unless a School is in a Deficit Recovery Plan when the longer term planning process is more formalised (section 4.8 for more detail).

The format of the budget plan will be determined by Royal Greenwich and will reflect the Consistent Financial Reporting Framework (CFR). Detailed guidance on the completion of the budget plan will be in the Schools Finance Manual.

Schools must incorporate their surplus/deficit from previous years and recognise that surplus balances should only be committed towards short term expenditure needs. Addressing any deficits from prior years must be the first consideration.

The Schools annual budget plan must be approved by the Governing Body or a committee of the Governing Body.

Royal Greenwich may determine that a revised budget needs to be submitted during the financial year. This should be in agreement with the school and where possible following intervals of 3 months.

The Royal Borough will supply schools with an annual budget statement by the 28th February in line with DFE requirements.

The Royal Borough will supply schools with any expenditure information that it holds which is deemed appropriate to enable a school to set their budget.

Submission of Financial Forecasts

Schools are only required to submit multi-year financial forecasts at the request of the Royal Borough. Schools in deficit, or seeking loans, or otherwise giving cause for financial concern will however be required to submit multi-year forecasts.

Future year financial forecasts are encouraged as they are good practice and indicate that a school is undertaking effective financial planning.

2.4 School resource management Efficiency and Value for Money

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

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

2.5 Budgetary Control and Virements

2.5.1 Budgetary Control

The Governing body is responsible for managing and directing resources to achieve the objectives of the School Improvement Plan.

The Governing Body must ensure that, as part of the scheme of delegation, procedures are set up to:

- monitor expenditure and income against the budget plan
- ensure that regular monitoring information is reported back to the relevant Committee
- termly reports with appropriate detail are submitted to the Governing Body.

Expenditure should not be incurred if it cannot be met within the budget share.

If a governing body is of the opinion that a budget will be or is likely to be overspent it must inform the Finance Manager Children's Services accordingly.

2.5.2 Virements

The Governing Body has responsibility for virements (i.e. the transfer of budget provision) between budget headings of an agreed budget plan. However it is usual for part of the responsibility to be delegated to the Headteacher or a Committee of the Governing Body as part of the school-based scheme of delegation. All virements

approved under delegated authority should be reported as part of the monitoring procedure.

Any power of virement granted by the Governing Body to the Headteacher or Committee shall be limited to a sum determined by the Governing Body. Transactions which require the transfer of allocations in excess of agreed virement limits are a matter for the Governing Body and must be recorded in the minutes.

Where a virement decision changes the requirements for cash allocations, from those originally submitted with the budget plan, a revised budget plan should be submitted to the Finance Manager Children's Services.

The Governing Body is NOT permitted to arrange budget virement at the expense of the schools statutory duties (e.g. the duty to secure appropriate provision for pupils with special educational needs).

2.6 Audit: General

The Director of Finance is responsible for maintaining an ongoing internal audit of the accounting, financial and related operations of the Royal Borough in accordance with the Accounts and Audit Regulations. Schools are included within the Royal Borough's internal audit regime and also within the external audit arrangements determined by the Audit Commission.

The Director of Finance is responsible for reviewing, appraising and reporting to the Governing Body, Director of Children's Services and/or the relevant Council Committee on:

- the soundness, adequacy and application of other related management controls;
- the extent of compliance with, and financial effects of established policies, plans and procedures;
- the extent to which the Royal Borough's assets and interests are accounted for and safeguarded from losses of all kinds arising from: fraud and other offences, waste, extravagance, poor value for money or other cause.

The Director of Finance or their authorised representative shall in pursuance of his/her duties have authority to:

- enter at all reasonable times on any Royal Borough premises or land;
- have access to all records, documents and correspondence relating to any financial and related transactions of the Royal Borough;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the Royal Borough to produce cash, stores, or any other Royal Borough property under his/her control or such items in his/her custody as an Officer of the Royal Borough, which are the property of other persons.

Whenever any matter arises which gives cause for suspicion of, or involves, or is thought to involve irregularities concerning cash, stores or other property of the Royal Borough, the Governing Body or Headteacher concerned shall immediately

contact/notify the Director of Children's Services and the Director of Finance. The Director of Finance shall take such steps considered necessary by way of investigation and report in conjunction with the Director of Children's Services.

2.7 Separate External Audits

The Governing Body can contract the services of external auditors from its budget share to obtain external certification of its accounts if it wishes. In doing so, the Governing Body should recognise that this will be an external purchase, which the school should ensure complies with the requirements of section 2.10.

Such an arrangement does not exclude the school from the Royal Borough's internal audit arrangements or the external audit regime.

2.8 Audit of Voluntary and Private Funds

In addition to the normal internal and external audits, schools must provide audit certificates in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school.

Voluntary and private funds are defined as:

“Any fund (other than those of the Royal Borough) which exists for the purposes of a school and is established under the authority of the governors of a school”. This includes monies collected from students or pupils for activities arranged by the school.”

2.9 Accounting for Voluntary and Private Funds

The principles of good practice as defined in the Scheme shall also be applied to unofficial and voluntary funds.

The Governing Body shall ensure that unofficial (private) and voluntary funds are managed efficiently and that procedures exist for the maintenance of records and accounts (for audit) and for clear accountability in their administration, as prescribed in the School Finance Manual.

The Governing Body shall ensure that a record is maintained of all unofficial and voluntary funds operated within their school and that annual accounts are audited by suitably qualified person(s). An annual certificate of audit must be obtained and be available for inspection by authorised officers of the Royal Borough.

2.10 Register of Business Interests

The Governing Body must establish and maintain a register which lists:

For each member of the Governing Body, the Headteacher and staff involved in financial transactions, any business interests they or any member of their immediate family have;

Details of any other educational establishment that they govern;

Any relationships between school staff and members of the governing body;

The register must be kept up to date with notification of changes and through an annual review of entries. The register must be available for inspection by the Royal Borough and by Governors, staff and parents. The register must be published for example on a publicly-accessible website. Governors are reminded that, when attending a meeting of the Governing Body or a Committee, they are required to declare any pecuniary interests and to withdraw from a meeting of Governors for relevant agenda items. This would include discussions about the award of contracts. No Governor, Headteacher or other member of staff should have an involvement in a decision which has an effect on a business with which he/she has a business/personal interest.

2.11 Purchasing, Tendering and Contracting Requirements⁵

A contract is any agreement to make payments in return for such arrangements as listed below:

- the supply of goods, services and equipment
- the execution of works
- the appointment of consultants
- the hire, rental or lease of goods.

Agreements with external suppliers and agencies are classified as contracts for the purposes of this procedure when they are of a certain value, or of a certain nature. These values are defined within the School Finance Manual.

These provisions do not cover employees' permanent contracts of employment.

2.12 Localised Purchasing Arrangements

Where the Governing Body decides to issue orders and enters into contracts outside of the centralised purchasing arrangements, it must follow the procedures set out in the School Finance Manual. The school must assess, in advance, the health and safety competence of contractors taking into account the Royal Borough's policies and procedures.

2.13 Approved List of Suppliers

Where the Royal Borough, through Strategic Procurement Services, makes available an approved list of consultants, contractors and suppliers, the Governing Body is strongly advised to use these firms.

2.14 Application of Contracts to Schools

Except in cases where the governing body has clear statutory obligations (i.e. contracts of employment made by aided or foundation schools), schools enter into contracts on behalf of the Royal Borough as maintainer of the school and owner of the funds in the budget share.

⁵ The requirements of the Scheme may differ from those set out in the Council's Financial Regulations and Standing Orders for Purchasing, Tendering and Contracting matters. For maintained schools, the provisions of the Scheme takes precedence.

Schools have the right to opt out of Royal Borough-arranged contracts.

2.15 Central Funds and Earmarking

The Royal Borough is authorised to make sums available to schools from central funds in the form of allocations which are additional to and separate from the schools' budget share e.g. sums for SEN or initiatives funded from the central expenditure of a Royal Borough's Schools Budget or other Royal Borough budget.

Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used. While these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the Royal Borough itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

Earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the budget share. There should be an accounting mechanism for schools to be able to demonstrate that this requirement has been complied with.

Earmarked funds not spent within the period over which schools are allowed to use the funding (which could be different from the financial year) will be returned to the Royal Borough.⁶

The Royal Borough is barred from making any deduction in respect of interest costs from payments to schools of devolved specific or special grant.

Schools must comply with the accounts and audit regulations of any funding regime. Where there is non-compliance, the Royal Borough reserves the right to withhold or clawback any resources not supported by appropriate financial information.

2.16 Spending for the Purposes of the School

Section 50(3) of the Standards & Framework Act 1998, allows Governing Bodies to spend budget shares "for the purposes of the school" subject to regulations issued by the DFE and any provisions of the scheme.

By virtue of section 50(3a) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Under section 50(3b) schools are allowed to spend their budgets on pupils who are on the roll of other maintained schools or academies.

The Governing Body is not empowered to enter into any:

- finance leases or credit arrangements as these are classified as borrowing and require the written permission of the Secretary of State.

⁶ See the School Finance Manual for guidance on how to account separately for expenditure from earmarked funds.

- agreement connected with buying, selling or granting of interest in land, buildings and plant. In the case of Voluntary Aided Schools, this power is exercised by the Trustees.

2.17 Leasing of Equipment

Schools may enter into an “operating lease” to acquire equipment, such as ICT and photocopiers, over its useful life rather than at the time of acquisition. However, schools should take care to ensure that such leases do not meet the criteria for finance leases set out in Annex B.

Before any agreement on a lease is reached, the Governing Body must ensure:

- that the procurement provisions outlined in section 2.10 are followed, to ensure value for money
- there must be funds available to meet the payments throughout the term of the agreement.

For guidance on leasing equipment, such as photocopiers, follow this link:

<https://www.gov.uk/government/publications/advice-for-effective-buying-for-your-school>

The school may need to procure professional advice before entering into any leasing agreement.

Another option is for schools to buy equipment outright funded via the Council’s Loan Scheme, see Section 4.9.

2.18 Contributions to Partnerships within the local Children's Trust

The School Budget Shares (Prescribed Purposes) Regulations 2010 enable the governing bodies of maintained schools to use their school budget shares to provide staff, goods, services, accommodation and other resources and make financial contributions:

- to a fund established either by the Royal Borough of Greenwich or by any of the Royal Borough's relevant partners, with a view to improving the well-being of children and relevant young people in that area
- for purposes connected with the functions of the Children’s Trust Board in whose area the school is situated.

Such funding is allowed under the Children Act 2004 and must be in accordance with guidance in the School Finance Manual.

2.19 Capital Spending from Budget Shares

The Royal Borough will set the definition of capital expenditure based on the Local Government and Housing Acts and any appropriate CIPFA guidance (see section 12 and the School Finance Manual). This may include a de-minimus provision below which expenditure will be treated as revenue.

Capital expenditure on premises owned by the Royal Borough is the responsibility of the Director of Regeneration, Enterprise and Skills within the Royal Borough's capital programme.

Capital expenditure may, nevertheless, be incurred by the Governing Body providing:

- the Director of Regeneration, Enterprise and Skills is notified of any building projects which are his responsibility i.e. when the premises are owned by the Royal Borough. Consent to capital expenditure can only be withheld on health and safety grounds;
- contract work is subject to the procurement provisions outlined in section 2.10
- the total expenditure on a project can be met from within the school's delegated budget, after taking into account any surplus or deficit brought forward from previous years; and
- it takes advice from the Director of Children's Services as to the merits of the proposed expenditure where the estimated cost is in excess of £100,000. This applies both to premises owned by the Royal Borough or where the school has voluntary controlled status.

2.20 Joint Funded Capital Projects

Where approved capital projects are subject to revenue contributions from schools' delegated budgets, the following need to be agreed by the Governing Body and the Royal Borough:

- the level of the school's contribution prior to the adoption of the project
- a schedule detailing the phasing of payments from the school, prior to the commencement of works.

The Director of Regeneration, Enterprise and Skills will make arrangements to secure the local contribution towards the cost of the project.

2.21 Schools Financial Value Standard (SFVS)

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

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

All maintained schools with a delegated budget must submit the form to the local authority before 31 March 2013 and annually thereafter.

2.22 Notice of Concern

The Royal Borough may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Director of Finance and the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

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

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the Scheme requires for all schools – such as the provision of monthly accounts to the local authority;
- insisting on regular financial monitoring meetings at the school attended by local authority officers;
- requiring a governing body to buy into a local authority's financial management systems and/or bursarial service; 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 notice will not be used in place of withdrawal of financial delegation where that is the appropriate action to take; however, it may provide 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.

It will be at the discretion of the Director of Children's Services to withdraw a notice of concern. The notice will only be withdrawn once the governing body has complied with the requirements the Royal Borough imposes.

In the event of a dispute arising between the Royal Borough and the school it is issuing a notice to, the matter may be referred to an independent body or organisation acceptable to both parties such as the DfE or Secretary of State.

2.23 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.

3. INSTALMENTS OF BUDGET SHARES: BANKING ARRANGEMENTS

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

3.1 Frequency of Instalments

The budget shares, estimated pupil led spend (e.g. top up) and indicative grant allocations are issued as cash advance and instalments of these will be referred to as cash advances.

Cash advances will be made as follows:

April Cash advance equivalent to 5 months based on the Schools Funding Statement position to cover April to August. This statement includes some aspects of funding that are estimated for example High Needs Top up, Early Years Funding and some indicative grants e.g. Pupil Premium.

September Cash Advance equivalent to 4 Months to cover September to December, with increase or decrease to reflect actual for those areas previously funded on estimate. Where appropriate adjustments for confirmed announcements on grants.

January Cash Advance equivalent 2 Months to cover January to February, with increase or decrease to reflect actual for those areas previously funded on estimate. Where appropriate adjustments for confirmed announcements on grants.

March Cash Advance for March (Final payment) and any known adjustments.

3.2 Proportion of Budget Share Payable at Each Instalment (Cash Advances)

The cash advance payable will be based on schools “local” items e.g. excluding centrally-paid employee payroll costs and other centrally-funded expenditure e.g. business rates.

The budget plan will form the basis for calculating the cash advances to schools, thus schools requiring a revision to cash advances must submit a revised budget plan to the Finance Manager Children’s Services.

3.3 Interest Clawback

Each budget share instalment may be subject to an interest clawback⁷ deduction determined by the Director of Finance.

⁷ Detailed guidance on the calculation of Interest Clawback will be found in the School Finance Manual

The basis of the interest deduction is as follows:-

- the calculation is intended to reflect the cash-flow loss to the authority arising from providing advances to schools before they are required for payment and before the government payments of Dedicated Schools Grant
- where schools do not use the Royal Borough payroll service and therefore require full funding, this will be reflected in differential rates
- the interest cost to the Royal Borough will be determined on an annual basis, using the Bank of England base rate at 1st February
- there will be no recalculation based on actual interest rates during the year
- any rates so calculated which equal 0.099% or less will be waived.

3.4 Interest on Late Budget Share Payments

Late payment of cash advances arising from the result of a Royal Borough error will attract interest at a rate equivalent to that used for interest clawback (see 3.3).

3.5 Budget shares for closing schools

The Royal Borough may provide for budget shares of schools for which approval for discontinuation has been secured, to be made available until closure on a monthly basis net of estimated pay costs, even where some different basis was previously used.

3.6 Bank and Building Society Accounts

Schools will operate an external bank account into which their cash advances (as determined by other provisions) are paid and are allowed to retain all interest payable on the account.

All banking arrangements shall be made by, or under arrangements approved by, the Director of Finance as set out in the School Finance Manual.

School bank accounts will be in the name of the school. The account mandate must stipulate that:

- the Royal Borough is the owner of the funds
- that it is entitled to receive statements
- it can take control of the account if the school's right to a delegated budget is suspended.

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

3.7 Restrictions on Accounts

The Governing Body can establish an account at any one of the institutions approved by the Director of Finance. A list of approved banks and building societies is included as Annex C. Should the Governing Body wish to use other institutions, the express approval in writing of the Director of Finance must be obtained before proceeding.

Any school closing an account used to receive its budget share and opening another must select the new bank or building society from the approved list even if the closed account was not with an institution on that list.

The Governing Body may not:

- make arrangements for loans, overdrafts or any other form of credit or deferred purchase
- make use of a cash dispenser
- Invest in any account where the value of the investment may go down as well as up.

The account must not meet expenditure from the account on:

- items where delegated responsibility has not been given
- items relating to unofficial funds
- Non education activities.

No part of the school budget share received from the Royal Borough nor any year end financial surplus shall be transferred to an external bank account, i.e. an account not known to the Director of Finance, without prior the approval of the Director of Finance.

Personal cheques should not be encashed through the account. No loans to employees or other individuals or bodies should be made from the bank account without prior approval of the Director of Finance.

3.8 BACS and Electronic Batch Payments

Payments may be made by BACS transfer or electronic batch payments providing controls are in place, as detailed in the School Finance Manual, to minimise the risk to the school's delegated budget from inappropriate or fraudulent access to the payment process.

3.9 Borrowing by Schools

Governing Bodies may borrow money including entering finance leases only with the written permission of the Secretary of State. This is with the exception of schemes that the Secretary of State has said are available to schools without specific approval, including the Salix scheme, which is designed to support energy saving.

This section does not apply to Trustees and Foundations or loan schemes operating under section 4.9.

Schools are encouraged to use procurement/ purchase cards as a means of facilitating electronic purchase. This must be in accordance with detailed guidance in the School Finance Manual.

Schools may not use credit cards as this is regarded as borrowing. To minimise the school's exposure to risk, schools are no longer allowed to use debit cards.

4. THE TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

4.1 Right to carry forward Surplus Balances

Governing Bodies are allowed to carry forward accumulated budget surplus balances from one financial year to the next.

The scheme should explain the basis on which the amount of any balance to be transferred to a school's bank account would be calculated on a provisional basis for a school having a new bank account, and the date by which the transfer would occur, pending a later reconciliation.

The amount of a surplus balance would be shown in the relevant outturn statement published in accordance with directions given by the Secretary of State under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009; although there may be commitments against any figure shown in such a statement.

4.2 Reporting on and Control of the Use of Surplus Balances

Surplus balances held by schools as permitted under this scheme are subject to the following requirements:

- i. the Royal Borough 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 Framework;
- ii. the Royal Borough shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance, any unspent grants for the previous financial year and any monies held on behalf of school clusters;
- iii. the Royal Borough 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 Royal Borough, and which the Royal Borough 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 Royal Borough. In considering whether any sums are properly assigned the Royal Borough 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.

- iv. if the result of steps i - iii is a sum greater than 15% of the previous year's budget share then the Royal Borough shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the Royal Borough 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. However, ring-fenced grant funds (such as Lottery funding / Sports Council funding) will be excluded from the calculation as the local authority has no right to place a control mechanism on such funds. Balances held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Royal Borough.

4.3 Interest on Surplus Balances/Deficit Balances

The Scheme will not provide for payment of interest on surplus balances, nor demand payment of interest on deficit balances.

4.4 Obligation to carry forward Deficit Balances

The Scheme requires that deficit balances are brought forward at 31 March and deducted from the following year's budget share.

The deficit balance would be shown on the outturn statement published in accordance with directions given by the Secretary of State under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009; although this might be shown gross of committed expenditure and therefore appear lower than would otherwise be the case.

4.5 Balances of Closing and Replacement Schools

When a school closes any balance (whether surplus or deficit) reverts to the Royal Borough. It cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

The Royal Borough may make additional allocations to new schools which have the effect of giving them the benefit of additional sums which are equal to or less than the balances of relevant closing schools.

Deficit balances of preceding schools may be recognised by reducing the amount of additional funding to a new school; but they are not allowed to be set against the budget share of the school as determined by the Royal Borough's formula allocation.

4.6 Planning for Deficit Balances

When it becomes evident that despite action to control the budget an overspend is still expected, the Governing Body shall report the position to the Director of Children's

Services and Director of Finance as soon as possible. Governing Bodies shall not plan for a deficit budget without the prior approval of the Director of Children's Services and Director of Finance. The Royal Borough recognises that in exceptional circumstances (i.e. long-term absence, falling rolls), a school's budget may come under intense pressure and that exit strategies or recovery programmes may require a period of budget deficit.

4.7 Writing off Deficits

Deficits incurred by Governing Bodies cannot be written off by the Royal Borough.

4.8 Framework for Managing Deficits

A Governing Body cannot plan for a year end deficit budget when submitting annual budget plans i.e expenditure exceeding funding and income for the year plus accumulated surplus (deficit) brought forward.

In exceptional cases a Governing Body will be allowed to set a deficit budget.

Approval to set a deficit budget must be agreed by the Director of Children's Services and Director of Finance following a detailed submission of a business case known as a "Deficit Recovery Plan" (DRP).

The DRP should not exceed a maximum of three years. In exceptional circumstances and at the discretion of the Director of Children's Services where failure to do so would compromise the Schools ability to deliver on its education outcomes including delivery of the National Curriculum, the term may be extended to a reasonable period.

In setting the DRP, the Governing Body will need to ensure that the School can deliver the National Curriculum, meet all appropriate statutory requirements, any local agreements as determined by the Director of Children's Services to address any key issues identified in recent OFSTED inspections.

The DRP is a formal document and the Governing Body must adhere to their planned actions. There will be a requirement for a formal meeting to be held on a termly basis with Royal Greenwich to monitor progress of the recovery plan and ensure that the DRP remains on target. In exceptional cases, if the DRP is not on target, the Governing Body will be required to provide a revised plan for approval clearly identifying the reasons why the original plan is not being achieved. The revised plan must be agreed with the Director of Children's Services and the Director of Finance.

Where the DRP requires financial support, the funding allocated will be in the form of a loan agreement. Repayments must be incorporated as part of the planned recovery. Royal Greenwich may charge interest on the loan interest. Loan agreement must clearly define loan amount, repayment terms (including details on interest payable if applicable) and conditions.

Staff redundancy/restructure is not contingent on DRP. Where it is possible schools must consider wider options. In the event that the Governing Body considers restructuring as the final option (subject to consultation and compliance appropriate procedures) then any associated costs must also be considered as part of the DRP. In exceptional cases where failure to do so will compromise the schools ability to deliver

on educational outcomes e.g. the national curriculum, and subject to the Royal Greenwich's overall affordability, the Director of Children's Services may consider providing some financial support. Any financial support must be agreed in writing and constitute part of the DRP.

The maximum size of the deficit covered by the framework should not exceed 5% of the delegated budget share. Schools are expected to consider medium term budget planning over 3 years (minimum) and in practice should not be in a position where the deficit exceeds 5%.

Where the deficit exceeds 5%, there will be a requirement on the Governing Body to provide detail to establish what circumstance have resulted in the deficit exceeding 5% and what measures are being taken to mitigate and prevent further increases. In exceptional cases and at the discretion of the Director of Children's Services and the Chief Finance Officer this may be exceeded where it is deemed that by not doing so the Schools ability to deliver the national curriculum and statutory responsibilities would be prejudiced.

4.9 Loan Scheme (Internal Revenue Borrowing Scheme)

The Royal Borough operates a loan scheme to all schools under local management backed by collective net balances of these schools. The total amount available for distribution as a loans, will be determined by the Director of Children's Services and Director of Finance, but will not exceed 40% of the schools' collective net balances, less the amount utilised to support loans to schools operating under the framework for managing schools deficits (4.8 Scheme for Financing)

The maximum repayment period a loan shall be six years but shall not exceed the estimated life of the project/equipment acquired under the scheme.

The minimum size of loan shall be £10,000.

The maximum size of loan shall be 10% of the school's annual non-staffing budget multiplied by the number of years of repayment. The maximum amount available will be reduced by the value of any carried forward deficit on the schools account.

The following criteria must be met in order to qualify for a loan:

- Either the loan will involve the acquisition of an asset such as land building or equipment to or above the value of the total funds to be borrowed (land and buildings would become property of the Royal Borough)
- or involve expenditure on improvements or repair to premises or equipment.

Where the loan agreement is to support the DRP (4.9 Scheme for Financing Schools) then the repayment period will be 3 years unless otherwise agreed with the Director of Children's Services and Director of Finance.

The loan will be subject to the approval of the Director of Children's Services and the Director of Finance.

Each Loan Agreement must be supported by formal documentation confirming the terms and conditions of the Loan including – value of loan, repayment profile, interest chargeable if appropriate etc.

Should a school with a Loan agreement convert to Academy, then there will be requirement for the Loan to be reimbursed in full by the maintained school prior to conversion. A converter school may seek permission to continue with the Loan Arrangement subject to agreement from the Director of Children’s Services and the Director of Finance.

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

5. INCOME

5.1 Income from Lettings

Casual lettings of the premises by external organisations, individuals, clubs and societies for a particular purpose are permitted. This is subject to the agreement by the Governing Body of a lettings policy and having due regard to the direction of the Royal Borough on the use of school premises, as permitted under the act for various categories of schools.

Schools may retain all income generated from such activities which would otherwise accrue to the Royal Borough, subject to alternative provisions arising from any joint use or PFI/PPP agreements.

Schools may use the income from lettings to cross-subsidise lettings for community and voluntary use provided the Governing Body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.

However, schools should be required to have regard to directions issued by the authority as to the use of school premises, as permitted under the act for various categories of schools.

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

5.2 Income from Fees and Charges

Schools may retain income from fees and charges except where a service is provided by the Royal Borough from centrally retained funds.

The Governing Body is required to agree a charging policy before it can collect fees or charges and must have regard to any Royal Borough policy on charging. Further guidance is set out in the School Finance Manual.

5.3 Income from Fund Raising Activities

All income generated from fund raising activities shall be retained by the school.

5.4 Income from the Sale of Assets

Schools are allowed to retain the proceeds from the sale of assets except in cases where:

- the asset was purchased with non-delegated funds (in which case it should be for the Royal Borough to decide whether the school should retain the proceeds), or
- the asset concerned is land or buildings forming part of the school premises and is owned by the Royal Borough.

5.5 Administrative Procedures for the Collection of Income

All income received by the school must be banked promptly and in its entirety, in accordance with procedures set out in the School Finance Manual. Income should not normally be payable into a voluntary or private fund held by the school.

Income due to the Royal Borough

Specific procedures apply to the collection of all monies due to the Royal Borough e.g. Children's Centre fee income. Detailed guidance can be found in the School Finance Manual.

Income due to the School

Procedures should be approved by the Governing Body, which ensure adequate monitoring and reconciliation of all income due and received.

Income due to the school must identify VAT, where appropriate⁸. All VAT income received must be itemised for HM Revenue and Customs purposes.

5.6 Purposes for which Income may be Used

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

6. CHARGING SCHOOL BUDGET SHARE

6.1 General Provision

The budget share of a school may be charged without the consent of the Governing Body only in circumstances expressly permitted by this Scheme as described in section 6.2. The Royal Borough will notify the Governing Body concerned of its intention to charge a school budget share and also when the charge has been made.

⁸ Further guidance on VAT is included within the School Finance Manual

The Royal Borough may de-delegate funding for permitted services without the express permission of the Governing Body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

6.2 Charging of Salaries of School Based Staff

The Royal Borough will charge salaries of school based staff to school budget shares at actual cost where the Royal Borough is the payroll service provider.

6.3 Circumstances in which Charges may be made

The circumstances in which the budget share of a school may be charged without the expressed consent of the Governing Body are listed in Annex D.

6.4 Collection and Settlement of Debts to the Royal Borough

Schools should follow guidance within the School Finance Manual where money is owed by schools for goods and services rendered.

7. TAXATION

7.1 Value Added Tax

The Governing Body is entitled to reclaim, via the Royal Borough, all VAT incurred from its bank account on expenditure relating to the spending of any funding made available by the Royal Borough, subject to the procedures specified within the School Finance Manual.

All VAT reclaimed will be passed back to the school by the Royal Borough and the Governing Body.

The Governing Body must ensure that all income generated by the school includes, where appropriate, a charge for VAT and that they comply with all VAT regulations.

7.2 CIS (Construction Industry Scheme)

Where a maintained school has a delegated budget and the construction contract is between the Governing Body (or Headteacher) and the subcontractor, then CIS will not apply.

8. PROVISION OF SERVICES AND FACILITIES BY THE ROYAL BOROUGH

8.1 Provision of Services from Centrally Retained Budgets

The Royal Borough will determine the basis upon which centrally retained funds will be provided to schools. The Royal Borough is barred from discriminating in its provision of services on the basis of categories of schools except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant.

For the purposes of this provision, the list of services will only include existing commitments for premature retirement compensation and redundancy.

8.2 Provision of Services bought back from the Royal Borough using Delegated Budgets

The term of any arrangement with a school to buy services or facilities from the Royal Borough shall be limited to a maximum of three years from the date of the agreement. Subsequent extensions will be limited to a maximum of five years and seven years in respect of contracts for the supply of catering services.

Where a service is provided for which expenditure is not retainable centrally by the Royal Borough under Regulations made under Section 45a of the School Standards and Framework Act 1998, it will be offered at a price no less than the cost of service provision.

The Royal Borough will provide a list of all services available for procurement e.g. payroll.

8.3 Packaging

Any service provided by the Royal Borough on a buyback basis will be offered in a way which does not unreasonably restrict a school's freedom of the choice of services that are being made available.

8.4 Service Level Agreements

All buy back services will operate within Service Level Agreements. Schools will receive details of the conditions and terms of each SLA before 28th February to apply in the following financial year.

SLA's will be reviewed at least every three years irrespective of agreement periods in excess of three years.

SLA's must be in place by the 31st March to be effective in the following financial year.

Services, if offered at all by the Royal Borough, will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements.

Where services are provided on an ad hoc basis they may be charged for at a different rate than if provided on the basis of an extended agreement

Centrally arranged premises and liability insurance are excluded from these requirements.

8.5 Service Providers

Service providers may provide levels of service in excess of the standard SLA for which additional charges may be incurred or for which a different pricing methodology exists.

8.6 Quality Control

SLA's will include quality control mechanisms. These will include a Complaints Procedure and a Code of Practice.

9. PRIVATE FINANCE INITIATIVE/ PUBLIC PRIVATE PARTNERSHIPS

The Royal Borough will have the power to charge to the school's budget share any amounts agreed under a PFI/PPP agreement which has been entered into by the Governing Body of a school.

10. INSURANCE

10.1 Insurance cover

Funding for insurance is delegated to schools equating to the cost of cover made available by the Royal Borough.

The Director of Finance, in consultation with the Director of Children's Services and the Governing Body, shall take out such insurances as are from time to time considered necessary to cover risks to which the school is exposed and shall negotiate and recover all claims on behalf of the Royal Borough.

The Governing Body and Director of Children's Services shall promptly notify the Director of Finance of all new or increased risks which may require insurance or any alterations requiring increased insurance.

The Governing Body shall arrange for the Director of Finance to be notified immediately in writing of any loss, liability or damage, or of any event likely to lead to a claim and take such other action necessary to satisfy any insurance policy conditions.

The Governing Body shall consult the Director of Finance and Director of Children's Services in respect of the terms of any indemnity which they are required to give in carrying out their normal duties.

The Governing Body may take out any additional insurance that it considers necessary to supplement that insurance cover maintained by the Director of Finance and may either make its own arrangements or use the Royal Borough's insurance facility, subject to:

- scrutiny by the Director of Finance
- the Governing Body funding the additional cover required.

Any losses relating to areas for which the Governing Body has responsibility will form a charge against the schools budget share to the extent that the loss is not covered by insurance.

Schools choosing to make alternative arrangements require the written endorsement of the Director of Finance before implementation to ensure that cover is at least as good

as that arranged by the Royal Borough in order to safeguard the Royal Borough's interests.

Insurable risks for voluntary aided schools are different and these schools need to ensure that they arrange appropriate cover after consulting the Director of Finance.

11. MISCELLANEOUS

11.1 Right of Access to Information

The Governing Body is required to supply all financial and other information which might be reasonably required to enable the Royal Borough to satisfy itself as to the school's management of its delegated budget, or the use made of any central expenditure by the Royal Borough on the school e.g. earmarked funds.

11.2 Liability of Governors

As the Governing Body is a corporate body and because of the terms and conditions of section 50 (7) Schools Standard and Framework Act, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

11.3 Governors Expenses

Under section 50(5) of the Act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to Governors from a school's delegated budget share. Payment for other purposes is forbidden. Schools are forbidden from paying expenses which duplicate those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

Before any expenses can be paid, the Governing Body is recommended to agree a policy for their reimbursement.

Where a school is yet to receive a budget e.g. a new school, the Royal Borough may delegate funds to meet governors' expenses.

11.4 Responsibility for Legal Costs

Normally legal costs incurred by the Governing Body are the responsibility of the Governing Body.

An exception to this is the legal costs associated with employment tribunal decisions, where the governing body follows the advice of the Royal Borough. (These are paid out of centrally retained funds).

Other legal costs may be covered by SLA or other arrangements with the Royal Borough, for example the SLA offered by Legal and by Insurance Services provided by the Director of Finance (see 10.1).

Where there appears to be a dispute/ conflict of interest between the Royal Borough and the school governing body, the governing body should consult the Head of Law and

Governance. If there is a real conflict, for example a potentially arguable case between the governing body and the Royal Borough, the Head of Law and Governance and the Legal Department may not be able to advise the school and will advise the school to seek legal advice from elsewhere.

11.5 Health and Safety

In expending the school budget share, the Governing Body shall have due regard to the duties placed on the Royal Borough in relation to Health and Safety and to the Royal Borough's policy on Health and Safety matters.

11.6 Right of Attendance for the Director of Finance

Governing Bodies are required to permit the Director of Finance or his/her representative to attend meetings of the Governing Body at which any agenda items are relevant to the exercise of his/her responsibilities.

The Director of Finance's attendance should normally be limited to items which relate to issues of probity or overall financial management; such attendance should not be regarded as routine. The Royal Borough shall give prior notice of such attendance unless this is impracticable.

11.7 Special Educational Needs

In carrying out their delegated responsibilities, schools are required to use their best endeavours in spending the budget share to secure the special educational needs of their pupils.

11.8 Gifts and Hospitality

The Governing Body and Headteacher must take all reasonable steps to ensure that gifts and hospitality are not improperly accepted. They must satisfy themselves that in no circumstances could the gift or gratuity be regarded as an inducement.

As a general rule, offers of gifts or hospitality from those who have or wish to have a contractual relationship with the school must be rejected except where it is clearly evident that the work of the school would be facilitated. On no account must gratuities be accepted or solicited.

All gifts or offers of hospitality in excess of £25 per item must be recorded in a gifts and hospitality register and reported to the Governing Body (excepting minor items such as calendars, diaries, pens etc).

11.9 Whistleblowing

Governors and school based staff who wish to complain about financial mismanagement or financial impropriety at the school must follow the procedure laid down in the Royal Borough's Whistleblowing Policy⁹.

⁹ The Royal Borough's Whistleblowing Policy is available to download from the School Accounting website.

11.10 Child Protection

Governing Bodies must make arrangements to release staff to attend child protection case conferences and other related events. The costs of release will be borne by the school's delegated budget.

11.11 Withdrawal of Delegated Powers

The Royal Borough may suspend the Governing Body's right to a delegated budget, in accordance with the provisions of the Schedule 15 of the School Standards and Framework Act, schedule 15 where it appears that:

- there is evidence of substantial or persistent failure to comply with any delegation requirements applicable under legislation or under the Scheme; or
- there is evidence of financial mismanagement of expenditure or appropriation of the school budget share.

Schedule 15 of the Act sets out the procedures to be followed by the Royal Borough and explains the right of appeal to the Royal Borough.

Where delegation has been withdrawn, the school shall continue to be funded at the level of its budget share.

11.12 Redundancy/ Early Retirement costs

Guidance on how redundancy and early retirement costs will be funded is provided at Annex E.

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

The Royal Borough will follow the CIPFA Code of Practice and the attached schedule at Annex F illustrates the various types of revenue/capital expenditure. However, individual projects may need to be reviewed against the definitions in the Code.

The Royal Borough does not currently operate a *de-minimus* limit.

For voluntary aided schools, the liability of the Royal Borough for repairs and maintenance (met by delegation of funds through the budget share) is the same as for other maintained schools and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the *de-minimus* limit applied by the DFE.

13. COMMUNITY FACILITIES POWER

13.1 Introduction

Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to the following controls:

- i. regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power
- ii. the school is obliged to consult the Royal Borough and have regard to advice from the Royal Borough
- iii. 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.
- iv. schools' own instruments of government, if any; and
- v. the Royal Borough'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.

This section of the Scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Royal Borough and schools to secure the provision of adult and community learning.

13.2 The Delegated Budget

With effect from 1st April 2011, amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

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

13.3 Consultation with the Royal Borough

Before exercising the community facilities power, governing bodies must consult with the Royal Borough. Consultation must take place at least three months prior to implementation of the proposals and governing bodies must provide such information as is required by the Royal Borough. The Royal Borough will provide advice to schools within a reasonable time.

Governing Bodies must have regard to the advice provided by the Royal Borough and provide information on the action that has been taken pursuant to such advice.

13.4 Funding Agreements

Any funding agreements with third parties must be submitted to the Royal Borough for comments at least three months prior to implementation of the proposal.

If an agreement is concluded without informing the Royal Borough or is concluded without the Royal Borough's approval, this would constitute grounds for suspension of the right to a delegated budget if in the view of the Royal Borough the agreement were seriously prejudicial to the interests of the school.

13.5 Prohibitions, Restrictions and Limitations

The Royal Borough may require that in a specific instance of use of the community facilities power by a governing body, special financial arrangements will apply:

- the activity concerned will be carried out through the vehicle of a limited company
- the Governing Body will obtain indemnity insurance for risks associated with the project in question
- the activity will be subject to any other prohibition, restriction or limitation required to protect the Royal Borough's financial interests

Special financial arrangements will only apply where there is good reason to believe that the project carries significant risk and it is necessary to safeguard the financial position of the Royal Borough or school, or to protect the education and welfare of pupils.

13.6 Supply of Financial Information

Schools exercising community facilities powers must provide the Royal Borough with a statement of income and expenditure for the facilities in question every six months, if required. The statement will be in a form determined by the Royal Borough and will provide income and expenditure for the previous six months and on an estimated basis for the next six months.

Financial statements may be required every three months where the Royal Borough believes there is a cause for financial concern and has given notice to the school to this effect.

If the Royal Borough sees fit the school will be required to submit a recovery plan for the activity in question.

Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework.

However, the CFR timetable is such that authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. Schedule 15 of the act provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.

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.

13.7 Audit

Internal and external auditors must be allowed access to the school's records connected with the exercise of community facilities at all times.

Schools concluding funding agreements with other persons pursuant to the exercise of the community facilities power, must ensure that such agreements contain adequate provision for access by the Royal Borough to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Royal Borough to satisfy itself as to the propriety of expenditure on the facilities in question.

13.8 Treatment of Income and Surpluses

Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the Royal Borough or some other person.

Schools may 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 Royal Borough at the end of each financial year, transfer all or part of it to the budget share balance.

If the Royal Borough ceases to maintain a community or a community special school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Royal Borough unless otherwise agreed with a funding provider

13.9 Health & Safety

Provisions in this scheme relating to health and safety (see section 11.5) apply equally to the community facilities power.

The governing body are responsible for the costs of securing Disclosure and Barring Service clearance for all adults involved in community activities taking place during the school day unless such costs are to be borne by a funding partner.

13.10 Insurance

The governing body must ensure that adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. The Royal Borough's advice must be sought before finalising any insurance arrangement for community facilities.

The Royal Borough may at any time 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, it may make arrangements itself and charge the resultant cost to the school.

13.11 Taxation

Schools must seek the advice of the Royal Borough 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.

If any member of staff employed by the school or Royal Borough in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section 13.12), the school is likely to be held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules.

The Governing Body shall comply with the current taxation regulations regarding the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

13.12 Banking

Schools may either maintain separate bank accounts for budget share and community facilities, or operate one account but with adequate internal accounting controls to maintain separation of funds.

Provisions relating to bank and building society accounts (see section 3.4 to 3.4.1), and borrowing by schools (see section 3.6), apply equally to the community facilities power.

ANNEX A

SCHEDULE OF SCHOOLS INCLUDED IN THE SCHEME

Listed below are the primary, secondary and special schools maintained by the Royal Borough.

Key:

C	=	Community
VA	=	Voluntary Aided
VC	=	Voluntary Controlled

Primary Schools	Status at 1/4/14	Secondary Schools	Status at 1/4/14	Special Schools	Status at 1/4/14
Alderwood	C	Blackheath Bluecoat	VA	Moatbridge	C
Alexander McLeod	C			Willow Dene	C
Bannockburn	C	Eltham Hill	C	Waterside	C
Bishop John Robinson	VA	Plumstead Manor	C		
Boxgrove	C				
Brooklands	C	St Ursula's Convent	VA		
Cardwell	C	The John Roan	VC		
Charlton Manor	C	Thomas Tallis	C		
Cherry Orchard	C				
Christ Church, Shooters Hill	VA				
Christ Church Commerell St	VA	Pupil Referral Units			
Conway	C	Newhaven	C		
De Lucy	C				
Deansfield	C				
Discovery	C				
Ealdham	C				
Eglinton	C				
Eltham	VA				
Fosdene	C				
Foxfield	C				
Gallions Mount	C				
Gordon	C				
Greenacres	C				
Greenslade	C				
Haimo	C				
Halstow	C				
Hawksmoor	F				
Henwick	C				
Heronsgate	C				
Holy Family	VA				
Horn Park	C				
Invicta	C				
James Wolfe	C				
Kidbrooke Park	C				
Linton Mead	C				
Meridian	C				
Middle Park	C				

Primary Schools	Status at 1/4/14	Nursery Schools	Status at 1/4/14		
Millennium	C	Abbey Wood	N		
Montbelle	C	Pound Park	N		
Morden Mount	C	Rachel McMillan	N		
Mulgrave	C	Robert Owen	N		
Nightingale	C				
Notre Dame	VA				
Our Lady of Grace	VA				
Plumcroft	C				
Rockcliffe Manor	C				
Sherington	C				
South Rise	C				
St Alfege with St Peters	VA				
St Joseph's	VA				
St Margaret Clitherow	VA				
St Margaret's	VA				
St Mary's CE	VA				
St Mary's RC	VA				
St Patrick's RC	VA				
St Peter's	VA				
St Thomas a Becket	VA				
St Thomas More	VA				
Thorntree	C				
Timbercroft	C				
Windrush	C				
Wingfield	C				
Woodhill	C				
Wyborne	C				

ANNEX B

Leasing of Equipment

Finance Leases

A finance lease is defined by international accounting standards as a lease that transfers to the lessee (the school) substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than on the form of the contract. Examples of features which individually or in combination would normally lead to a lease being classified as a finance lease are:

1. the lease automatically transfers ownership of the asset to the lessee by the end of the lease term
2. the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the market value to make it reasonably certain that the lessee will wish to purchase

3. the lease term is for the major part of the economic life of the asset
4. the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (i.e. the lessor need not rely on the sale proceeds to recover his investment)
5. the leased assets are of such a specialised nature that only the lessee can use them without major modifications.
6. if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee
7. gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease)
8. the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent

Points (3) and (4) mean that most computer leases are likely to be finance leases, as computer equipment is not likely to have any market value at the end of the lease.

Operating Leases

Schools are allowed to enter operating leases of equipment (including vehicles and plant if appropriate) provided that they are satisfied that those leases do not satisfy the test of being a finance lease.

If the lease term relates to a minor part of the assets useful life and the asset is returned to the lessor at the end of the lease term it more likely to be an operating lease.

ANNEX C

Approved Banks and Building Societies

Barclays Bank

HSBC

Lloyds Banking Group PLC

Lloyds Bank PLC

National Westminster Bank

Nationwide Building Society

Royal Bank of Scotland

Santander

ANNEX D

CIRCUMSTANCES IN WHICH THE BUDGET SHARE OF A SCHOOL MAY BE CHARGED WITHOUT THE EXPRESSED CONSENT OF THE GOVERNING BODY (SEE SECTION 6.2)

- C1** Where premature retirement costs have been incurred without the prior written agreement of the Royal Borough to bear such costs (the amount chargeable being only the excess over any amount agreed by the Royal Borough);
- C2** Other expenditure incurred to secure resignations where the school had not followed Royal Borough advice;
- C3** Awards by courts and industrial tribunals against the Royal Borough, or out of court settlements arising from action or inaction by the Governing Body contrary to the Royal Borough's advice

Awards may sometimes be against the governing body directly and would fall to be met from the budget share. Where the authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking authority advice, the charging of the budget share with the authority expenditure protects the authority's position. Authorities should ensure in framing any such advice that they have taken proper account of the role of aided school governing bodies.

- C4** Expenditure by the Royal Borough in carrying out Health & Safety at work or capital expenditure for which the Royal Borough is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work;
- C5** Expenditure by the Royal Borough incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Royal Borough or the school has voluntary controlled status.
- C6** Expenditure incurred by the Royal Borough in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by Royal Borough (see section 10.1).
- C7** Recovery of monies due from a school for services provided to the school, where a dispute over the monies due to be referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the Royal Borough;
- C8** Recovery of penalties imposed on the Royal Borough by Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, the National Insurance Contributions Office, Teachers Pensions, the Environment Agency or other regulatory authorities as a result of school negligence.

- C9** Correction of Royal Borough errors in calculating charges to a budget share (e.g. pension deductions).
- C10** Additional transport costs incurred by the Royal Borough arising from decisions by the Governing Body on the length of the school day, and failure to notify the Royal Borough of non-pupil days resulting in unnecessary transport costs.
- C11** Legal costs which are incurred by the Royal Borough because the Governing Body did not accept the advice of the Royal Borough (see section 11).
- C12** Costs of necessary health and safety training for staff employed by the Royal Borough, where funding for training had been delegated but the necessary training not carried out.
- C13** Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- C14** Any costs incurred by the Royal Borough that arise where schools have failed to follow the procedures in the School Finance Manual.
- C15** Cost of work done in respect of teacher pension remittance and records for schools using non-Royal Borough payroll contractors, the charge to be the minimum needed to meet the cost of the Royal Borough's compliance with its statutory obligations.
- C16** Costs incurred by the Royal Borough in securing provision specified in an Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- C17** Costs incurred by the Royal Borough due to submission by the school of incorrect data.
- C18** Recovery of amounts spent from specific grants on ineligible purposes.
- C19** Costs incurred by the Royal Borough as a result of the governing body being in breach of the terms of a contract.
- C20** Costs incurred by the Royal Borough or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- C21** Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

ANNEX E

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

This guidance sets out how redundancy and early retirement costs should normally be funded under the 2002 Education Act and the circumstances in which exceptions will be made.

Redundancy Costs

Redundancy costs must be charged to the local authority's budget unless the authority has good reason for it not to be centrally funded and that cannot include having a no redundancy policy.

Examples of situations where charges will be made to a delegated budget are as follows:

- 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

Early Retirement Costs

Early retirement costs must be charged to the school's delegated budget unless the local authority has agreed with the Governing Body in writing, before or after the retirement occurs, for costs to be centrally funded.

Examples of situations where charges will be made to the local authority non-schools budget are given below:

- 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

Charging Redundancy and Early Retirements Costs to the Centrally Managed Schools Budget

Costs of redundancies or early retirements 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.

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”.

Position for Staff Employed under the Community Facilities Power

Costs of redundancy or early retirement for a member of staff employed for community purposes must be met by the Governing Body. Costs 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.

The local authority shall recover these costs from the Governing Body unless the local authority has agreed in writing, before or after the retirement occurs, for costs to be centrally funded.

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 F

RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

CAPITAL/REVENUE SPLIT – ILLUSTRATED EXAMPLES IN LINE WITH CIPFA CODE OF PRACTICE

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
Roofs			
<u>Flat</u>	Structure. New (not replacement) structure	Repairs/ replacements of small parts of an existing structure	New structure and repair replacement of structure
	Structure. Replacement of all substantial/all parts 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 are exposed.	Replacement of structure
	Screed/ insulation in a new building/ extension	Repair/ replacement of screed/ insulation where defective	New screed/ insulation and repairs
	Screed insulation. Replacement/repair of all/ substantially all. Improve effectiveness of insulation	Work to improve insulation standards, during work to repair small areas of roof.	Replacement/ repair of screed/ insulation
	Finish on new build. Replacement of all/ substantially all on existing roof	Replacement of roof finish on existing building, to under capital value limit. Re-coating chippings to improve life expectancy	Finish on new build. Replacement of roof finish on existing building. Re-coating
	Edge trim/ fascia on new build	Repairs/ replacement. (uPVC) Repainting.	Edge trim / fascia on new build and repairs/ replacements/ repainting
	Edge trim/ fascia, Replacement of all substantially/all on existing roof	Repairs/ replacement. (uPVC) Repainting	Replacement of edge trim/ fascia on existing building
	Drainage on new build	Clearing out gutters and downpipes. Replacement/repair/repainting of/individual gutters/pipes	Drainage on new building and repairs/ replacement/ Repainting (NOT cleaning gutters/ downpipes)

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
<u>Flat</u> <u>(continued)</u>	Other e.g. flashings, rooflights on new build replacement of all/ substantially all on existing roof	Repair/ replacement/ cleaning of individual items	Flashings/ rooflights on new building and repair/ replacement (<u>NOT</u> cleaning)
<u>Pitched</u>	Structure. New (not replacement) structure	Repair/ replacement of small parts of an existing structure	Structure of new roof and all repairs EXCEPT trusses (i.e. internal repairs)
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of structure	Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses	Replacement of internal structure EXCEPT trusses (i.e. internal repairs)
	Insulation in a new building/ extension	Repair/ replacement/ increasing thickness of insulation in an existing roof	Insulation in new building and repair/ replacement
	Insulation. Replacement/repair of all/ substantially all. Improve to current standards		Repair/ replacement or improve insulation
	Roof finish in a new building/ extension, replacement of all/ substantially all in existing roof	Replace missing/ damaged small parts	Finish in new building/extension and repair/ replacement in existing building
	Bargeboards/fascias in a new building/ extension, replacement of all/ substantially all on existing roof	Repairs/replacement/ repainting	Bargeboards/ fascias in new building/ extension and repairs/ replacement/ repainting in existing building
	Drainage in a new building/ extension	Cleaning out gutters and downpipes. Replacement/ repairs of individual pipes/ gutters	Drainage in new building/ extension and repair/ replacement. (<u>NOT</u> cleaning) guttering or downpipes
	Drainage. Replacement of all/ substantially all on existing roof		Drainage replacement on existing roof

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
<u>Pitched (continued)</u>	Other e.g. flashings, roof windows in a new building/ extension, replacement of all/ substantially all on existing roof	Repair/ replacement/ cleaning	Flashing, roof windows in new building/ extension and repair replacement (<u>NOT</u> cleaning) in existing roof
<u>Other</u>	Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link	Provide new covered link and repairs to existing. (<u>NOT</u> cleaning)
	Rebuild or substantially repair structure of existing covered link	Minor repairs, maintenance to existing covered link	Provide new covered link and repairs to existing (<u>NOT</u> cleaning)
	Add porch etc. to existing building	Minor repairs, maintenance to existing	Add new porch and minor repairs to existing
Floors			
<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 of new building and repair/ replacement to 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 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	Provide screed and finish in new buildings (<u>NOT</u> repairs to finishes, matwells etc.)
<u>Upper Floor</u>	Structure – as ground floor	As ground floor	As ground floor
	Screed and finish – as ground floor	Repairs of finishes/ replacement as ground floor	As ground floor

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
Ceilings			
<u>Top/only storey</u>	Suspension	Repair/ replacement including from water damage, and necessary decoration	Provision, (<u>NOT</u> repair or replacement)
	Membrane		Provision, (<u>NOT</u> repair or replacement)
	Fixed	Repair/ replacement including water damage	Provision, (<u>NOT</u> repair or replacement)
	Access panels	Repair/ replacement	Provision, (<u>NOT</u> repair or replacement)
<u>Lower storey</u>	Suspension	Repair/ replacement	Provision, (<u>NOT</u> repair or replacement)
	Membrane		Provision, (<u>NOT</u> repair or replacement)
	Fixed	Repair /replacement	Provision, (<u>NOT</u> repair or 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	Removal/replacement of damaged/disturbed asbestos <u>EXCEPT</u> where part of repair project.
External Walls			
<u>Masonry/ Cladding</u>	Structure underpinning/ propping for new build	Repairs preventive measures e.g. tree removal	Structure underpinning/propping of new building and repairs, (<u>NOT</u> tree removal unless part of clearing new site)
	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 new building and repairs/replacements of existing structure including repointing/ recladding
	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		External finish on existing building including correcting of structure

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
<u>Windows and doors</u>	Framing – new build	Repair/ replacement of individual frames. Repainting frames	New window frames and doors in new building and repairs/replacement (NOT replacement / repair/ repainting of internal doors or windows)
	Framing – structural replacement programme	Repair/ replacement of individual windows. Repainting frames	New windows in replacement programme
	Glazing – new build	Replacing broken glass	Glazing new building and replace broken glass
	Glazing – upgrading existing glazing		Upgrading existing glazing
	Ironmongery – Improved security	Repair/ replacement, upgrading locks etc.	Ironmongery to improve security and repair/ replacement
	Jointing including mastic joints		Jointing
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation	Internal and external decoration of new provision, external redecoration (NOT internal re-decoration)
<u>Masonry chimneys</u>	Structure		Structure of chimneys
	Jointing including expansion and mortar joints/pointing/damp proof course	Repair and repointing	Jointing/pointing and damp proof course of chimneys and repair/repointing
Internal walls			
<u>Solid</u>	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/linings tiles, pin boards etc.	New walls and finishes, (NOT repair/ replacement)
	Refurbishment and alterations	Minor alterations	
<u>Partitions</u>	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration	New partitions, (NOT repair/ replacement)

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
<u>Doors and 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	Provision of new, (<u>NOT</u> repair replacement)
<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass	New glazing and replacement of broken glass, (<u>NOT</u> internal window repairs)
Sanitary services			
<u>Lavatories</u>	In new buildings provision of all toilet fittings, waste plumbing and internal drainage	Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc.	Provision. (<u>NOT</u> repair/ replacement of damaged sanitary ware)
	Large scale toilet refurbishment	Small areas of refurbishment	Provision/ refurbishment (<u>NOT</u> replacement of damaged sanitary ware)
	Provision of disabled facilities, and specialist facilities , and specialist facilities related to pupils statements	Repairs/replacement of damaged fittings, waste plumbing etc.	Provision/ refurbishment (<u>NOT</u> replacement of damaged sanitary ware). Provision/ refurbishment (<u>NOT</u> repair/ replacement cement of damaged fittings etc).
<u>Kitchens</u>	Kitchens in new building, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decoration	Maintain kitchen to requirements of the Royal Borough Cleaning out drainage systems Redecoration	
	General refurbishment	Repairs	
	Large costly items of equipment	Repairs/replacement of freestanding kitchen equipment e.g. replacement of fridge, trolleys etc.	

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
Mechanical Services			
<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	Provision of complete system, (<u>NOT</u> repair/ replacement or maintenance)
	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	
	Energy replacement of boiler plant/systems		
<u>Lifts</u>	Replacement of all substantially/all of system	Repairs and maintenance of lifts/hoists including all servicing	
<u>Pumps</u>	Pumps to sewage system etc. Provision of new	Replacement of all substantially/all of system.	
<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 services pipes. Annual servicing of cold water tanks	Provision of complete system, (<u>NOT</u> repair/ replacement or maintenance)
<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	Provision (<u>NOT</u> repair/ replacement)

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
<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.	If Governors provided
Electrical services			
<u>General</u>	Main switchgear and distribution in major projects	Testing/replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.	Provision, (<u>NOT</u> repair/ replacement or maintenance)
	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	Provision, (<u>NOT</u> repair/ replacement)
<u>Lighting</u>	Provision of luminaries and emergency	Replacement of luminaries, all testing, adjustments and improvements to emergency	Provision, (<u>NOT</u> repair/ replacement)
<u>Other</u>	Lightning protection in new build. Alarm systems, CCTV, lifts/hoists etc.	Repair/ replacement Repair and maintenance	Provision and repair Provision, (<u>NOT</u> repair or 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	

Element	Capital: as CIPFA Code of Practice	Revenue Repairs & Maintenance	Voluntary Aided School Governors
External Works			
<u>Pavings</u>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major including disabled access	Maintenance and repair car park and playground markings	Provision if part of statutory proposal project. (<u>NOT</u> repair or maintenance) Provision and repair of ramps and steps
<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	Foul drainage plus external gutters and drainpipes. (<u>NOT</u> maintenance)
<u>Open air pools</u>	Structure, hygiene/safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems	If Governors provided
<u>Services distribution</u>	Heating mains Gas mains Water mains Electricity mains Renewal of any above	Annual servicing	Provision grant aided. (<u>NOT</u> for repair)

ANNEX G

Glossary of Definitions

Act means the School Standards and Framework Act 1998

Director of Finance means the Royal Borough's Section 151 Finance Officer

CFR means Consistent Financial Reporting. Section 44 of the Education Act 2002 enables the Secretary of State to require schools to submit an annual financial return in a standard format, which is referred to as Consistent Financial Reporting.

CIPFA means the Chartered Institute of Public Finance and Accountancy

DFE means the Department for Education

Financial Year means the 12 months from 1 April to 31 March

Governing Body means the Governing Body of the school named

ISB means Individual Schools Budget

LA means Local Authority

Lessee means the user and possessor of equipment, e.g. the school, in exchange for a payment of funds

Lessor means a person or entity who owns equipment, e.g. the finance company, to which a lessee receives use and possession in exchange for a payment of funds.

Royal Borough means the Royal Borough of Greenwich

School Finance Manual – detailed guidance for schools on financial management, governance and best value.

Scheme for Financing Schools means the Royal Borough of Greenwich Scheme for the Financing of Maintained Schools as per Section 48 (1) School Standards and Framework Act 1998

school means the school named

SLA means Service Level Agreement

ANNEX H

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 an authority must appropriate its entire dedicated schools grant to its schools budget.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Regulations also require a local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

