

# **THE HEREFORDSHIRE COUNCIL'S SCHEME FOR FINANCING MAINTAINED SCHOOLS OR LOCAL MANAGEMENT OF SCHOOLS (LMS)**

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## **Purpose**

The scheme sets out the rules and conditions governing the financial relationship between schools and the Local Authority (LA). It provides a reference for school staff and Governors towards understanding their duties and responsibilities as well as rights and entitlements.

The Council strongly believes that governing bodies should have wide discretion to manage school-based resources. Accordingly, the Council aims -

- (i) to secure the maximum level of budget delegation for schools compatible with the LA's responsibilities and the wishes of schools;
- (ii) to keep to a minimum the disruption to any school;
- (iii) to ensure that the Council can meet its statutory responsibilities for the education service.

The scheme addresses the resources needs of all types of school, including by providing support for the Council's many small schools.

The main scheme (Chapters 1-14) were framed by the Department for Education (DfE) and adapted where local conditions vary. The supporting annexes provide more information and explanation about the formula, delegation and charging arrangements, as well as opportunities for central funding.

**HEREFORDSHIRE COUNCIL'S SCHEME FOR FINANCING MAINTAINED SCHOOLS  
LIST OF CONTENTS**

	<b>Page</b>
<b>1. INTRODUCTION</b>	
1.1 The funding framework	1
1.2 The Role of the Scheme	3
1.2.1 Application of the Scheme to the Council and maintained schools	3
1.3 Publication of the Scheme	3
1.4 Revision of the scheme	3
1.5 Delegation of powers to the headteacher	3
<b>2. FINANCIAL REQUIREMENTS</b>	<b>5</b>
2.1.1 Application of financial controls to schools	5
2.1.2 Provision of financial information and reports	5
2.1.3 Payment of salaries and bills and collection of income	5
2.1.4 Control of assets	6
2.1.5 Accounting policies (including year-end procedures)	6
2.1.6 Writing off of debts	6
2.1.7 Formula allocations for the Financial Year	6
2.2 Pay and price base for budgets	7
2.3 Submission of budget plans	7
2.3.1 Multi-year budget forecasts	7
2.4 Best value	8
2.5 Virement	8
2.6 Audit: General	9
2.7 Separate external audits	9
2.8 Audit of voluntary and private funds	9
2.9.1 Register of business interests	9
2.9.2 Declaration of interests	9
2.10 Purchasing, tendering and contracting requirements	10
2.11 Application of contracts to schools	10
2.12 Central funds and earmarking	10
2.13 Spending for the purposes of the school	11
2.14 Capital spending from school formula budgets	11
2.15 Notice of concern	11
<b>3. BANKING ARRANGEMENTS AND FORMULA BUDGET INSTALMENTS</b>	<b>13</b>
3.1 Frequency of instalments	13
3.2 Proportion of budget payable at each instalment	13
3.3 Interest on late budget share payments	13
3.4 Formula allocation for closing schools	13
3.5 Bank and building society accounts	13
3.5.1 Restrictions on external bank and building society accounts	14
3.5.2 Imprest accounts	14
3.6 Investments and borrowing by schools	15
3.7 Procurement cards	15
<b>4. TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO SCHOOL FORMULA BUDGETS</b>	<b>16</b>
4.1 Carry forward between financial years	16
4.2 Reporting on the intended use of surplus balances	16
4.3 Interest on surplus balances	16
4.4 Obligation to carry forward deficit balances	16

4.5	Planning for deficit balances	16
4.6	Charging of interest on deficit balances	16
4.7	Writing off deficits	16
4.8	Balances of closing and replacement schools	17
4.9	Licensed deficits	17
4.10	Loan schemes	17
<b>5.</b>	<b>INCOME</b>	<b>18</b>
5.1	Income from lettings	18
5.2	Income from fees and charges	18
5.3	Income from fund raising activities	18
5.4	Income from the sale or leasing of assets	18
5.5	Administrative procedures for the collection of income	18
5.6	Purposes for which income may be used	18
<b>6.</b>	<b>THE CHARGING OF SCHOOL FORMULA BUDGETS</b>	<b>19</b>
6.1	General provision	19
6.2	Circumstances in which charges to schools may be made	19
6.3	General Teaching Council	20
<b>7.</b>	<b>TAXATION</b>	<b>21</b>
7.1	Value Added Tax	21
7.2	Construction Industry Tax Scheme	21
<b>8.</b>	<b>THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY</b>	<b>22</b>
8.1	Provision of services from centrally retained budgets	22
8.2	Timescales for the provision of services bought back from the LA	22
8.2.1	Packaging of services	22
8.3	Service level agreements (SLAs)	22
8.4	Teachers' pensions	23
<b>9.</b>	<b>PFI CLAUSES</b>	<b>23</b>
<b>10.</b>	<b>INSURANCE</b>	<b>24</b>
10.1	Insurance cover	24
10.2	Insurance – Additional covers	25
<b>11.</b>	<b>MISCELLANEOUS</b>	<b>26</b>
11.1	Right of access to information	26
11.2	Liability of governors	26
11.3	Governors expenses	26
11.4	Responsibility for legal costs	26
11.5	Health and Safety	26
11.6	Right of attendance for Chief Finance Officer	26
11.7	Delegation to new schools	26
11.8	Optional delegated funding	27
11.9	Spending of resources	27
11.10	Interest on late payments	27
11.11	Whistleblowing	27
11.12	Child protection	27
11.13	School meals	28

<b>12.</b>	<b>RESPONSIBILITY FOR REPAIRS AND MAINTENANCE</b>	<b>29</b>
<b>13.</b>	<b>PROVISION OF COMMUNITY FACILITIES IN SCHOOLS</b>	<b>30</b>
13.1	Introduction	30
13.2	Consultation with the Council-financial aspects	30
13.3	Funding agreements –LA powers	30
13.4	Other prohibitions, restrictions and limitations	31
13.5	Supply of financial information	31
13.6	Audit	31
13.7	Treatment of income and surpluses	31
13.8	Health and safety matters	32
13.9	Insurance	32
13.10	Taxation	32
13.11	Banking	32

For a full list of annexes, please see page 33.

## THE OUTLINE SCHEME

References throughout this statutory guidance to:

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

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“the authority” means the local authority; and

“the Regulations” are to the School and Early Years Finance (England) Regulations 2012 made under the Act.

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

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares.
2. Amounts which may be charged against schools’ budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the authority for schools maintained by them
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time
8. The virement between budget heads within the delegated budget.
9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority’s non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.
10. The use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets.
11. Borrowing by governing bodies
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools’ budget shares having regard to section 50(7) of the 1998 Act

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

## SECTION 1: INTRODUCTION

### 1.1 The Funding Framework

The funding framework which replaces Local Management of Schools is set out in the legislative provisions in sections 45-53 of the School Standards and Framework Act 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 their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their 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 s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the authority in accordance with s.48 of the Act and regulations made under that section. All proposals to revise the scheme must be approved by the Schools Forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school\* and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (\*Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

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)

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 each year's budget and out-turn statements so far as they relate to that school or central expenditure.

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.

## **1.2 The Role of the Scheme**

The scheme sets out the financial relationship between the Council and the maintained schools which it funds. The scheme contains requirements relating to financial management and associated issues, and is binding on both the Council and on schools in any year to which it relates.

### **1.2.1 Application of the scheme to the council and maintained schools**

The scheme applies to community, nursery, voluntary, foundation, community special or foundation special school and pupil referral units (PRUs) maintained by the authority.

## **1.3 Publication of the scheme**

The scheme must be published on a website which is accessible to the general public and that any revised version must be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date.

## **1.4 Revision of the scheme**

Any proposed revisions to the scheme will be the subject of prior consultation with all schools and units and other interested parties e.g. the Trades Unions and Diocesan bodies, and will require approval by member of the Schools Forum representing maintained schools.

## **1.5 Delegation of powers to the headteacher**

- a) The governing body of any school with delegated budget powers must determine the extent to which it wishes to delegate its finance powers to the headteacher, and to record its decision (and any revisions) in the minutes of the governing body. This is now a statutory requirement under the School Government Regulations 1999 and must be undertaken annually. Such decisions by the governing body will be subject to any requirements of regulations to be made under section 38 of the Act, and Schedule 11 thereto. It is open to the Council to suggest to schools what might be a desirable level of delegation to headteachers, but the scheme does not seek to impose any particular pattern.
- b) The Council's suggestions concerning the respective roles of governors and headteacher are as follows –
  - (i) All expenditure **decisions**, whether concerning the appointment of staff or the purchase of goods and services, must be **approved** by the governing body or by a committee or by the headteacher acting under powers delegated to him/her by the governing body itself.

- (ii) It is for the governing body to decide the extent to which their powers of decision should be delegated to the headteacher.
- (iii) The full governing body must discuss and approve the school's first formal budget plan of each financial year and all major decisions on expenditure priorities and changes to priorities during the year. Draft plans showing current committed expenditure and options for increasing or decreasing that expenditure would normally be prepared by the headteacher and/or a committee, and should take account of consequential effects in future years.
- (iv) It is strongly recommended that day to day expenditure decisions and the management of the school's budget should be delegated to the headteacher. Within such an arrangement, governing bodies would have the freedom to define levels or types of expenditure that would be subject to specific reference to the governing body or to one of its committees.
- (v) Whatever the governing body may allow for delegation of budget **decisions**, only the headteacher or another designated Council employee may act as the Council's **accounting officer** within the school. The governing body has no discretion or powers in this matter.
- (vi) Governors have no power, either collectively or individually, to place orders or sign contracts committing the Council to any expenditure that is to be charged to the Council's accounts. The making of such final financial **commitments** must, therefore, be undertaken by properly designated accounting officers within the school - namely the headteacher or a designated deputy - or by Council Officers.
- (vii) The headteacher, as the Council's accounting officer, has a legal duty not to implement a decision of the governing body in any case where to do so would require Council regulations to be infringed.

## 1.6 Maintenance of schools

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

## **SECTION 2: FINANCIAL CONTROLS**

### **2.1.1 Application of financial controls to schools**

- a) Schools are required to manage their delegated budgets according to the Council's requirements on financial controls and monitoring, not only those in the scheme but also those requirements set out in detailed documents referred to in this scheme. If there is any inconsistency between this scheme and those other rules and regulations relating to the funding or financial management of schools, the terms of the scheme shall apply. Those requirements may contain particular regulations for schools operating their own bank accounts.
- b) All expenditure from budget provision made by the Council and all official income must be included in the Council's accounts.
- c) Schools must comply with Council financial regulations, standing orders and accounting instructions and guidelines, as issued to the school from time to time by the Council's Chief Financial Officer, who is statutorily responsible for ensuring the probity and regularity of all financial activities and systems within the Authority.

### **2.1.2 Provision of financial information and reports**

Schools must provide the Council with details of anticipated and actual expenditure and income, in a form and at times (usually termly) determined by the Council's Chief Financial Officer or the Director of Children's Services.

### **2.1.3 Payment of salaries and bills, and collection of income**

- a) Governing bodies and headteachers will not physically handle Council money or have bank accounts apart from authorised imprest accounts or other accounts approved by the Council's Chief Financial Officer. All payments must be made through, or under other arrangements explicitly approved by the Council's Chief Financial Officer.
- b) Procedures for banking and for operating imprest accounts are under the control of the Council's Chief Financial Officer, as described in the Council's accounting guidelines.
- c) Under the Service Level Agreement arrangements, from 1st April 2000, schools will be able to purchase payroll services from outside providers. The Council will, where appropriate, facilitate a transfer of information and responsibility to the new provider. Schools will also be assisted to make appropriate arrangements to pay their new provider the monthly payroll costs.
- d) The Director of Children's Services and the Council's Chief Financial Officer will continue to prepare payrolls and pay salaries, wages, travelling and subsistence allowances for all other schools. Schools must not make payments to staff or make other payments in cash or in kind other than through the procedures operated or approved by the Council's Chief Financial Officer.
- e) The collection of all money due to the Council, whether as a result of the schools own official activities or according to Council requirements, must be receipted and banked in accordance with arrangements defined by the Council's Chief Financial Officer. All official income produced by the school's own activities will be credited to its accounts.

#### 2.1.4 Control of assets

- a) Each school must maintain an inventory of its moveable non-capital assets each worth £1000 or over, in a form to be determined by the Council, and dispose of such assets as prescribed in the Council's regulations.
- b) Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000.

#### 2.1.5 Accounting policies (including year-end procedures)

Schools must comply with all instructions and requests for information from the Director of Resources in relation to the application of the Council's Accounting Policies, including year-end procedures.

#### 2.1.6 Writing off debts

Governing bodies are able either to recommend or to authorise the write off of debts for items such as lettings, and all types of miscellaneous income.

- **Schools with external Bank accounts**

The school governing body may approve the write off of a debt up to £500 for a single debtor in any financial year. Proposals to write off debts above that sum would require consultation with the Council's Chief Financial Officer. It is anticipated that only in exceptional circumstances would such approval not be forthcoming.

- **Schools without external Bank accounts**

The governing body could recommend the write off of a debt to the Council's Chief Financial Officer for his approval. It is anticipated that only in exceptional circumstances would such approval not be forthcoming.

#### 2.2 Basis of accounting

Financial reports furnished to the authority may be on either a cash or accruals basis and schools are free to be able to use what financial software they wish provided they meet any costs of modification required to provide output required by the authority.

#### 2.3 Submission of budget plans

- a) The Council will supply schools with relevant school income and expenditure information so as to assist efficient budget planning by schools. Schools will be supplied with an annual timetable showing when expenditure statements will be available. Such information will normally be available on a monthly basis a few days after each month end.
- b) Each school is required to prepare a budget expenditure plan, including a costed staffing plan for the financial year, in a prescribed form. A copy of that plan (as approved by the governing body) should be sent to the Director of Children's Services by 1st June of each year. Each school's budget plan should take account of all increases in pay and prices expected during the year, and of expected carry-overs (e.g. estimated deficits/surplus as at the previous 31st March) from the previous year (in the case of **schools with external bank accounts**, the carry forward will be the balance in hand on the bank account). It should include a general provision for other contingencies, such as unexpectedly high fuel bills and emergency repairs.
- c) Each school is also required to reassess its expenditure plan at least termly.

- d) Each school must monitor expenditure and commitments systematically throughout the year. Each school should reconcile its records with the financial statements of payments made by the Council in relation to the school. Schools with external bank accounts must submit VAT returns monthly and must reconcile their commitment records and bank details each month.
- e) The Director of Children's Services and staff are available as specified with Service Level Agreements, to advise headteachers and governors on budget and finance matters, including interpretation and clarification of the monthly financial statements of payments made by the Council.
- f) Where the Director of Children's Services and the Council's Chief Financial Officer judge it necessary to report formally on the management of a school's finances, they have the right to attend, or be represented at, relevant governing body meetings.

### **2.3.1 Submission of Financial Forecasts**

- a) The LA may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.
- b) The Director of Children's Services may call on an individual governing body to submit within one month a statement of the expected final expenditure position for the financial year. Such action is likely if the trend of formal accounts maintained by the Director of Resources indicates the strong possibility that final spending could significantly exceed the approved budget level.

### **2.4 Efficiency and Value for Money**

- a) 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.
- b) It is for heads and governors to determine at school level how to secure better value for money.
- c) Governing bodies and headteachers should at all times be conscious of the need to obtain good quality supplies and services from reliable and reputable sources, and should be satisfied that any contract affords the school the best possible value for money.
- d) It is strongly recommended that advantage should be taken of the service terms and contracts obtained by the Council.
- e) Similarly, it is recommended that, wherever possible, advantage should be taken of the supplies and services terms and contracts negotiated by the West Mercia Supplies organisation.

### **2.5 Virement**

- a) Except in the case of ringfenced grants or allocations, governing bodies are free to determine how in detail the total money budget is to be spent, including decisions (subject to overall budget limits and the provisions set out in this scheme) about the number of teaching and non-teaching posts to be filled.
- b) Even where the total budget has been sub-divided into various expenditure categories (e.g. teaching staff, support staff, premises, etc.), the governing body has authority to vary the amounts spent on each category other than ringfenced allocations.

### **2.6 Audit: General**

- a) All schools come within the Council's audit regime, both internal audit and external audit and must co-operate fully with audit requirements and procedures.
- b) On request, schools must make available to the Council's Chief Financial Officer' internal audit staff and/or the Council's external auditors any records concerning actual or anticipated income and expenditure and allow access at all times to documents, records and assets relating to the Council's accounts. Staff of the school must provide auditors with such information and explanations as are necessary for the purpose of audit. Any suspected financial irregularities should be reported to the Director of Children's Services as soon as possible.
- c) In the case of **schools with external bank accounts**, the amount of internal auditing carried out at schools will be enhanced and the audit visits to examine systems and transactions and give appropriate advice will take place under the direction of the Council's Chief Financial Officer. The cost of this additional audit activity may be charged to the school. The basis of the charge will be notified before the start of each year. Currently there is no charge and schools will be consulted prior to any possible introduction of a charge.

## **2.7 Separate external audits**

If it so wishes, a governing body may spend funds from its formula budget to obtain external audit certification of its accounts, separate from any LA internal or external audit process.

## **2.8 Audit of voluntary and private funds**

Governing bodies must ensure that a record is kept of all private and voluntary funds for their school and that audited annual accounts, with audit certificates, are submitted to them within a reasonable time after the end of each accounting period. In addition audit certificates must be submitted to the council in respect of voluntary and private funds held by the school and the accounts of any trading organisations controlled by the school.

### **2.9.1 Register of business interests**

The governing body of each school must maintain a register which lists for each member of the governing body and the headteacher, any business interests they or any member of their immediate family have. That register must be kept up to date, with notification of changes and annual review of entries. The register must be available for inspection by the Council as well as by governors, staff and parents.

### **2.9.2 Declaration of interests**

A governor, headteacher or other member of staff of the school with a pecuniary interest direct or indirect in a personal capacity in any contract with the school must declare that interest to the governing body or to the relevant committee of the governing body.

## **2.10 Purchasing, tendering and contracting requirements**

- a) Schools must conform with the Council's financial regulations and standing orders in purchasing, tendering and contracting matters. Schools must assess in advance, where relevant, the health and safety competence of contractors, taking account of the Council's policies except where such regulations might otherwise require schools -
  - (i) to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
  - (ii) to seek LA officer countersignature for any contracts for goods or services for a

value below £60,000 in any one year;

(iii) to select contractors only from an approved list;

(iv) to seek no fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.

b) Schools are invited to nominate contractors for inclusion on the Council's list of approved suppliers.

### **2.11 Application of contracts to schools**

Except where the scheme provides otherwise, Schools have a right to opt out of LA-arranged contracts in the following circumstances –

(i) for contracts which schools have agreed to cover in respect of services for which funding was delegated by the LA prior to 1st April 1999;

(ii) for contracts which schools agree to cover in respect of services for which funding is delegated by the LA after 1st April 1999; and

(iii) for certain contracts approved by the Secretary of State for services for which funding is delegated after 1st April 1999, irrespective of the agreement of schools.

(iv) Although governing bodies are empowered under paragraph 3 of schedule 10 to the School Standards and Framework Act 1998 to enter into contracts, in most cases they do so on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

### **2.12 Central funds and earmarking**

a) The Council may make sums available to schools from central funds, including allocations under the Standards Fund, which are additional to and separate from the schools' formula budget. The LA is not permitted to make any deduction, in respect of interest costs to the LA, from payments to schools of devolved specific or special grant.

b) Such earmarked funding from centrally retained funds may be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and cannot be vired into the formula budget. Schools must be able to demonstrate in their accounts that these requirements have been complied with. Earmarked funding normally reverts to the Council if it is not spent by the end of the financial year for which it was provided or within the period over which schools are allowed to use the funding if different.

### **2.13 Spending for the purposes of the school**

- a) Governing bodies may spend the school's formula budget for the purposes of the school, i.e. for the education and care of children enrolled at the school and may include pupils at other maintained schools and community facilities. Such expenditure should not include spending on costs normally met by parents (such as home to school transport) unless a benefit to the age group educated in the school can be demonstrated, or on education or other activities involving other age groups.
- b) Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the school's formula budget may be spent. The Secretary of State has set out in the School Budget Shares (Prescribed Purposes)(England) Regulations 2010 to allow schools to spend their budgets on pupils who are on the roll of the other maintained schools.

### **2.14 Capital sending from formula budgets**

- a) Schools may use their formula allocations and DfE capital grants (including reserves from previous financial years) to fund expenditure of a capital nature [essentially investment on items which have a life of longer than 7-years and add value to the property and/or contents].
- b) Schools should consult the Director of Children's Services for comments on the merits of proposed expenditure on a capital project in excess of £15,000.
- c) In the case of premises owned by the Council, or if the school has voluntary controlled status, the governing body must seek the consent of the Council to any proposed works, but consent can only be withheld on health and safety grounds.

### **2.15 Notice of concern**

- a) The LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Council's Chief Financial Officer and the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.
- b) 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:
  - (i) insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
  - (ii) insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
  - (iii) 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;
  - (iv) insisting on regular financial monitoring meetings at the school attended by local authority officers;
  - (v) requiring a governing body to buy into a local authority's financial management systems; and

- (vi) 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.
- c) The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied

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

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

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

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

## **2.17 Fraud**

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

The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them and the consequences of breaching those controls. This information must also be included in the induction of new school staff and governors.

## **SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS**

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

### **3.1 Frequency of instalments**

- a) In the case of schools **with external bank accounts**, advances will be made twelve times a year (monthly) by the Council's Chief Financial Officer to the school account. Schools will receive advances based on the full school budget including employee and non-employee expenditure. In exceptional cases, and where a school can justify that the balance in the schools external bank account is insufficient to meet its own actual expenditure profile, the Council's Chief Financial Officer may facilitate additional advances subject to the school's overall spending level allowed by the scheme of delegation.
- b) In the case of schools **not having external bank accounts**, the expectation is that expenditure will be spread fairly evenly across the financial year, though it is permissible to spend at a faster rate at some points in the year, provided that expenditure for the year will be in balance. Schools may not plan to be in deficit at the end of the year, unless that is part of an agreed arrangement (see paragraph 4.10 below).
- c) Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

### **3.2 Proportion of formula budget allocation payable at each instalment**

- a) All twelve advances will be based on the indicative amount of expenditure provided by the formula budget allocation given to the school plus any additional grant allocations. Each instalment will be calculated as a monthly amount.
- b) All advances and reimbursements to school bank accounts will be made by BACS transfer (the Bankers' Automated Clearing Services system).
- c) These initial assumptions will be adjusted to fit in with individual school circumstances by agreement.

### **3.3 Interest Clawback**

The authority may deduct from budget share instalments an amount equal to the estimated interest lost by the authority in making available the budget share advance. Where such a provision is made the scheme will explain the justification for a clawback and clearly show the basis of the deduction, taking account of the frequency options offered by the scheme.

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

Interest based on the Bank of England base rate will be added to late payments of budget instalments.

### **3.4 Formula allocations for closing schools**

Formula allocations for schools for which approval for discontinuation has been secured are made available until closure on a monthly basis net of estimated pay costs, even where some different basis was previously used.

### **3.5 Bank and Building Society Accounts**

- a) All maintained schools can continue to rely on the banking arrangements operated by the Council. If they wish, however, schools are permitted to have external bank accounts into which their formula budget instalments, and their budget allocation costs, are paid. Where schools have such accounts they retain all interest payable on the account unless they choose to have an account within an LA contract, which makes other provision.
- b) New bank account arrangements may be made with effect from the beginning of each financial year. Schools without external bank accounts at the start of the scheme may not have one until any deficit balance is cleared. Any school requesting an external bank account at a later date may not be able to have one until any deficit is cleared.
- c) Any school wishing to opt for an external bank account for the first time may do so only after giving a period of notice of at least two months before the start of the relevant financial year.
- d) Where a school opts to open an external bank account, the Council must transfer to the account at the start of the financial year an amount agreed by the school and LA as the estimated surplus balance held by the LA.
- e) The detailed arrangements for operation of external bank accounts are set out in Annex G.

### **3.5.1 Restrictions on external bank and building society accounts**

- a) If a school decides to operate its finances through an external bank or building society account, into which budget instalments would be paid, the school should select a bank or building society from the list set out in Annex G and must be consistent with the Council's Treasury Management policy. Other organisations may well be acceptable, but no other organisation should be used except with the express prior permission of the Council's Chief Financial Officer.
- b) Such accounts may be in the name of the school rather than the Council although the letters H.C. (for Herefordshire Council) will have to be added to the name of the account (e.g. H.C. .... School).
- c) Money paid by the Council and held in such accounts remains Council property and the Council is entitled to receive expenditure statements.
- d) The Council can take control of the account if the schools right to a delegated budget is suspended by the LA.
- e) Two members of staff, not governors of the school, unless they are also members of staff, must sign all cheques in manuscript. The school must notify the Council's Chief Financial Officer of the signatories to the account.

### **3.5.2 Imprest accounts**

- a) The Council offers a petty cash imprest account or an enhanced imprest account as an alternative to the facility for schools to have their own bank accounts (see Annex G).
- b) The enhanced imprest account would be for an amount to be agreed with each school by the Council's Chief Financial Officer. The sum agreed would be sufficient to allow the payment of invoices and for most non-employee related expenses. The Council recommends the use of a petty cash imprest account for Schools intending to pay smaller amounts (i.e. below £50). The Council recommends the use of an enhanced imprest account for Schools intending to pay larger amounts (i.e. above £50). Schools would, however, continue or be able to have invoices paid by Council's Chief Financial Officer's Payments section.

- c) Schools would be able to draw cheques on the Council operated imprest bank account.
- d) Schools would submit details of cheques drawn each month to allow the account to be reimbursed, the transactions to be reflected in the Council's accounts and the VAT to be properly accounted for.
- e) The enhanced imprest account would have to be reconciled as is the case with normal imprest accounts.

### **3.6 Borrowing by schools**

- a) Governing bodies and headteachers may not invest or lend Council funds other than with the prior written approval of the Council's Chief Financial Officer. Schools with significant funds in their external bank accounts are recommended to seek the advice of the Council's Chief Financial Officer rather than simply leaving the funds in a low interest earning current account.
- b) Similarly, governing bodies and headteachers may not borrow money from external sources for any official purpose whatsoever, except with the permission of the Secretary of State.
- c) Such restrictions do not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. Such debts may not be serviced directly from delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the Council when repaying loans.
- d) The provision in paragraph c (restricting borrowing) does not apply to loan schemes run by the Council.

### **3.7 Procurement cards**

The use by schools of procurement cards is encouraged as such cards reduce transaction costs and enable schools to benefit from significant discounts. The use of such cards must comply with the Council's policy on procurement cards which is available from the Council's Chief Financial Officer.

## SECTION 4: THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO FORMULA BUDGETS

### 4.1 Carry forward between financial years

- a) All schools must plan their spending, including any variations they judge to be necessary from one school term or school year to the next, in such a way as to keep expenditure for the financial year within the limits set by the formula allocations. Where a school opts to have an external bank account the estimated carry forward will be agreed with the school and paid over into the school bank account on or before the first April of the first year of the bank account. The account will be adjusted following final reconciliation.
- b) **Underspending** If one financial year's expenditure at a school is below its approved budget level, all underspendings will be added to the school's own budget for the following year.
- c) **Overspending** Individual schools may not plan to spend, in any one year, beyond the final budget allocation for that year. Any amounts spent in excess of the final budget allocation will be subtracted from the budget allocation for the following financial year. Where **schools have external bank accounts**, any underspendings or overspending will be reflected in the bank account balance rather than be added to or subtracted from the budget allocation for the following year.

### 4.2 Controls on surplus balances

- (a) Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2015:
  - (i) the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
  - (ii) the authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance;
  - (iii) if the result of steps (i)-(ii) is a sum greater than 25% of the current year's budget share then the authority shall deduct from the current year's budget share an amount equal to the excess.
- (b) Funds deriving from sources other than the authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.
- (c) Funds 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 authority.
- (d) The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the Schools Budget of the authority.

### 4.3 Interest on surplus balances

- a) Schools will receive interest on surplus cash held within the Council's accounts based on an average of the balance brought forward at the beginning of the year and the carry forward balance at the year end. Interest will be calculated using actual interest rates based on 1% below the Bank of England base rate throughout the year.

- b) Schools with balances held in external bank accounts will negotiate their own interest terms with their Bank or Building Society.

#### **4.4 Obligation to carry forward deficit balances**

Any deficit balances held by schools at year end will be carried forward and deducted from the following year's budget (see also 4.8).

#### **4.5 Planning for deficit budgets**

Schools may only plan for deficit budgets under certain circumstances determined by the Authority (see also 4.9).

#### **4.6 Charging of interest on deficit balances**

The LA may charge interest on deficit balances, at the same rate as the interest paid on surpluses.

#### **4.7 Writing off deficits**

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

#### **4.8 Balances of closing and replacement schools**

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

#### **4.9 Licensed deficits**

- a) In exceptional circumstances, and only with the prior approval of the Director of Children's Services and the Council's Chief Financial Officer, a school may plan to incur a deficit in a particular financial year. Such circumstances include where a governing body wishes to undertake a special project, or to purchase a major item of equipment, or to overcome a demonstrably short term difficulty. Such forward spending would not normally be allowed to exceed 2% of the school's own formula allocation, with the requirement that the budget would be in balance (after meeting the licensed deficit) by the end of the 3rd full financial year from the date of the licensed deficit. The total of such deficits planned by all schools would not be allowed to exceed 40% of the collective net balance held by the Council on behalf of schools. **Schools with external bank accounts** seeking licensed deficits would need to provide the Council's Chief Financial Officer with a copy of reconciled bank statements demonstrating the school's current financial position.

#### **4.10 Loan scheme**

- a) The Council operates a form of loan arrangement for schools by way of actual payments to schools or expenditure in respect of a particular school, on condition that a corresponding sum is repaid from the school's formula budget (by the end of four years from the date of the loan). The loans are available to fund one-off purchases of equipment and certain types of capital works, and are allocated under arrangements determined by the Director of Children's Services and the Council's Chief Financial Officer. The maximum amount allowed for any one school is limited to 2% of the school's own formula allocation. Schools must be able to demonstrate their capacity to repay the loan and interest. Details of the loan scheme are included in Annex H.
- b) The loans will be financed in effect, subject to consultation with schools, by the balances

in hand held within the Council's Accounts on behalf of the schools. The statutory right of schools to draw on their balances at any time will not be affected.

- c) The Council's budget statements show the amount centrally retained for devolved loan payments to schools, and the payments also appear in the out-turn statements.
- d) The loan scheme can operate only in respect of expenditure deductible from the ISB under the s.46 regulations.
- e) No provision has been made for any credit union approach to loans.
- f) Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school

#### **4.10.1 Credit Union Approach**

No provision has been made for any credit union approach to loans.

## **SECTION 5: INCOME**

### **Retention of income by schools**

Schools retain income, except in certain circumstances, as specified below.

#### **5.1 Income from lettings**

- a) Schools retain income from lettings of the school premises which would otherwise accrue to the authority, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school.
- b) Schools may cross subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. However, schools are 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.
- c) Lettings of school premises not owned by the Council are not affected by these provisions.

#### **5.2 Income from fees and charges**

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

#### **5.3 Income from fund-raising activities**

Schools retain all income from fund-raising activities.

#### **5.4 Income from the sale or leasing of assets**

- a) Schools retain the proceeds of sale or leasing of assets except in cases where the asset was purchased with non-delegated funds (in which case it is for the Council to decide whether or not the school should retain the proceeds), or where the asset concerned is land or buildings forming part of the school premises and is owned by the Council.
- b) The retention of proceeds of sale for premises not owned by the Council is not a matter for the scheme.

#### **5.5 Administrative procedures for the collection of income**

All income due to the Council, whether as a result of the school's own official activities or according to Council requirements, must be receipted and banked in accordance with arrangements defined by the Council's Chief Financial Officer. All official income produced by the school's own activities will be credited to its accounts.

#### **5.6 Purposes for which income may be used**

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

## **SECTION 6: THE CHARGING OF SCHOOL FORMULA BUDGETS**

### **6.1 General provision**

- a) Each school's budget will be charged with all expenditure relating to its own activities, other than items specified for central funding. Salaries of school-managed staff will be charged to schools at actual cost.
- b) School budgets may be charged by the Council without the consent of the governing body only in circumstances expressly permitted by this scheme. In such circumstances, the Director of Children's Services will inform schools of the intention to so charge, and notify schools when that has been done. Such charging will be limited to circumstances in which the Council has necessarily incurred the expenditure charged to the school's locally managed budget.
- c) For the avoidance of doubt, local authorities may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

#### **6.1.1 Charging of salaries at actual cost**

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

### **6.2 Circumstances in which charges may be made**

- 6.2.1 Where premature retirement or other severance costs have been incurred without the prior written agreement of the Council to bear such costs (the amount chargeable being only the excess over any amount agreed by the Council). (See annex F)
- 6.2.2 Other expenditure incurred to secure resignations where the school has not followed Council advice and procedures specified in the central funding support scheme (Annex F).
- 6.2.3 Awards by courts and industrial tribunals against the Council, or out of court settlement, arising from action or inaction by the school contrary to the Council's advice.
- 6.2.4 Expenditure by the Council in carrying out health and safety work, emergency repairs or capital expenditure for which the Council is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.
- 6.2.5 Expenditure by the Council incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Council or the school has voluntary controlled status.
- 6.2.6 Expenditure incurred by the Council in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would have been arranged by the Council.
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the Council.
- 6.2.8 Recovery of penalties imposed on the Council by H.M. Revenue and Customs, the Contributions Agency, Teachers' Pensions or regulatory authorities, as a result of school negligence.

- 6.2.9 Correction of Council errors in calculating charges to a school's budget (e.g. pension deductions).
- 6.2.10 Additional transport costs incurred by the Council arising from decisions by the governing body on the timings for the school day, and failure to notify the Council of days when pupils are not in school resulting in unnecessary transport costs.
- 6.2.11 Legal costs which are incurred by the authority because the governing body did not accept the advice of the authority (see also section 11)
- 6.2.12 Costs of necessary health and safety training for staff employed by the Council, where funding for training had been delegated but the necessary training has not been carried out by the school.
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- 6.2.14 Costs of work done in respect of Teacher Pension remittance and records for schools using non Council payroll contractors, the charge to be the minimum needed to meet the cost of the Council's compliance with its statutory obligation.
- 6.2.15 Expenditure by the Council in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- 6.2.16 Costs incurred by the Council due to submission by the school of incorrect data.
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;
- 6.2.18 Costs incurred by the Council as a result of the governing body being in breach of the terms of a contract.
- 6.2.19 Costs incurred by the Council or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

## SECTION 7: TAXATION

### 7.1 Value Added Tax (VAT)

- a) Schools should follow the procedures set out in the Council's booklet, "VAT Guidance for Schools – September 2003", in order to be able to use the Council's ability to reclaim VAT on expenditure relating to non-business activities (i.e. all their statutory activities as a school) and some business activities such as lettings. Any amounts so reclaimed will be passed back to the school so the school will only incur the net cost.
- b) HM Revenue and Customs have agreed that VAT incurred by schools when spending any funding made available by the Council is treated as being incurred by the Council and qualifies for reclaim by the LA. This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings nor capital works of Foundation Schools funded directly by DfES.
- c) The Council is required by HM Revenue and Customs to submit VAT returns and reclaim VAT monthly. It is essential that **schools with external bank accounts** submit details of transactions promptly to the Council's Chief Financial Officer at the end of the month in order that the VAT can be reclaimed as soon as possible.

### 7.2 Construction Industry Taxation Scheme (CITS)

Schools should abide by procedures issued by the Council in connection with CITS.

## **SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE COUNCIL**

### **8.1 Provision of services from centrally retained budgets**

- a) It is for the Council to determine the basis on which services from centrally retained funds are provided to schools.
- b) The Council will not discriminate in its provision of services (including PRC and redundancy payments) on the basis of categories of schools except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

### **8.2 Timescales for the provision of services bought back from the authority using delegated budgets**

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

#### **8.2.1 Packaging**

The Council will provide any services for which funding has been delegated, and for which the Council is offering the service on a buyback basis, in a way that does not unreasonably restrict schools' freedom of choice among the services available, and where practical, this will include provision on a service-by-service basis as well as in packages of services. In some cases, the Council may decide to offer packages of services with a discount for schools taking up a wider range of services.

### **8.3 Service Level Agreements (SLA)**

- a) If services or facilities are provided by the Council under a service level agreement, whether free or on a buyback basis, the terms of any agreement will be reviewed at least every three years if the agreement lasts longer than that.
- b) Services, if offered at all by the Council, will be available on a basis that is not related to an extended agreement, as well as on the basis of such agreements.
- c) 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.
- d) Service Level Agreements must be in place by 31st January each year in order to be effective for the following financial year. Schools will have a minimum of one month in which to consider the terms of the agreements.
- e) Centrally funded premises and liability insurances are specifically excluded from these provisions.
- f) In order to ensure the performance of the duty on the Authority to supply Teachers' Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares. The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the authority to provide payroll services.

## **8.4 Teachers' pensions**

In order to ensure that the performance of the duty on the authority to supply Teachers Pensions with the information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.

The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the authority to provide payroll services

A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the authority which the authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

## **SECTION 9: PFI/PPP**

- 9.1** The LA reserves the right to charge against an individual schools budget amounts agreed under a PFI/PPP agreement entered into by the governing body of the school.

## SECTION 10: INSURANCE

### 10.1 Insurance cover

- a) The Council provides a range of **minimum insurance cover** shown below for all schools that wish to continue to rely on that cover through funded ('buy back') insurance SLA arrangements.
- b) All schools will receive a delegated sum equivalent to the cost of the Council's minimum cover and may make their own insurance arrangements through the governing body. They would, however, be required to submit details (e.g. copy policies) of the alternative cover prior to acceptance/renewal of policies so that the Council can be satisfied that the minimum cover is met.
- c) The Council's minimum level of insurance cover is defined to protect the interests of schools and the Council as well as to achieve value for money. Additional optional policies for schools to purchase offer schools further protection according to their needs. All the arrangements are the subject of regular consultation with the schools. Schools are also free to purchase increased cover if they deem it necessary from any insurance company approved by the Council's Chief Financial Officer.
- d) The minimum level of cover required is set out below -

<b>Premises (see (e))</b>	Fire perils to reinstatement value of school
<b>Contents</b>	Fire perils – new for old basis
<b>Employers Liability</b>	£25m Extended to cover volunteers and governors
<b>Public Liability</b>	£25m inc. Indemnity to governors and employees
<b>Libel/Slander</b>	£1m cover for employees only
<b>Personal Accident</b>	Death cover for all employees at five times the level of salary, with a minimum of £35,000 and with a standard %, for lesser injury. Separate cover for governors up to £50,000 and volunteers up to £10,000
<b>Cash</b>	Depends on amounts generally held, not likely to be a great deal in most schools
<b>Fidelity Guarantee</b>	Compulsory under Local Government Acts, Limits of indemnity would depend on exposure
<b>Engineering</b>	Damage to plant and surrounding property by explosion, collapse or sudden/unforeseen damage.

### 10.2 Insurance – additional Cover

- a) Schools have insurance needs above the minimum level falling within one of the following two categories:

- (i) **Required by Law.**

Motor Vehicles. Cover for school minibuses/vans must be arranged on a comprehensive basis in keeping with the LA's own arrangements. This cover can be purchased externally, via direct insurers or brokers, or can be arranged via the Council's Insurance Section as part of a blanket policy already in place.

- (ii) **Optional Insurance.** The following insurance, if required, can be purchased via the Council's Insurance Section.

- **Balance of Risk**  
Buildings – comprehensive cover for areas for which the school has maintenance responsibility.  
Contents – comprehensive cover for all contents.
  - **Fidelity Guarantee**  
Insures school funds (not delegated budgets) and PTA funds against fraudulent loss at the hands of an employee.
  - **Loss of Revenue**  
Loss of hiring fees should the school become unusable.
  - **Personal Accident**  
Cover for pupils only whilst on school premises and/or whilst engaging in activities off site.
  - **School Journey**  
Personal accident cover for pupils and all accompanying adults whilst on off site activities, plus a full travel policy and/or personal accident for pupils whilst on school premises.
- b) The LA will consider the actual risks that might reasonably be expected to arise at a school purchasing its own insurance rather than rigidly applying this minimum cover to all schools.
- c) Schools would be required to submit details (e.g. copy policies) of the alternative cover purchased to the LA annually prior to acceptance/renewal of policies.
- d) Schools wishing to take on insurance responsibilities would be required to request delegation of the insurance costs for their school by 1st February each year. The delegation would apply from 1st April in the year in which it was requested.

## **SECTION 11: MISCELLANEOUS**

### **11.1 Right of access to information**

Each governing body is required to supply any financial and other information that might reasonably be needed to enable the Council to satisfy itself as to the school's management of its delegated budget or the use made of any central expenditure by the Council (such as earmarked funds) at the school.

### **11.2 Liability of governors**

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

### **11.3 Governors' Expenses**

- a) Under schedule 11 of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. No other payments to governors are permitted. Schools may not pay expenses duplicating those paid by the Secretary of State to any additional governors appointed by him to schools under special measures.
- b) The Council may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

### **11.4 Responsibility for legal costs**

- a) The cost of legal actions, including costs awarded against the Council, may be charged in full or in part to the school's formula budget if the governing body fails to act in accordance with the advice of the Council or if the governing body initiates or causes action without appropriate prior agreement. In general, the Council would meet legal costs arising from its statutory responsibilities to maintain schools.
- b) In a situation where a governing body believes that legal advice made through the Council reflects the Council's interests rather than that of the school, the governing body may purchase legal advice from another source of its choosing. In such cases, the school will be responsible for the cost of that legal advice and also for any consequential costs that may be incurred. A school will not be reimbursed for the cost of legal action against the Council itself.

### **11.5 Health and safety**

Governing bodies are required to have due regard to duties placed on the Council in relation to health and safety and the Council's policy on health and safety matters when planning spending against the school's formula budget allocation. The Council may issue directions on Health and Safety, as and when appropriate. The Council's requirements on health and safety policies are set out more fully in Annex K.

### **11.6 Right of attendance for Chief Finance Officer**

The scheme requires governing bodies to permit the Chief Finance Officer of the Council or their representative to attend meetings of the governing body at which any agenda items are relevant to the exercise of their responsibilities.

## **11.7 Special Educational Needs**

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

## **11.8 Interest on late payments**

Schools should be aware that suppliers have the legal right to claim interest on late payments of invoices. Any interest claims received will be charged to the school unless resulting from inappropriate LA attention.

## **11.9 Whistleblowing**

- a) Where a member of staff or a governor has serious concerns about financial management or financial propriety at the school, these concerns should normally be raised with the appropriate line manager or the Headteacher. Concerns might, for example, include possible fraud and corruption or the unauthorised use of public funds.
- b) It is however appreciated that the member of staff or governor may, depending on the issues involved, feel unable to express their concerns in this way. In such circumstances, concerns may be raised orally (telephone 01432 260238) or in writing to the Council's Chief Financial Officer at PO Box 240, Hereford HR1 1ZT who will investigate as appropriate.
- c) Staff and governors are advised that raising such concerns will not open them up to victimisation or discrimination of any kind. It is recognised that many cases will have to proceed on a confidential basis.

## **11.10 Child Protection**

Provision is made to reimburse schools for necessary class teaching cover for authorised teaching staff to attend child protection case conferences.

## **11.11 Redundancies and Early Retirements**

Section 37 of the 2002 Education Act says:

(4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met

(5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

The default position in law is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the Council has to agree otherwise for costs to

be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position are taken.

Charge of dismissal/resignation costs to delegated school budget in the following circumstances;

- 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

The Council will be adhering to the statutory position as set out by the DfE in Annex F and in particular the circumstances listed above where redundancy costs can be charged to a schools delegated budget.

A local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the school forum agree to a de-delegated budget in accordance with Schedule 2 Part 7, of the Finance Regulations.

## SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

- a) All funding for repairs and maintenance is delegated to schools in their formula budgets. Only capital expenditure is to be retained by the Council. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the Council for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting. In particular, where, in line with the Code of Practice, the Council may use de minimis limits for defining what expenditure is treated as capital and what is revenue in their financial accounts, the same de minimis limits is used in defining what is delegated. The Herefordshire Council currently does not operate under any de minimis limit in relation to capital expenditure. Check Josie is it £2,000??
  - b) For the sake of clarity, the distinction between repairs and maintenance to be delegated to schools, and capital expenditure met by the Council, are specified in detail in Annex O.
- 12.3 For voluntary aided schools, the liability of the authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the *de-minimus* limit applied by the DfE to categorise such work, not the *de-minimus* limit used by the authority.

## **SECTION 13: COMMUNITY FACILITIES**

### **Introduction**

- 13.1 Under s.27 (1) of the Education Act 2002 schools may provide community facilities, subject to specified controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the Council. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that. Annex M gives further information. The budget share of a school may be used to fund community facilities – either start up costs or on-going expenditure- or to meet deficits arising from such activities.
- 13.2 Mismanagement of community facilities funds can be grounds for the suspension of the right to a delegated budget.

### **Consultation with the Council – financial aspects**

- 13.3 Prior to establishing community or extended facilities in school, governing bodies must consult the LA by writing to the Director of Children's Services at least two months prior to the proposed commencement date.
- 13.4 This consultation must include copies of the relevant minutes of the governing body. Prior to consulting the LA, the governing body of the school must have approved a business plan setting out the purpose of the community or extended facility, a risk assessment, income and expenditure projections for at least 12 months and some consideration of potential actions to be taken should the actual income and expenditure vary sufficiently from planned to cause a deficit to materialise. Redundancy costs and accrued financial losses arising from failed schemes are the responsibility of the governing body. Where a license to operate on school premises is being considered which may provide rights of tenancy the formal agreement of the LA is necessary
- 13.5 The Director of Children's Services will reply in writing within four weeks either approving the application or to offer further advice so that the governing body may reconsider their plans accordingly. The governing body must inform the LA of the action taken following the LA advice.

### **Funding Agreements – LA powers**

- 13.6 The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations are potentially involved.
- 13.7 If the provision of community facilities is dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision the LA requires that the governing body seek legal advice to protect both themselves and the LA. The LA requires a copy of the proposed agreement and the legal advice at least seven working days prior to signature. If an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the Council is seriously prejudicial to the interests of the school or the Council, such an agreement may constitute grounds for suspension of the right to a delegated budget. Governing bodies should be aware that a very wide range of bodies and organisations are potentially involved.

## **Other Prohibitions, restrictions and limitations**

13.8 The LA may not veto either the funding agreements with third parties, or for other proposed uses of the community facilities power. However, in the specific instance of use of the community facilities power by a governing body, the governing body must make arrangements to protect the financial interests of the Council by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the LA.

## **Supply of financial information**

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

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

## **Audit**

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

13.13 Schools must ensure that agreements, including funding agreements with other persons pursuant to the exercise of the community facilities power, contain adequate provision for access by the Council 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 Council to satisfy itself as to the propriety of expenditure on the facilities in question.

## **Treatment of income and surpluses**

13.14 Schools are permitted to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person.

13.15 The school is permitted to carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Council at the end of each financial year, transfer all or part of it to the budget share balance.

## **Health and safety matters**

13.16 All provisions relating to school regarding health and safety matters within this Scheme for Financing Schools also apply to the community facilities.

13.17 The governing body is responsible for securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing Bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

## **Insurance**

- 13.18 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The school should seek the Council's advice before finalising any insurance arrangement for community facilities.
- 13.19 The Council may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant costs to the school. Such costs should not be charged to the school budget share.

## **Taxation**

- 13.20 The school must seek the advice of the Council and the local VAT office on any issues relating to the imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the local authority VAT reclaim facility.
- 13.21 If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.
- 13.22 The school must follow the LA advice in relation to the Construction Industry Scheme where it is relevant to the exercise of the community facilities power.

## **Banking**

- 13.23 The school should either maintain separate bank accounts for budget share and community facilities, or has one account but with adequate internal accounting controls to maintain separation of funds. Alternatively the school may use the Council's banking arrangements which would permit adequate separation of such funds from the school budget share and other LA funds.
- 13.24 The banking arrangements regarding the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters as set out in section 3 of this scheme apply with the exception that a mandate to show the LA as owner of the funds in the account should exempt the community facilities funds if they are in the same account as the budget share.
- 13.25 Schools may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining LA



## **ANNEX A – DIRECTORY OF ANNEXES**

The LMS annexes provide further information relevant to Herefordshire's scheme of delegated management and also clarification in areas where the regulations are perceived as complex. The annexes change from time-to-time as needs change. The date of the last revision is shown in brackets.

**ANNEX B** (2011)- Schedule of Schools in the Scheme

**ANNEX C** (2010) - Expenditure covered by the Funding Formula

**ANNEX D** (2011) - Funding Managed Centrally

**ANNEX E** (2004) – The underlying element of the formula - **WITHDRAWN** - see Annex C

**ANNEX F** (2011) – DfE guidance on funding school redundancies

**ANNEX G** (2010) Local school bank accounts and enhanced imprest accounts

**ANNEX H** (2010) - Schools Loans Scheme

**ANNEX I** (2010) - Legal Liabilities and Suspension of Delegation

**ANNEX J** (2010) - Policy on permitted charging of parents

**ANNEX K** (2010) - Arrangements for providing meals services in schools - **WITHDRAWN**

**ANNEX L** (2010) - Health and Safety

**ANNEX M** (2010) - Council's Scheme for Community Facilities in Schools

**ANNEX N** (2010) - Shared and Community Use of Premises

**ANNEX O** (2010) - Property Management and Maintenance

**ANNEX P** (2010) - Supplies and Services Responsibilities

**ANNEX Q** (2010) - Staff Absence Arrangement

**ANNEX R** (2010) - Best Value

## ANNEX B

### SCHEDULE OF SCHOOLS WITHIN THE SCOPE OF THE SCHEME

SCHOOL NAME	SCHOOL STATUS	AGE RANGE
Almeley Primary	Community	5-11
Bosbury CE Primary	Controlled	5-11
Brampton Abbott's CE Primary	Aided	5-11
Bredenbury Primary	Community	5-11
Bridstow CE Primary	Aided	5-11
Bromyard, St. Peter's Primary	Community	3-11
Clehonger CE Primary	Controlled	5-11
Clifford Primary	Community	5-11
Colwall CE Primary	Controlled	5-11
Cradley CE Primary	Aided	5-11
Credenhill, St. Mary's CE Primary	Controlled	5-11
Eardisley CE Primary	Controlled	5-11
Ewyas Harold Primary	Community	5-11
Fownhope, St. Mary's CE Primary	Aided	5-11
Garway Primary	Community	5-11
Goodrich CE Primary	Controlled	5-11
Gorsley Goffs Endowed Primary	Controlled	5-11
Hereford, Broadlands Primary	Community	3-11
Hereford, Hampton Dene Primary	Community	5-11
Hereford, Riverside Primary	Community	3-11
Hereford, Marlbrook Primary	Community	5-11
Hereford, Our Lady's RC Primary	Aided	5-11
Hereford, St. Francis Xavier's RC Primary	Aided	5-11
Hereford, St. James' CE Primary	Aided	5-11
Hereford, St. Martin's Primary	Community	3-11
Hereford, Trinity Primary	Community	5-11
Kimbolton, St. James' CE Primary	Aided	5-11
Kingsland CE Primary	Aided	5-11
Kington Primary	Community	3-11
Lea CE Primary	Aided	5-11
Ledbury Primary	Community	3-11
Leintwardine Endowed Primary	Aided	5-11
Leominster Primary	Community	3-11
Leominster, Ivington CE Primary	Aided	5-11
Little Dewchurch CE Primary	Controlled	5-11
Longtown Primary	Community	5-11
Luston Primary	Community	5-11
Madley Primary	Community	5-11
Michaelchurch Escley Primary	Community	5-11
Much Birch CE Primary	Controlled	5-11
Much Marcle CE Primary	Aided	5-11
Orleton CE Primary	Controlled	5-11
Pembridge CE Primary	Aided	5-11
Pencombe CE Primary	Aided	5-11
Peterchurch Primary	Community	5-11
Ross-On-Wye, Ashfield Park Primary	Community	3-11
Ross-On-Wye, St. Joseph's RC Primary	Aided	5-11
Shobdon Primary	Community	5-11
St. Weonard's Primary	Community	5-11

<b>SCHOOL NAME</b>	<b>SCHOOL STATUS</b>	<b>AGE RANGE</b>
Staunton-on-Wye Endowed Primary	Aided	5-11
Stoke Prior Primary	Community	5-11
Walford Primary	Community	5-11
Wellington Primary	Community	5-11
Weobley Primary	Community	3-11
Weston-Under-Penyard CE Primary	Aided	5-11
Whitchurch CE Primary	Aided	5-11
Withington Primary	Community	3-11
Hereford, Aylestone School-Business & Enterprise College	Community	11-16
Hereford, Bishop of Hereford's Bluecoat	Aided	11-16
Hereford, St. Mary's RC High	Aided	11-16
Leominster, Earl Mortimer College	Community	11-18
Weobley High	Community	11-16
Blackmarston, Hereford	Community Special	2-11
Westfield, Leominster	Community Special	5-16

## ANNEX D

### FUNDING MANAGED CENTRALLY

D01. Total funds delegated to schools, other than capital, is called the **Individual Schools Budget** or ISB. Other funding, generally managed centrally, is divided between the Schools Budget (funded by Dedicated Schools Grant) and the LA Budget (funded by the Council). In creating this new split of funding, the Government originally intended that items in the Schools Budget would all be capable of being delegated to schools. Items in the LA Budget, on the other hand, were intended to be the statutory functions of the LA and would not normally be delegated. However, included within the Dedicated Schools Grant are pupil related budgets such as provision for Nursery Education Funding in Private Voluntary and Independent Nursery settings and fees to Independent Special Schools for specialist SEN provision which could not be delegated to schools. In the LA budget there are items that, arguably, could be delegated to schools e.g. severance and pension liabilities, part of transport costs and aspects of School Improvement.

D02.

Items managed centrally within Dedicated Schools Grant	Brief Description
1. Provision for pupils with SEN	Higher cost provision is provided by Band 3 and Band 4 SEN funding for individual pupils and is not currently delegated. Funding for lower cost provision is delegated to schools (i.e. Band 1 and Band 2 funding) The retained provision includes pupils not in school e.g. hospital teaching.
2. Support for pupils with SEN	Some support services providing tuition, assessment, monitoring and training for individual pupils where not otherwise delegated.
3. Provision for pupils in Independent schools.	Fees for statemented pupils whose needs cannot be met in LA provision.
4. Promoting good practice and integration.	A range of intervention and advice to prevent exclusion and promote re-integration.
5. Education other than in schools.	Support for pupils educated at home or in other centres, hospital etc
6. Pupil Referral Units	Three PRUs operate on delegated budgets but their spending does not count as delegated.
7. Inter-Authority Recoupment	Mutual charging arrangements between LAs for statemented pupils in their care.
8. Early Years Education	LAs now have responsibility to provide Nursery Education Funding for 3 and 4 year olds in private, voluntary and independent (PVI) settings. A single early years formula for PVI providers and nursery classes in schools was introduced in April 2010. Other services such as SEN support, training and mentoring for PVI settings are included here.
9. Provision of meals and milk	The meals service in Herefordshire is entirely delegated to schools. There is a small administrative cost associated with the EU milk scheme operated in schools.
10. Contingencies and miscellaneous.	A range of costs incurred on behalf of schools of a contingency nature, for example, emergencies and additional costs of unplanned special school admissions in September.
11. Admissions	LAs are responsible for administering a co-ordinated school admissions process for their local

	area.
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D03.

<b>Items managed centrally within the LA Budget</b>	<b>Brief description</b>
1. Strategic Management	Planning, administrative and committee functions, finance, legal, property management, personnel, etc including meeting Government needs for information.
2. Severance, pension liability and staff replacement costs.	Long standing pension and severance obligations incurred pre LMS as well those arising under the former Hereford and Worcester County Council. New severance and pension obligations arising from school needs to reduce staffing due to financial reasons. Staff sickness costs in schools are covered within the delegated sickness insurance arrangement.
3. Special Educational Services	Statutory Education Psychology, assessment and SEN statementing services and central functions not involving individual pupil provision.
4. School Improvement	Most of the costs of the Inspection and Advisory Services are covered within this category.
5. Transport	All home to school and post-16 transport arrangements, so that the Council can meet its statutory obligations to pupils who live more than the designated distances from the appropriate school.
6. Educational Welfare Service	The Council has a statutory duty to ensure that pupils receive efficient and full-time education by working with and encouraging parents to fulfil their responsibility for their pupil's attendance in school.
7. Asset management	The survey and maintenance of registers of assets for schools including condition, sufficiency and suitability of accommodation in schools.
9. Outdoor education, music and arts	The LA has responsibilities for co-ordinating Health and Safety for out-door education and provides small sums to support the music service and developments in the arts.
9. Youth and Community services	Basic provision for the Youth Service, a contribution to the Youth Offending Team and the cost of administering applications for grants for Further and Higher Education.

## ANNEX F

### RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

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

Section 37 of the 2002 Education Act says:

*(4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met*

*(5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.*

*(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).*

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

*Charge of dismissal/resignation costs to delegated school budget*

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

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

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

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

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

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

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

There are clearly difficulties in setting a budget, whether inside or outside the Schools Budget, at a point prior to the beginning of the financial year before schools have set their budgets and made staffing decisions. Local authorities can only make a best estimate of what may be needed, based on past experience, local knowledge of the financial position of individual schools and the context of that year's funding settlement. There are dangers in raising expectations that costs will be met centrally if the budget is set too high, and so an alternative would be to keep the budget tight and use

contingency or schools in financial difficulties budgets if there is an unexpected need for staffing reductions and it is not appropriate for delegated budgets to fund VER/redundancy costs. To achieve best use of resources, local authorities should also have an active redeployment policy, to match staff at risk to vacancies.

One of the permitted uses of the contingency is where “a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share” while local authorities are also allowed to retain funding for schools in financial difficulties “provided that the authority consult the schools forum on their arrangements for the implementation of such support.”

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, but not from the delegated budget. Section 37 states:

*(7)Where a local education authority incur costs—*

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

*(b)in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,*

*they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.*

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

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

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

## **ANNEX G**

(Applicable to all Schools)

### **LOCAL SCHOOL BANK ACCOUNTS AND ENHANCED IMPREST ACCOUNTS**

(Note: Bank has been used to mean Banks or Building Societies)

#### **G01. INTRODUCTION – The range of options available to schools**

All schools with delegated budgets may opt to run their finances through an external bank account of their choice. Alternatively, schools can continue to use the Council's own banking and transaction arrangements paying bills either all through the creditors system or partly through the creditors system and partly through their own cheque book "imprest" account.

#### **G02. NEW APPROVALS FOR EXTERNAL BANK ACCOUNTS**

New approvals for schools to open external bank accounts will be given only if –

- the school can demonstrate a good record of financial management and budget control, the school provides a 3 year forward plan indicating that the school is not likely to be in a deficit position during that period, and that the Head and bursar/administration are aware of and sign up to specified monthly information and budget reconciliation requirements;
- the Head and bursar/finance administrator undertake a course of training approved by the Council's Chief Financial Officer.
- a charge is levied to reflect the additional administrative costs for the Council of external bank accounts.

#### **G03. WITHDRAWAL OF EXTERNAL BANK ACCOUNTS**

Approval for a school to operate an external bank account would be withdrawn, after appropriate discussions and warnings, if –

- the school fails to provide the Council's Chief Financial Officer with specified information for the central accounts by stipulated times;
- the school fails to reconcile each month the information in the school system (including the approved budget plan) with the transactions in the bank account and those, including pay, in the Council's financial system;
- the school has gone into deficit or is approaching that position without being able to demonstrate effective plans to control it or fails to produce a satisfactory budget plan by 1st June of the financial year.

#### **G04. TYPES OF SCHOOL BANKING ARRANGEMENTS**

**If a school decides to have an external bank account**, there are 2 options available.

- A full account holds all of the delegated funds (paid over in instalments) and the cheque book meets all expenditure including salaries (paid back in instalments). Under this option interest on unspent funds is within the private banking arrangement and it is for the school to negotiate the level. The school does not receive any interest from the Council.

- A non-staff account holds only the funding for non-staff payments. Under this option, staff costs are charged directly to each school's monthly account from the payroll and interest on any unspent staffing element would be allocated from the Council's account. Interest on the non-staff element would be within the private banking arrangement.

G05. Under either option, the school will need to operate its own financial management system (such as Capita-FMS, LRM) and employ appropriate financial staff who are responsible for monitoring income and expenditure. Regular monitoring, reporting and reconciliation procedures are required for the operation of external accounts. Where a school is in a deficit situation, the move to an external bank account can only take place when the school has returned to a surplus position. Schools with external accounts falling into deficit may be required to close the external account and return to the Council's bank as part of its deficit recovery plan.

G06. **If a school decides to continue with the Council's banking arrangements** there are also 2 options.

- Schools can choose to have a petty cash arrangement where the Resources Directorate sends the school a cheque periodically to cash at their local bank so that money is available for small purchases.
- Schools can choose to have an **enhanced imprest account** with a branch of the Council's bank, the National Westminster. The Resources Directorate arranges for an agreed level of funds to be maintained each month and the school signs cheques for selected purchases. Under this option, the account is still part of the Council's account and interest is calculated on the end-year budget balance rather than the funds left in the bank.

Under either option it is not essential for the school to run its own financial management system although, in larger schools, such a system for monitoring is desirable. The Council's central accounting system supplies monthly statements of all transactions.

#### G07. **FACTORS GOVERNING THE CHOICE OF ACCOUNT**

The choice of banking arrangements depends on the preferences of the Governors and their local circumstances. There is no financial advantage in having an external bank account as interest rates are generally lower than the Council's mechanism for allocating interest on school balances. There is no difference in the ability of schools to take advantage of discounts for cash purchase, since they can do this with their cheque books under either arrangement.

G08. With either system there are advantages and disadvantages. Information obtained over the years from comments made by schools, indicate that the main disadvantages of banking through the Council are some delays affecting some transactions reaching the accounts, and the direct charges for services to the accounts. The main disadvantages with separate banking are the complexity of operating 2 systems that have to be reconciled and the need for a higher level of effective control and management in the school. In the Council's system the accounts are "live" each month, which means that the expenditure statement in the Authority's financial system is the school's official accounts. In the external banking system the Council's account is not, necessarily, "live" as it depends on quarterly reports of transactions at the bank from the schools' internal computer system: If those reports are not up-to-date or are inaccurate, the actual figures are not likely to be discovered until the end-year reconciliation of external bank statements to the school's system.

G09. **RESTRICTIONS ON USE OF BANK ACCOUNTS** (this section applies to private accounts and imprest accounts)

External bank account holders should elect to pay all their own services e.g. electricity, telephones, West Mercia Supplies etc. and the provider should invoice the school separately. Limited arrangements will continue for bad debt recovery to be made via the Council and schools with an external bank account will only receive the income when the council has received payment from the debtor.

G10. The school bank accounts must **not** be used to meet the following –

- any payments or part-payments to employees other than through the Council's payroll service or a school's private payroll service. In other words, all payments to staff must be made through a payroll arrangement, including travel and subsistence. This restriction is in order to meet Inland Revenue requirements.
- any items to be met through centrally held budgets unless the central budget holder has agreed in writing to reimburse the school.
- any items relating to activities that are not for the education and care of pupils at the school. It is against the law to pay for items (e.g. for local activities) not for the benefit of the pupils in the school.
- any activities which may not legally be undertaken by the LA or schools

G11. Money can be paid into the private bank account only from –

- advances from Herefordshire Council, including reimbursement for VAT and tax reimbursements;
- any income generated by the school and which is credited to its delegated budget;
- any contributions towards school expenditure through authorised donations from school funds, etc.

G12. **ADVANCES TO EXTERNAL BANK ACCOUNTS**

Advances will be made monthly by LMS & Finance to the school's bank account in 12 instalments, i.e. at the end of April and at the end of each subsequent month before payroll out-goings are debited. The proportions paid in each of the months may be varied if a school can demonstrate a need for such variation to meet its individual pattern of spending for the year in question.

G13. School Standards Grant will be paid in one amount during May before a date determined by the DfE rather than allocated monthly, also a further payment is made in September for School Standards Grant Personalisation. Other Standards Fund Grants will be paid in full only where the terms of the grant require this.

G14. All advances and reimbursements to school bank accounts will be made by BACS transfer (the Bankers' Automated Clearing Services system).

G15. In the case of schools with bank accounts, although there is a loss of interest to Herefordshire Council, and the national regulations permit charging schools for loss of interest, it has been agreed not to make any such deduction. If, however, the rate of inflation increases significantly from its present low level and interest rates, generally, begin to rise, the Council would review the position on charging for loss of interest.

G16. **ADDITIONAL AUDITING REQUIREMENTS**

Schools with private bank accounts will need an audit visit each year because of the significantly higher risk of problems arising. Schools continuing to bank through the

Council will be audited according to the normal risk assessment procedure. At present, all audit activity in schools is paid for centrally. In future, however, the funds for audit may be delegated with schools being charged the costs.

**G17. BANKING ARRANGEMENTS FOR EXTERNAL ACCOUNTS**

Schools with private bank accounts can use any banks of the main high street or building societies. Arrangements with foreign or off shore institutions are not permitted. If there are any doubts about the nature of the organisation being considered please contact the Council's Chief Financial Officer.

G18. All accounts must include Herefordshire Council or HC in the title of the account, e.g. HC..... School.

G19. Schools must notify the Council's Chief Financial Officer of the bank selected and the names and numbers of all accounts before any transactions are made.

G20. Schools will retain interest earned on their accounts and bear any charges made by their bank.

G21. Investment of temporary surplus cash must be made directly in current or deposit accounts of an approved bank, or in local authority deposit schemes where there is no risk to the capital sum. Loans must not be made to any other organisation or individual. **Herefordshire Council has a deposit scheme and advances can be abated by any sums the school wishes to remain invested with interest in the Council.**

G22. Investments must not be arranged through any intermediaries.

G23. Schools must not themselves offer any security to the bank. Any requests for references or guarantees should be referred to the Council's Chief Financial Officer.

G24. School bank accounts must not go overdrawn at any time.

G25. Schools must not make arrangements for overdrafts, loans or any other forms of credit or deferred purchases.

**G26. OPERATION OF EXTERNAL BANK ACCOUNTS**

All payments out of the account will normally be made by cheque although payments by BACS are also permitted. Direct Debits will be permitted to facilitate alternative arrangements for the purchase of goods and services where necessary.

G27. Schools will order their own cheques from their own bank.

G28. The design of cheques can be determined between the School and the bank, e.g. to include school crest or logo, but it must include the name of Herefordshire Council or HC in the title of the account.

G29. Schools can prepare their cheques manually from a cheque book. If that is the case, all details of payments must be entered into the approved computer module before the cheques are drawn.

G30. Alternatively schools can opt to use the facility within the approved computer module to prepare their cheques on continuous cheque stationery.

G31. Cheques must be signed in manuscript by two members of staff, not governors of the school unless they are also members of staff. The school must notify the Council's Chief Financial Officer of the signatories to the account.

G32. Cash dispensers must not be used in any circumstances.

### G33. ACCOUNTING ARRANGEMENTS FOR SCHOOLS WITH EXTERNAL ACCOUNTS

Schools will be required to send to LMS & Finance quarterly a reconciled statement of income and expenditure in order that the school's expenditure and income are reflected properly in the Council's accounts. Claims for recovery of VAT should be submitted monthly to allow VAT to be correctly accounted for and refunded to the school bank account. The supporting print outs will be run off the schools FRM 6 system (or equivalent) which all external bank account schools must operate.

- G34. The Bank Accounts must be properly reconciled monthly by staff who are not authorised to sign cheques.
- G35. A complete year-end income and expenditure statement must be submitted to LMS & Finance, including creditors and debtors within three weeks of the end of the financial year. Accounting guidance will be issued annually regarding the closure of the year-end accounts.

### FINANCIAL REGULATIONS, STANDING ORDERS AND OTHER CONDITIONS

- G36. All schools using external bank accounts remain subject to the Council's financial regulations and standing orders, and should refer to the appropriate accounting instruction - '**School Bank Accounts**'.
- G37. If the Council incurs a loss or penalty due to the failure by a school to comply with procedures laid down in this scheme or in financial regulations, the Council reserves the right to recover such loss or penalty from the bank account of the school concerned.
- G38. Where a school substantially or persistently fails to comply with the requirements of this scheme, or is not managing its expenditure in a satisfactory fashion, the Council may suspend the school's right to an external bank account.

## ANNEX H

### SCHOOL CAPITAL LOANS SCHEME

#### Aim of the Loan Scheme

H01. The purpose of the scheme is to make available a proportion of school balances held by the Council to provide schools with loans to purchase equipment or to carry out minor capital improvements or works (where such works are consistent with technical assessments by the Property Services Officer). The scheme is also used to provide schools a means to forward borrow against Devolved Formula Capital.

H02. Schools will be able to borrow money against balances to fund purchases with the repayments being spread over a number of years. NOTE: The statutory right of any school to draw on its accumulated balance in hand is not affected. The loan scheme is based on the assumption that all schools are unlikely to spend all their balances in any one year.

#### Purposes of the Loan

H03. Loans are available to fund expenditure of a capital nature, defined as expenditure on or in connection with -

- a) the acquisition, reclamation, improvement or laying out of any land;
- b) the acquisition, construction, enlargement, improvement repair or demolition of any building, wall fence or other structure, or any playground or other hard-standing area;
- c) the laying out of playing fields and other facilities for social activities and physical recreation; and
- d) the provision of any furniture, plant machinery, apparatus, vehicles, vessels and equipment, (including IT equipment).

H04. Schools must seek the approval of the Property Services Officer on any proposal to alter County-owned or leased premises will still apply.

H05. Loans under the scheme are generally **not available for revenue spending**. Schools in budget difficulty may, as part of the procedures for recovering a budget balance, request a loan or licenced deficit. Loans and deficits agreed under those circumstances, however, would be released from Council reserves or contingencies for helping schools in budget deficit, not the School Loans Scheme.

#### Eligible Schools

H06. Any school can apply for a loan, including schools without significant balances. Applications from schools with their own bank accounts would be considered, but might have to be given lower priority if there is pressure on the fund because their balances are held in their own external bank accounts, and are therefore not available to support the school loan scheme.

#### H07. Applications for Loans

- a) Applications must be supported by a resolution of the governing body and supported by evidence that the school is able to meet repayments (e.g. budget plans over the life of the loan).
- b) In the case of proposals to alter County-owned or leased premises, applications would need the support of the Property Services Officer.
- c) Sums of less than £5,000 will not normally be considered.
- d) Applications will be subject to legal, procedural and financial checks before approval.
- e) Applications from schools with a potential deficit budget will not be approved.

#### **H08. Terms on which the loans will be granted.**

- a) Repayments will normally be over 2-4 years, with repayments completed by the end of the 3rd full financial year from the date of the loan. The facility to make early repayments will be available to schools. Note: Loans can be used only for the provision of an asset with a life of at least the duration of the loan.
- b) Interest charged will be based on the interest paid on Council-held school balances (e.g. 1% below Bank of England base rate).
- c) The loan repayment, based on equal instalments of principal plus interest on the outstanding balance at 31st March each year, will be charged to the school at the beginning of the financial year.
- d) Interest will be charged from the date of the advance in the first year.

#### **Amounts that could be borrowed by an individual school**

H09. It is proposed that the annual repayment of principal and interest for each school is limited to a maximum of 2% of the current school budget allocation for the school year in question. This will allow the maximum number of schools to receive loans while allowing schools to benefit from a useful loan scheme.

H10. Schools will be able to have more than one loan at a time as long as the total repayment does not exceed the maximum allowed.

#### **County total available for Loans.**

H11. The amount available for loans in any one year will depend on the anticipated level of school balances, expected repayments, the number of schools opting to have their own external bank accounts and possibly other factors such as the need to be able to offer loans each year. The amount made available for loans would be limited to 25% of the total balances held by eligible schools in the first year of the school, and 50% thereafter.

H12. The Director of Children's Services and the Council's Chief Financial Officer will consider the total amount available for loans each year. Where the level of applications is expected to exceed this amount it may be necessary to set up an Applications Panel to consider which applications can be approved.

## **ANNEX I**

### **SUPPORTING INFORMATION**

#### **LEGAL LIABILITIES AND SUSPENSION OF DELEGATION**

##### **PERSONAL LIABILITY OF GOVERNORS (including Aided Schools' Governors)**

I01. The governors of schools with delegated powers have a wide range of duties and powers. Governors will not normally be personally liable in respect of anything done in good faith in the exercise of their delegated budget powers, as provided by the Education Acts.

I02. The Council will arrange insurance cover to protect all governors against liability that might arise from their actions or decisions connected with their work as governors. The cost of such cover is delegated to schools under a service level agreement. Schools may choose to arrange their own cover instead of buying it through the service level agreement, although it should be noted that individual schools are unlikely to receive such favourable rates as the Council can for all schools.

I04. It must be noted, however, that the 'good faith' provision of the Education Acts, and the insurance cover arranged by the Council, do not rule out all possibility of personal liability. Governors may still be held personally responsible in the case of -

- (a) corrupt or deliberately irregular behaviour;
- (b) gross or deliberate carelessness, e.g. as for health and safety matters.

I05. Governors will need to make sure that they follow the procedures set out in the Council's scheme for adequately maintaining the premises and for meeting other relevant requirements relating to health and safety in the school.

##### **CONTRACTS - DECLARATIONS OF INTEREST**

I06. A governor with a pecuniary interest direct or indirect in a personal capacity in any contract with the school must declare that interest to the governing body or relevant committee of the governing body and withdraw from any meeting where the subject matter is under consideration.

##### **NOTICE OF CONCERN**

I07 Rather than withdrawing delegated powers, the LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Council's Chief Financial Officer and the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school. Details of the circumstances under which such actions may be taken are shown in the main body of the Scheme (Section 2.16)

##### **WITHDRAWAL OF DELEGATED FINANCIAL RESPONSIBILITY**

I08. The Standards and Framework Act 1998 provides for the possibility that delegated powers might need to be withdrawn from governing bodies. The Council has the power, under Section 51 (and Schedule 15) of the Act, to suspend the governing body's right to decide how to spend its delegated budget, in cases where it judges that the governors:

- (a) have been guilty of a substantial or persistent failure to comply with any requirements under the Council's scheme for the financing of its schools; or
- (b) are not managing the delegated budget satisfactorily.

Under Section 17 of the Act, the Council also has power to suspend delegated budget powers if -

- (c) the school has received a formal warning notice, but the matter has not been remedied to the Council's satisfaction;
- (d) the school has been found by OFSTED to require special measures or to have serious weaknesses.

I09 Evidence of mismanagement/irregularities which might lead to withdrawal of delegation would include -

- (a) significant overspending of the school's budget in a single year, with inadequate plans for eliminating the deficit;
- (b) clear evidence, from the official accounts maintained by the Council's Chief Financial Officer, and from the school's internal records of commitments, of probable significant overspending in the current financial year, with inadequate measures to contain expenditure;
- (c) failure to provide the required regular budget and monitoring plans, combined with failure to maintain systematic records of expenditure and commitments;
- (d) expenditure on items not relevant to the education of the age range of the school;
- (e) serious irregularities in breach of Financial Regulations, legislation etc.
- (f) an overall approach to spending that endangers delivery of the National Curriculum and/or the health, safety and welfare of children in the school;
- (g) failure to exercise staffing powers with due regard to the rights of employees under the Education Reform Act or under general employment law.
- (h) failing to carry out building maintenance work to maintain a healthy or safe environment in accordance with the School Premises Regulations 1986.

I010. Suspension of powers of delegated responsibility would normally take effect one month after the Council - through the Director of Children's Services - has given one month's notice of its intention to do so. The school's formula budget would then be managed centrally. Where the Council suspends delegation, the related staffing powers are also restricted.

I11. In cases of gross incompetence or mismanagement or other emergency circumstances, delegated responsibilities could be suspended more quickly or immediately, and the Council would notify the school and the Secretary of State of its emergency action.

I12. In all cases of suspension, the Director of Children's Services would provide a written explanation to the governing body, with a copy to the headteacher. The governing body would have a right of appeal to the Secretary of State.

I13. Where the Council decides to suspend delegation, it would be able to devolve back to the governing body such decision making powers as it considers appropriate, allowing the Council to be selective in identifying the areas in which it needs to take decisions. For example, the Council might have direct involvement in staffing decisions, if that is where the problem lies, while still leaving the governing body to take decisions on non-staffing expenditure.

I14. Before the start of each subsequent financial year, the Council would review any suspension in accordance with the Act.

I15 Where delegated powers are restored, the decision would take effect from the start of the ensuing financial year.

116. Notwithstanding any suspension of delegated powers, the school's money budget will at all times be determined by the Council's formula, and by the rules of this scheme.

117. Fuller details concerning suspension of delegated budget powers are set out in the **Code of Practice on LA-School Relations**.

## ANNEX J

### SUPPORTING INFORMATION

#### THE COUNCIL'S POLICY ON PERMITTED CHARGING OF PARENTS

J01. The policy of the Council in relation to charging and remission of charges for school activities taking place mainly in school time is as follows -

(a) **Charging**

- (i) Each school may levy a charge representing the cost of board and lodging for residential activities it organises.
- (ii) Each relevant school provides transport free of charge to pupils attending outdoor activity centres and provides transport for Advanced Level Courses that form an essential part of the examination syllabus. Free transport is not provided for other activities.
- (iii) Each school may charge parents at least part of the cost of **instrumental music tuition** provided for their children, whether that tuition takes the form of individual lessons or of group lessons involving no more than 4 pupils, as permitted under the Education Act 1996. Such charging does not apply to tuition required as part of a course of GCSE study for which the pupil is being prepared by the school. The scheme for purchase, storage and loan of instruments and sheet music is subject to leasing charges according to the level of pupils' use.
- (iv) Each school meets the hiring of, transport to and tuition costs of approved swimming facilities.
- (v) Each relevant school may charge for entry to prescribed public examinations where the pupil has not been prepared by the school, and may also charge for entry fees required for any non-prescribed public examinations.

(b) **Remissions**

Any charges made in respect of items (i), (iii) and (v) above may be remitted at the discretion of schools individually.

#### **Note on Funding**

J02. The Council meets the costs of the items above through the formula budget allocations to schools, who themselves decide the relevant provision to be made for the pupils. General provision for the potential cost of remissions by schools is included in formula budget allocations, particularly through that part of the budget formula that provides allocations for "social deprivation" based the percentage of pupils entitled to free school meals.

## **ANNEX L**

### **SUPPORTING INFORMATION THE COUNCIL'S PROVISIONS AND ADVICE ON HEALTH AND SAFETY**

#### **GENERAL LEGAL POSITION**

L01. In Community and Voluntary Controlled schools, the Council retains the primary responsibility as employer, under sections 2 and 3 of the Health and Safety at Work Act, 1974, and in practice acts as the agent of the governors of Voluntary Aided schools. Section 2 of the Act requires employers to ensure the health, safety and welfare of their employees. Section 3 places a similar duty with respect to pupils and members of the public.

L02. All employees have a duty under the Act (Sections 7 and 8) to take reasonable care for the health, safety and welfare of themselves and other persons who may be affected by their actions or omissions. They must also co-operate with the employer (including the governors where appropriate) in respect of their legal duties. The headteacher has the day to day responsibility for ensuring the health and safety of all employees, pupils and visitors.

L03. Locally delegated management of schools, however, also brings governing bodies more clearly into the health and safety network. The 1974 Act places duties on any persons who have control of the premises or exercise any of the employer's functions. Consequently, governing bodies with delegated authority will also (along with the Council and its employees) be potentially liable under the Act. Governors may therefore be held personally liable in criminal and/or civil law for acts or omissions that would not necessarily be indemnified by the Council.

L04. Under the system of local management, therefore, responsibility for health and safety is shared - by the Council, its employees and school governors.

#### **SPECIFIC RESPONSIBILITIES OF GOVERNING BODIES**

L05. Governors and headteachers must follow the Council's health and safety policy. When governors approve the school's own health and safety policy it must not conflict with the Council's Health and Safety policy or other guidance issued from time to time.

L06. Where governors ignore Council policy, or do not spend on measures needed to ensure the health and safety of pupils, staff and visitors, the Council may remedy deficiencies and charge the related expenditure to the school's own budget.

L07. Governing bodies have particular responsibility for such matters as -

- (a) monitoring the (health and safety) need for non-structural maintenance in the school and actioning such maintenance in consultation with the Director of Children's Services as necessary;
- (b) advising the Director of Children's Services of structural defects that could adversely affect the health and safety of staff, pupils and the public;
- (c) the safe condition, storage and maintenance of such equipment, vehicles and plant for which they have responsibility and ensuring that such equipment can be used safely in the normal running of the school;
- (d) ensuring that the premises, the means of access and exit, and any plant or substance on the premises, are safe and without risks to health;
- (e) ensuring that safety rules, concerning the use of premises and equipment, are displayed at appropriate locations within the school and are enforced;
- (f) ensuring the assessment of significant risk and the adoption of safe working practices by staff and pupils, and by contractors when on site;

- (g) acting to deal with potential hazards to health and safety, liaising where appropriate with representatives of the Council, the staff (normally through trade union safety representations) and contracting organisations;
- (h) ensuring that appropriate health and safety policies are drawn up for the school, and keeping and making returns as required by the Council and the Health and Safety Executive;
- (i) reporting accidents and near miss accidents to pupils or adults promptly to the Council and recording in the schools accident books;
- (j) notifying the Council of educational visits extending beyond the school day (the Council notifies the County Emergency Planning Officer);
- (k) completing the annual health and safety audit and making returns to the Council.

L08. Governing bodies and staff should take all reasonable action to ensure that health and safety considerations (including segregation of work from pupils, staff and visitors to the school, safe storage and condition of equipment) are borne in mind by outside contractors.

L09. Governing bodies and staff should ensure that goods purchased conform with European and British Standards, and that any equipment (including electrical equipment) is suitably and safely installed by a competent/qualified person. Prior approval by the Director of Children's Services is needed for any expenditure requiring installations to water, gas or electricity services, or involving installation of fixed PE equipment.

L10. Governing bodies and staff should note that an Inspector from the Health and Safety Executive or the Health and Safety Officer from the Risk Management Department can at any reasonable time, or immediately if there is a dangerous situation, enter premises, to carry out an inspection of any relevant statutory or Council requirement, and monitor compliance.

L11. Regular inspection of fire safety equipment, heavy craft and fixed PE equipment, and other plant and the consequent repairs are the responsibility of the governing body.

#### **ADVICE AND MONITORING BY THE COUNCIL**

L12. Any officer of the Council concerned about a health and safety matter in a school will notify the headteacher of his concern and will immediately notify the Council's Health and Safety Officer who will arrange for the problem to be investigated and for the necessary work to be carried out, if it has not already been commissioned by the school.

L13. Recognised Trade Union Health and Safety Representatives have a statutory right to carry out Health and Safety Inspections at quarterly intervals (in practice this is normally done once per term in schools) unless more frequent intervals have been agreed, and to investigate dangerous occurrences immediately.

L14. Where the Council's policy does not fully cover health and safety circumstances in the school, headteachers should seek advice from the Health and Safety Officer, Iain Wilkie, telephone: 01432 260850 or email [iwilkie@herefordshire.gov.uk](mailto:iwilkie@herefordshire.gov.uk)

## ANNEX M

New powers for Governing Bodies to open Community Facilities, under sections 27 and 28 of the Education Act 2002 (also known as Extended Schools).

M01. From 2<sup>nd</sup> September 2002, Governing Bodies may provide community facilities or services which will benefit pupils, their families or people living and working in the locality of the school concerned. Councils are required to prepare a scheme of guidance for Governors supported by an advisory network. A cross directorate team of officers was formed to work on the details of a Council scheme of Guidance incorporating recommendations from the DfES.

M02. The Council's scheme focuses on the level of risk identified within each project and governing bodies are required to submit an initial business plan which describes the following.

- The objectives of the facility
- Activities and operations
- Outcomes
- Set up and ongoing costs
- Funding, including grants, including any third party involvement or partnerships
- Management and business standing (e.g. limited company)
- Financial management and control
- Employment.
- Relationships with the school (including and use of premises or staff)
- Time-scale (start date, end date etc)

M03. As part of its business plan, the governing body must undertake a risk assessment in order to describe any impact and identify any risks to the school or the Council. The Council would expect identified risks to be covered by insurance or active management. The following risk management headings should be used in the assessment.

- Child protection, police checks
- Health and safety
- Property and security
- Environmental impact
- Hidden costs potentially falling on the school budget (e.g. caretaking and heating costs)
- Costs potentially falling on the LEA (failed businesses, staff severance)
- Staffing, contracts of employment, employment conditions, redundancy, pensions
- Taxation and VAT, fraud, propriety, funding security, loans etc
- Legal issues (e.g. compliance with existing laws, constitutional matters, third party agreements, planning applications, public access, competition?)
- Policy and Partnership issues/conflicts of interest
- School administrative issues e.g. pupil registration, organisation, school opening times, transport, holidays
- Members, public perception, reputation and media issues
- Morale in the school
- Responsibility and ownership

M04. The Council will provide advice to governing bodies about their proposal, free of charge, within a specified time period. governing bodies would be expected to report back to the Council what action has been taken following their advice within a further specified time period.

M05. The Council may also be able to offer some charged services e.g. a payroll bureau facility, an insurance arrangement to cover risk (possibly under contract with a private firm),

personnel services etc.

M06. The financial management of all community facilities and extended schools run directly by the governing body must be arranged through the accounts of the Herefordshire Council. Any scheme run by a group independent of the governing body must be properly set up with private accounts and audited as per the constitution of the group.

M07. The Secretary of State has not specified activities permissible under the regulations. The Council scheme, however, makes a distinction between activities “in-keeping with school activities” such as child care and adult learning and those “not in-keeping with school activities” such as public facilities (e.g. dentists, doctors), shops or post offices. The latter category would be subject to a higher level of scrutiny and financial control because of the much greater potential for business liability and VAT implications. Activities such as breakfast clubs, after school clubs and holiday clubs, involving only those pupils already enrolled at the school, will not be regarded as community facilities under the regulations, since they are already permitted under LMS regulations.

## **ANNEX N**

### **SHARED AND COMMUNITY USE OF PREMISES**

#### **INTRODUCTION**

N01. Many schools share premises with neighbouring schools, education and other Council services. There is also extensive out of hours use of school premises under the Council's lettings policy. This annex explains how each type of situation will be dealt with under the scheme of delegated management. Community use of premises is strongly encouraged by the Council for the benefit of local communities.

N02. Under LMS regulations, school budgets must not bear the cost of non-school use and the school should seek compensation where premises are shared either by specific agreement with users or according to a standard lettings arrangement. Assistance can be obtained from the Education Directorate in cases where costs are difficult to measure or estimate.

#### **DUAL USE FACILITIES**

N03. There are currently several schools where a joint project has been undertaken in the past to provide facilities for both the school and the community. Projects range from large Sports Centres to smaller schemes involving meeting rooms or village halls. School Governors are subject to the legal obligations which the Council have undertaken as part of the joint use scheme whether there is a formal agreement or not. The dual use areas are defined in the property management document relating to the particular school.

N04. Recharge or recoupment mechanisms should be in place to ensure that the school is not using any part of its delegated budget to fund community use. If the school feels a change in the agreement is needed, either because of a shortfall between income received from partners and the cost of community use, or because of difficulties in meeting other procedures or regulations, such as health and safety, the Council will undertake to negotiate an improved arrangement.

#### **FUTURE DUAL USE SCHEMES**

N05. The Council may seek to initiate new dual use schemes from time to time on school premises. Any future proposal for such projects would be subject to consultation with the Governors and would take account of the operational, financial and legal implications.

#### **USE BY OUTSIDE BODIES UNDER LICENCE OR LEASE**

N06. Governing Bodies do not have any power to enter into licences or leases for the use of Council-owned premises; that restriction includes agreements relating to the installation of telecommunications equipment. All such agreements will be drawn up by the Council. Existing licences and leases will be identified and described when school premises are defined. All Council obligations under the terms of licences and leases must be honoured. Income derived from licences or leases, other than catering licences, for the use of premises as determined by the Council is not generated by the school and accordingly will not be credited to the school's accounts, except in the case of catering income. Conversely, the Council will bear centrally the cost of any outgoings associated with such agreements, other than costs associated with catering licences.

#### **CASUAL LETTINGS**

N07. Casual lettings in County schools are covered by S.40 and Schedule 13 of the School Standards and Framework Act 1998. The existing powers of Governors of Voluntary Aided, Special Agreement and Voluntary Controlled Schools are not affected. S.40 and Schedule 13 of the School Standards and Framework Act 1998 confers the responsibility for the management of County school premises out of school hours on the governing body,

emphasising that the governing body is to have regard to the desirability of the school premises being available for community use. However, the Council has the right to give directions, such as -

- (a) security and caretaking;
- (b) the coverage of costs;
- (c) safeguarding facilities from overuse;

## **LETTINGS ACCOUNTS**

N08. Schools are free to set their own level of charges but in doing so must ensure that no subsidy, for lettings falls on the school's delegated budget.

## **ADMINISTRATION OF CASUAL LETTINGS**

N14. Schools are responsible for the administration of all lettings.

N15. The school manages lettings of school premises subject to any directions and advice issued by the Council. The school is responsible for any marketing, the establishment of a charging policy for non-subsidised users, the processing of applications, making caretaking and cleaning arrangements, and issuing invoices. It is advisable to use the Councils Revenues Unit Invoice request service to generate invoices to 3<sup>rd</sup> party hirers. Benefits include, the income being credited to the school's account straight away and debts will be chased up on the schools behalf, and court action initiated if deemed necessary.

N16. Under its powers in S.40 and Schedule 13 of the School Standards and Framework Act 1998 the Council can make directions on the youth service, adult education, etc. Advice is also given on conditions of hire and procedures to be adopted, but the Governors would be free to make their own decisions, within the general directions given by the Council, e.g. a caretaker must be employed for all lettings.

## **LETTINGS : STATUTORY OBLIGATIONS**

N17. There are certain statutory rights enabling schools to be used (a) for public meetings of candidates at Parliamentary and local elections; (b) as polling stations; (c) for meetings of Parish Councils and Parish meetings; and (d) for meetings arising out of the Smallholdings and Allotment Act 1908. In addition, the Council has nominated certain schools as 'rest centres' in the case of civil emergencies. The costs of using schools for elections and meetings can be reclaimed (as a casual letting) from the Returning Office or Parish Council/Parish Meeting and would be credited to the school's account.

N18. Money provided through school formula budgets for the education of pupils should not be used to subsidise unrelated activities. Lettings fees determined by schools, therefore, should be set at levels that at least cover costs.

## **PLAYGROUPS**

N19. Schools are encouraged to consider the use of any surplus space by voluntary playgroups if there is a need in the area and it does not compete with existing provision. Advice on the establishment of such activity is available from the Childcare Unit in Blackfriars Street. The school budget would receive income and bear the costs of expenditure linked with that use.

## **CHANGES IN THE OCCUPATION OF ACCOMMODATION**

N20. Any alteration in the shared use of premises (other than casual lettings) between schools or between a school and an external body requires the approval of the Director of Education. Budgets are amended for such changes, as necessary.

N21. If a school wishes to release space on a permanent or temporary basis, it should notify the Council of that intention. Relevant budgets and responsibilities are then adjusted accordingly. The Council reserves the right to find suitable alternative use for any space declared surplus to the school's requirements, though always after discussion with the school. Income produced by releasing accommodation will not be credited to the school.

# ANNEX O

## SCHEDULE OF MAINTENANCE RESPONSIBILITY

### BUILDING AND ENGINEERING ITEMS APPLICABLE TO COMMUNITY SCHOOLS

This document identifies maintenance responsibilities following further delegation to community and voluntary controlled schools

It applies to temporary and permanent buildings.

It does not apply to aided or special agreement premises.

Definition of Maintenance Responsibility for Building and Engineering Items Applicable to Community Schools

#### **General Rules**

1.0 The **school** will be responsible for:

1.1 All emergency repairs: Defined as unforeseen works required to keep building users safe or to keep the building watertight or secure. The works are normally required as a result of breakdown of vital services or fabric defects involving risk to occupants or contents. See Clause 2.1 regarding replacement of major items of plant.

1.2 All urgent work: Defects which whilst not a positive danger cause some inconvenience to the user and/or may develop into more serious faults if left unattended.

1.3 All routine servicing, inspection and testing: This includes all essential repairs identified by the servicing engineer, which would normally be categorised as emergency or urgent work as defined above.

1.4 Cyclical Maintenance where the Renewal Cycle is 7 years or Less: External redecoration and preparatory repairs. Cleaning of self finished surfaces to external claddings.

1.5 Maintenance Responsibility Already Delegated under Local Management in Schools (Defined in Annex O (dated 1999) to the Scheme for Delegation)

2.0 The **LEA** will be responsible for:

2.1 Emergency or urgent replacement of major items of plant e.g. boilers, unless the failure is the result of inadequate servicing.

2.2 All cyclical maintenance with a renewal cycle in excess of 7 years except those items previously delegated to schools under LMS (these are clarified in the following schedule).

## **SECTION 1: INDEX**

	<b><u>CLAUSE NUMBER</u></b>
Access Control Systems	16.7
Alarms	16.2
Amplifying System	16.7
- TV Aerial	16.7
Appliances (See under type e.g. Kitchen, Fire)	
Asbestos	21.2
Balustrades	7.0
Basins (See: Sanitary Appliances)	
Bell/Class Change System	16.2
Blackboards	12.1
Blinds	12.3
Boiler	16.1
Boundary Fence/Wall	19.2
Burglar Alarm	16.2
Car Parks	19.1
Carpets	6.0, 7.1
Cavity Wall Insulation	4.1
CCTV	16.7
Ceilings	10.0
Chalkboards	12.1
Chimneys	2.3
Clocks	16.2
Cooking Equipment	16.3
Cupboards	12.1
Curtains and Tracks	12.3
Curtain Partitions	4.2
Cycle Sheds	21.3
Damp Proof Course	4.1, 4.2, 6.0
Decorations	11.0
Demolition	21.5
Dishwashers	16.3
Domestic Science (See: Home Economics)	
Doors	9.0
Drains	15.0
Drinking Fountains	14.0
Dustbin Enclosure	19.2
Dust Extraction Systems	16.1
Electrical Installation	16.1
Emergency Lighting	16.2
Emergency Repairs	1.0
Extractor Fans	16.1
External Perimeter Walls	19.2
External Lighting	16.1
Fencing	19.2
Fire	
- Alarm Systems	16.2
- Exit Signs	12.3
- Extinguishers	17.0
- Fireplaces	2.3
- Hose	17.0
- Fire Precautions	17.0
Fixed Seating	12.1

	<u>CLAUSE NUMBER</u>
Floor Coverings/Finishes	6.0
Flues (See: Chimneys)	
Fuel Tanks	16.1
Fume Cupboards	16.9
Gas Installations	16.1
Gates	19.2
Glazing	8.0
Greenhouses	21.4
Grounds	20.0
Gutters	2.2
Gymnasium Equipment	12.2
Handrails	4.2, 7.1, 7.2
Heating Equipment and Installations	16.1
Home Economics Units, Cupboards etc.	12.1
Insulation - Roof	2.0
- Ceiling	10.0
- Wall	4.1
Intruder Alarm	16.2
Kitchen Equipment	16.3
Laboratory Benching	12.1
Lifts	16.6
Lighting	16.1
Lightning Conductor	16.7
Meters (Gas, Electricity)	16.1
Nameboards	12.3
Noticeboards	12.1
Oil Installations, Tanks etc.	16.1
Outbuildings	21.4
Paths	19.1
Partitions	4.2
Pest Control	21.1
Pinboards	12.1
Plaster - Wall	4.2
- Ceiling	10.0
Playgrounds	19.1
Power Points (Electrics)	16.1
Rainwater Pipes and Gutters	2.2
Retaining Walls	19.2
Roads	19.1
Roofs	2.0
Roof Lights	2.1
Seating (Fixed)	12.1
Security (Intruder Alarms)	16.2
Services - Mechanical and Electrical	16.0
- Water	13.0
Sheds (Outbuildings)	21.4
Shelving	12.1

	<u>CLAUSE NUMBER</u>
Signs	12.3
Sinks	14.0
Stage Lighting	16.1
Stairs	7.0
- Internal	7.1
- External	7.2
Structural Frame	3.0
Standby Generators	16.1
Swimming Pools	18.0
Tanks	16.1
Television Aerials	16.7
Temporary Classrooms	21.6
Toilets (Sanitary Fittings)	14.0
Vehicle Access (Roads etc.)	19.1
Verandah Glazing	8.0
Ventilation	16.1
Walls	19.2
- Boundary	4.1
- External	4.2
- Finishes (See Internal/External Walls)	19.2
- Internal	4.2
- Retaining	19.2
Water Heaters	16.1
Water Services	13.0
Water Softeners	16.3
Windows (and Fittings)	8.0
- Glazing	8.0
- Blinds	12.3
Worktops	12.1

## SECTION 2 : SCHEDULE OF MAINTENANCE RESPONSIBILITIES

<b>SCHOOL RESPONSIBLE FOR:</b>	<b>LEA RESPONSIBLE FOR:</b>
<p>1.0    <b>Emergency Repairs</b>  All emergency repairs and urgent work as defined in "General Rules" on page O1.</p>	<p>Emergency replacement of major items of plant, e.g. boilers, unless the failure is the result of inadequate servicing.</p>
<p>2.0    <b>Roofs</b>  As Clause 1.0</p>	<p>Complete renewal of roofs or roof coverings, including any insulation, as part of a planned maintenance programme.</p>
<p>2.1    <b>Rooflights</b>  As Clause 1.0  Day to day repairs to roof glazing.  (No cost limit)</p>	<p>Complete renewal as part of a planned maintenance programme. All work associated with planned replacement of roof coverings.</p>
<p>2.2    <b>Roof Rainwater Drainage, above ground</b>  As Clause 1.0  Cleaning and removal of leaves etc.</p>	<p>Complete renewal as part of a planned maintenance programme. All</p>

**SCHOOL RESPONSIBLE FOR:**

(No cost limit)

**LEA RESPONSIBLE FOR:**

work associated with planned replacement of roof coverings.

**2.3 Chimneys**

As Clause 1.0, plus regular inspection by specialists where applicable.

Complete renewal as part of a planned maintenance programme. All work associated with planned replacement of roof coverings.

Fireplaces: all removable equipment and applied finishes. (No cost limit)

Complete renewal as part of a planned maintenance programme. All work associated with planned replacement of roof coverings.

**3.0 Structural Frame**

As Clause 1.0

Major repairs as part of a planned maintenance programme.

**4.0 Walls****4.1 External Walls**

As Clause 1.0

Major repairs or rebuilding as part of a planned maintenance programme to all parts including any externally applied finish and any insulation.

**4.2 Internal Walls (Including Handrails)**

As Clause 1.0

Curtains acting as folding partition. Internal wall finishes (e.g. plaster, tiles or sheet finishes).

Servicing of folding partitions

Major repairs or rebuilding as part of a planned maintenance programme to all internal walls and folding partitions except curtains acting as folding partition.

Excluding wall finishes.

5.0	<b>Foundations</b> As Clause 1.0. This will include any urgent temporary support work required as a result of foundation failure.	Major reinstatement as part of a planned maintenance programme.
6.0	<b>Floors</b> As Clause 1.0 All applied floor finishes (e.g. sheet/tiles including timber block, quarry tiles, carpeting etc.) including line markings to sports floors. (No cost limit)	Major repairs to the sub-floor structure and damp proof membrane, as part of a planned maintenance programme. Excludes applied finishes.
7.0	<b>Staircases (Including Balustrades and Handrails)</b>	
7.1	<b>Internal</b> As Clause 1.0  Finishes as Clause 6.0 including nosings to stairs. (No cost limit)	Major repairs to the structure as part of a planned maintenance programme, but excluding applied finishes.
7.2	<b>External</b> As Clause 1.0	Major repairs to the structure as part of a planned maintenance programme, but excluding applied finishes.
8.0	<b>Windows and Fittings</b> As Clause 1.0 All repairs to glazing. (No cost limit). Pre-decoration repairs, replacement of individual units.	Complete renewal of windows as part of a planned maintenance programme.
9.0	<b>Doors and Fittings</b> All as windows and fittings.	Replacement as part of complete renewal of wall cladding.
10.0	<b>Ceilings</b> All parts.	No responsibility for repairs.
11.1	<b>External Decoration</b> All types including pre-paint repairs.	No responsibility for redecoration.
11.2	<b>Internal Decoration</b> All types	No responsibility for redecoration.
12.0	<b>Fixtures and Fittings</b> Reference should also be made to Appendix P concerning fixed equipment.	
12.1	<b>Internal Joinery Fixtures</b> Including kitchen units, home economic units, science laboratory pedestals, cupboards, fume cupboards, shelving, picture rails, coat rails, notice or display boards, fixed chalk boards, fixed seating including	Replacement as part of an approved refurbishment scheme

	coverings.	
12.2	<b>Specialist fittings</b> Gymnasium equipment Safety inspections and consequential repairs.	
12.3	<b>Miscellaneous Fittings</b> Provision and maintenance of blinds, signs, curtains and tracks, stage curtains. Flag poles and all School signs	No liability.
13.0	<b>Water Services</b> As Clause 1.0 Water quality monitoring and sterilisation (private and stored water supply systems)	Replacement as part of a planned maintenance programme.
14.0	<b>Sanitary Fittings and Associated Pipework</b> As Clause 1.0	Replacement as part of a planned maintenance programme.
15.0	<b>Drainage Below Ground</b> Repairs as Clause 1.0 Cleaning and removal of blockages. (No cost limit). Servicing and associated repairs (see "General Rules" page 2)	Replacement as part of a planned maintenance programme.
16.0	<b>Mechanical and Electrical Services</b>	
16.1	<b>Fuel Supply systems, Heating, Air Conditioning, Power and Lighting installations. Ventilation and Dust Extraction systems</b> As Clause 1.0 All servicing, inspection and testing plus associated repairs (see "General Rules" page 2). Replacement of individual fittings.	Emergency replacement of major items of plant following failure (unless caused by inadequate servicing). Replacement of installations as part of a planned maintenance programme
16.2	<b>Alarm, Emergency and Time Systems</b> As Clause 1.0 including resetting. Servicing (see "General Rules", page 2)	Replacement as part of a planned maintenance programme to upgrade to current standards
16.3	<b>Kitchen Equipment (Including Water Softeners)</b> All repairs and servicing. (No cost limit) Except where the responsibility of the catering contractor.	
16.4	<b>Laundry Equipment</b> All equipment including services and drainage.	Replacement depending the circumstances of each case
16.5	<b>Portable Electrical Equipment</b> All testing and replacement.	No maintenance liability

- 16.6 **Lifts, Hoists, Barriers, Lifting Aids**  
As Clause 1.0.  
Servicing and inspection (see “General Rules” page 2). Includes insurance inspections.
- Replacement as part of a planned maintenance programme.
- 16.7 **Television/Communication Aerials, Amplifiers and Associated Trunking CCTV and Access Control Systems**  
All parts (including lightning protection systems, repairs, servicing and maintenance of all installations).
- No maintenance liability
- 16.8 **Temporary Heaters**  
All maintenance and running costs.
- Supply of units in an emergency situation only.
- 16.9 **Fixed Fume Cupboards**  
As Clause 1.0
- No maintenance responsibility.
- 17.0 **Fire Fighting Equipment/Fire Precautions**  
Servicing, inspection and testing.  
Renewal of portable appliances.
- Replacement of fixed installations as part of a planned maintenance programme.  
All fire precaution improvements required following an inspection by the Fire Officer **excluding** portable fire extinguishers, fire blankets.
- 18.0 **Swimming Pools (Maintained by the LEA)**  
As Clause 1.0  
Chemical dosing and cleaning.  
All servicing, winterisation and summerisation works.
- Major repairs or renewals as part of a planned maintenance programme (where it is an LEA maintained pool).
- Other Swimming Pools**  
All costs.
- No maintenance responsibility.
- 19.0 **External Works**
- 19.1 **Roads, Paths, Car Parks and Playgrounds**  
As Clause 1.0  
All minor repairs and Major repair or renewal as part of a planned maintenance programme, including the re-marking of playgrounds or car parks after resurfacing.
- 19.2 **External Perimeter Walls and Fencing including Gates, Retaining Walls**  
As Clause 1.0  
All works to fencing and walls other than site boundary.
- Major repair or replacement as part of a planned maintenance programme to all fencing and walls forming the site boundary.
- 20.0 **Grounds**  
Maintenance of grounds (trees, grasscutting, soft landscaping etc.)
- Emergency maintenance of mature trees.**

- 21.0 **Miscellaneous**
- 21.1 **Pest Control**  
All aspects
- 21.2 **Asbestos** All works including testing and monitoring
- 21.3 **Cycle Sheds**  
As Clause 1.0
- 21.4 **Outbuildings, Greenhouses etc. Maintained by the LEA**  
As Clause 1.0 Replacement as part of a planned maintenance programme.
- 21.5 **Demolition** All aspects
- 21.6 **Temporary Classrooms (mobiles) -**  
The rules apply as for permanent buildings

## ANNEX O (Voluntary Aided)

### SCHEDULE OF MAINTENANCE RESPONSIBILITY

#### BUILDING AND ENGINEERING ITEMS APPLICABLE TO VOLUNTARY AIDED SCHOOLS

O01. This document applies to temporary and permanent buildings *on the school site* it does not apply to county schools

#### RESPONSIBILITY FOR BUILDING AND ENGINEERING MAINTENANCE IN AIDED SCHOOLS

##### BACKGROUND

O02. The Department for Education and Skills has reviewed the liabilities and funding arrangements for VA schools. The rules for determining premises liabilities have been simplified.

O03. VA governing bodies are now liable for capital work to the school buildings and playground. LEA's are liable for capital work to playing fields and their associated buildings. All revenue work is LEA liability but this has in the main delegated to governing bodies under the Fairer Funding initiatives.

##### DEFINITION OF CAPITAL AND REVENUE WORKS

O04. Revenue work describes those repairs that are of a cyclical nature and have a life expectancy of 7 years or less i.e.

- **Emergency repairs** - defined as unforeseen works to keep building users safe or to keep the building watertight or secure. The works are normally required as a result of breakdown of vital services or fabric defects involving risk to occupants or contents.
- **Urgent repairs** - defects whilst not a positive danger, cause some inconvenience to the user and/or may develop into more serious faults if left unattended.
- **Routine servicing, inspections and testing** - this includes all essential repairs identified by the servicing engineer that would normally be categorised as urgent as defined above.
- **Redecoration**

O05. Capital work describes repairs that are of a substantial nature and have a life expectancy of greater than 7 years.

##### GENERAL RULES

O06. Maintenance responsibility is shared between:

- 1) **Trustees Responsibility** - generally all aspects of building and engineering services (for which grant aid is normally available for Capital repairs).
- 2) **Governors' Delegated Responsibility** - maintenance and renewal that was delegated under Local Management in Schools in 1991. Fairer Funding in 1998 and further delegation in 2001. This includes all emergency and day to day repairs, all servicing and all revenue planned maintenance.

- 3) **LEA Responsibility** - now limited to planned replacement of buildings associated with playing fields.

## SCHEDULE

O07. A schedule of elements follows which is intended to assist in determining who is responsible for the funding of a particular repair or replacement.

<b>CAPITAL LIABILITY</b>	
<b>VA Governing Bodies</b>	<b>LEA</b>
The existing buildings and services (internal and external).	
Those buildings currently known as excepted (kitchens, dining areas, medical/dental rooms, swimming pools, caretakers dwelling houses).	
Perimeter walls and fences.	Playing fields.
Playgrounds.	Buildings on playing fields and related to their use.
Furniture, fixtures and fittings.	
Large scale removal of asbestos.	
Other capital items.	
<b>REVENUE LIABILITY</b>	
All emergency and urgent works.	Property services will organise <b>BUT NOT FUND</b> asbestos removal (no fees to be charged).
All servicing and consequential repairs.	
Internal and external redecoration (unless part of a capital repair, e.g. external refurbishment).	

## ANNEX P

### SUPPLIES AND SERVICES RESPONSIBILITIES

#### FURNITURE, FURNISHINGS AND FITTINGS

PO1. Each school's budget is intended to cover the maintenance of existing, and the purchase of replacement and additional, furniture, fittings etc., including any required for increased pupil numbers, with the exception of approved expenditure directly related to major building projects undertaken under the Council's Capital Building Programmes. Capital projects initiated by the school, under their own devolved capital spending arrangements would not come under central funding arrangements.

	<b>School Responsibility</b>	<b>LEA Responsibility and Decision</b>
<b>P02. Furniture</b>		
Provision of additional/replacement or repairs/renovation of:-		
Pupils' desks, tables, chairs	X	
Teachers' furniture	X	
Free-standing storage units, cupboards, tray units, including trays, paper storage units, plan chests, bookcases in classrooms and practical spaces	X	
Free-standing specialist tables and benches, chairs and stools in Home Economics, Textiles, Art, Craft, Design, Technical Drawing, Heavy Craft, Pottery, Science, Computer Studies, Information Technology, Business Studies rooms etc.	X	
Library tables, shelving, catalogue drawers and other library furniture	X	
Examination desks, piano stools	X	
Dining tables, chairs and kitchen equipment.	X	
Flammable liquids cupboards, poisons cupboards	X	
First Aid cabinets, Key cabinets	X	
Fifth and Sixth Form Common Room chairs/tables, study bays etc.	X	
Staff Room furniture, e.g. easy chairs, coffee tables and storage	X	
Office desks, chairs, filing cabinets, storage furniture, safes	X	

	<b>School Responsibility</b>	<b>LEA Responsibility and Decision</b>
Pupils' lockers, locks, keys	X	
Medical Room furniture including rest beds	X	
All trolleys (computer, A/V, TV, Needlework, Music and general)	X	
Free-standing screens and chalkboards/ marker boards	X	
Approved provision of new furniture or refurbished second-hand furniture related to additional or remodelled accommodation under the Council's Capital Building Programme.		X
<b>P03. Furnishings and Fittings</b>		
Provision of additional, replacement, Repairs to:-		
Aesthetic curtains, dim-out/blackout curtains, hall curtains and stage curtains including tracks and cording sets	X	
Divider curtains	X	
Venetian blinds, vertical blinds, roller blinds, Audio visual blinds	X	
Chalkboards, wall fixed, leizer boards, marker boards, free laid carpets	X	
Carpet tiles, vinyl flooring, fitted carpets	X	
Notice-boards, pinboards, display surfaces	X	
Shelving, mirrors, clocks	X	
Mobile cloakroom fittings	X	
Fixed cloakroom fittings	X	
Electric lamps, TV sockets and aerials, tubes and covers	X	
Soap dispensers, warm air hand dryers	X	
Free-standing heaters	X	
Portable fans	X	
Theatre/lecture theatre seating	X	

	<b>School Responsibility</b>	<b>LEA Responsibility and Decision</b>
Staging Units	X	
Playing field and playground seating	X	
Fitted benching and storage units in classrooms, practical areas, Science Labs, Home Economics and other specialist rooms. Science pedestal units	X	
Provision of new furnishings and fittings if directly related to additional or remodelled accommodation under the Council's Capital Building Programme.		X

## NOTES

P04. Schools are required to use their own ordering system for all supplies of furniture, fittings and furnishings requisitioned from their own school budget allocation. Only approved items of central expenditure directly relating to approved Capital Programme projects will be requisitioned by the Director of Education. Invoices relating to centrally requisitioned and funded furniture and fittings should be certified if correct and passed for payment direct to the Education Directorate.

P05. Schools must always follow the Council's Standing Orders relating to contracts.

P06. Herefordshire Council is a full member of the Counties Furniture Group and as such is entitled to the preferential prices available to full members. Price lists are circulated periodically as and when amendments are made. There are, however, some areas of furnishing not available in the CFG range, e.g. Craft room benching, Technical Drawing stations, residential furniture, chalkboards, curtains, blinds, carpets etc. In addition schools are expected to secure value for money by seeking alternative suppliers. Advice is readily available on alternative sources of supply within the Education Directorate if required.

## British Standards

P08. In selecting furniture, schools should be aware of the need to ensure all Health and Safety considerations are taken fully into account. As with all purchasing, it is particularly important to ensure that the best value for money is achieved at all times and at the same time it is important to check carefully that furniture and furnishings comply fully to the relevant British Standard. The regulations change from time to time but are available via the Internet. Assistance is also available from the Education Directorate Accommodation team.

P09. Particular attention should be given to the BS regulation that gives the relevant specification for tables and chairs used in educational establishments, including strength and stability.

P10. Heads should be aware of Statutory Instrument No. 1324 1988 - The Furniture and Furnishings (Fire) (Safety) Regulations 1988. Although these regulations relate specifically to the domestic upholstered furniture market, it is recommended that the same standards are applied to upholstered furniture purchased for educational establishments. The main elements of these Regulations are -

- (a) no upholstered furniture should include any filling material which fails the BS 5852 Part 2 Ignition Source 5;
- (b) the covering material should comply with cigarette and match source 1 of BS 5852 Part 1.

P11. All upholstered furniture in the CFG range complies fully with the requirements of the Furniture and Furnishings (Fire) (Safety) Regulations 1988.

P12. It is also strongly recommended that all fabrics for curtains and drapes requisitioned by schools should conform with the requirements of British Standard 3120: 1959 and British Standard 5867 Parts 1 and 2: 1980. Ideally, all fabrics should be inherently flame proofed or at least treated with pyrovatex or similar.

P13. Further details and guidance are readily available on all aspects of purchase of furniture and fittings from the Education Directorate.

## **EDUCATIONAL BOOKS, MATERIALS, EQUIPMENT AND SERVICES**

P14. The division of responsibility is as set out below.

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
Provision of, repairs to and replacement of all educational equipment, apparatus, tools and materials (with the exception of the initial inspection of heavy craft and fixed and large portable PE equipment)	X	
Servicing and maintenance	X	
Hire charges (e.g. Home Economics equipment)	X	
Television licences	X	
Library books, text books, periodicals	X	
Attendance registers	X	
Admission registers	X	
Log books	X	
School vehicle expenses	X	
Econet computer installations Technology trunking installations - or similar	X	
Supply of plants for environmental education	X	
Small school co-operative expenditure	X	
Approved subscriptions (e.g. Copyright, ROSPA etc.)	X	
Loss of LEA owned equipment, books and materials etc. through vandalism, theft or flood	X	
Support for locally approved curriculum Initiative	X	
Approved national curriculum support	X	
Special allocations for statemented pupils (except as specified in Annex C)		

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
Approved support arising from HMI and Ofsted reports (at LEA discretion)		X
County Library Service Support	X	
Maintenance charges incurred by use of Audio/Visual contractors	X	
Specified items of large equipment provided in conjunction with the Council's Capital Building Programme.		X

## NOTES

P15. Schools are required to use their own or West Mercia Supplies ordering systems as appropriate for educational supplies and services.

P16. Schools should always follow the Council's Standing Orders relating to contracts and should ensure the items purchased comply with the relevant British Standard.

P17. In the purchase of specialist teaching equipment schools are recommended to seek prior advice and guidance where necessary.

P18. Schools are advised to check carefully on any associated installation costs before committing themselves to the purchase of expensive items of equipment, particularly where connection to main services, e.g. gas, electricity, water and drainage or where new mechanical ventilation systems are required following purchase of new machines by the school since they could also have to meet installation costs from their budget.

P19. Schools should note that the **principles** of Best Value do apply and a range of suppliers should be considered in any procurement.

P20. Forward commitment of planned expenditure on particular items may be permitted by prior arrangement.

### Purchases from Donated Sums

P21. The arrangements, especially in relation to VAT regulations, under which donated sums may be used for purchasing goods for use in schools, are explained in guidance issued by the Director of Education from time to time.

## HEALTH AND SAFETY

P22. The LEA has primary responsibility and power to issue directions on Health and Safety provision and school Governing Bodies will be expected to comply.

P23. In view of the Governors' first line responsibility for Health and Safety most of the funds for this purpose are delegated and the following division of responsibility applies -

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
<b>P24 Fire Fighting Equipment</b>		
Replacement, recharging and inspection	X	

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
charges for all portable fire fighting equipment, fixed hose reels, rewind mechanisms and nozzles		
Provision of portable equipment directly related to new or remodelled accommodation under the Council's Capital Programme.		X
<b>P25. Art/Craft Heavy Equipment</b>		
Initial inspection and preparation of reports annually on all workshop heavy equipment on mechanical and electrical faults (including kilns, pugmills and pottery wheels)	X	
Repairs arising from inspection reports	X	
Replacement of machines/ equipment necessary as a result of inspection	X	
<b>P26. PE Equipment</b> (Fixed and large portable)		
Annual inspection of fixed PE equipment and large portable apparatus in use in gymnasium/halls and sports halls, including a schedule of basic routine maintenance work	X	
Repair work included on report forms and replacement of portable apparatus and fixed equipment	X	
<b>P27. Fixed Playground Equipment</b>		
Monthly routine inspections of existing equipment.	X	
Annual Inspection (by qualified inspector) of existing equipment.	X	
Inspection of new equipment to comply with European Standards.	X	
<b>P28. Mobile Fume Cupboards</b>		
Fixed fume cupboards	X	
Regular testing, maintenance (including possible replacement of main filter bed, as and when necessary)	X	
<b>P29. Portable Electrical Appliances</b>		
Regular inspection of all electrical apparatus/appliances which can be	X	

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
plugged into an electrical mains circuit. This inspection to be carried out by a competent person		
<b>P30. Protective Clothing</b>		
Provision of approved protective clothing for caretakers, school-based groundsmen, playground superintendents laboratory and workshop ancillaries/technicians.	X	
<b>P31. Swimming Pools</b>		
Supply of swimming pool chemicals, provision of swimming aids and other equipment and materials required, e.g. hoses, pool surround matting	X	
<b>P32. Other Items</b>		
First aid boxes and requisites	X	
Flammable liquid	X	
Cupboards/containers	X	
Poisons cupboards	X	
Expenditure incurred on repairing or removal of defective or surplus playground equipment	X	
Expenditure incurred on movement or disposal of hazardous materials	X	
Pest control	X	
Expenditure incurred in complying with Public Entertainments Licence	X	
Warning and advisory notices	X	
Maintenance and upgrades of dust and fume extraction equipment etc.	X	
Minibuses – All costs including MOT and maintenance	X	
Other motorised plant	X	

## NOTES

P33. Contracts are available through Facilities Management for regular Health and Safety inspection of heavy craft and fixed and portable PE equipment. The LEA monitors inspection reports and the contract.

P34. All expenditure on replacement or repair of equipment, materials etc. arising from Health and Safety reports, whether initiated by the LEA or Governors are chargeable to the school's budget.

P35. Schools are required to use their own or West Mercia Supplies ordering systems as appropriate for all supplies and services required under Health and Safety, with the exception of items to be funded centrally by the LEA (e.g. equipment related to capital building projects).

P36. Schools must always follow the Council's Standing Orders relating to contracts and should ensure the items purchased comply with the relevant British Standard.

P37. Advice is readily available from the Council.

### **ADMINISTRATION, DOMESTIC, CLEANING AND GROUNDS**

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
<b>P38. Administration</b>		
Provision of additional, replacement and maintenance of all office equipment, including computer hardware, duplicators, typewriters, word processors, copiers, offset lithos, stencil cutters etc.	X	
Office materials, stationery, software	X	
Postage including examination postage	X	
<b>P39. Cleaning and Domestic</b>		
External window cleaning	X	
Removal of rubbish, including charges for collection, skips, etc.	X	
Removal of rubbish related to the Council's Capital building programme and school closures		X
Laundry equipment, cookers, refrigerators, washing machines, dishwashers, tools, small equipment, beds, bed linen, glassware, crockery, cutlery, materials etc.	X	
Paper towels and dispensers	X	
Warm air hand dryers	X	
Toilet paper and dispensers	X	
Liquid soap and dispensers	X	
Other soaps and detergents	X	
Sanitary towel disposal	X	

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
<b>P40. Caretaker items:</b>		
Mechanical cleaning equipment, servicing of cleaning equipment, brooms, brushes, mops, miscellaneous cleaning equipment, dust control and barrier matting, ladders, stepladders, towers, trucks and trolleys, waste bins, dustbins, bulk refuse containers, cleaning materials, floor seals, disinfectants, descalers.	X	
Contract cleaning charges (cleaning equipment and materials used by contractors would be paid for indirectly, through the service contract charge)	X	
Monitoring the use of chemicals for each school.		X
Annual inspection of building cleaning standards		X
Health and Safety with regard to cleaning equipment and floor surface.	X	
<b>P41. Catering</b>		
Food hygiene inspections.	X	
Cost of food safety inspections, including transported meals, using food heat testing equipment for Council arranged provision for primary schools		X
Cost of food safety inspections on meals arranged by schools with private providers.		X
Management, monitoring and control of CCT contract for sandwich packs.		X
Annual condition survey on kitchen equipment.	X	
<b>P42. Grounds</b>		
Equipment and materials not covered by contract work (e.g. sand and gravel)	X	
Contracted grounds services charges (equipment and materials used by contractors would be paid for indirectly, through the service contract charge)	X	
Plants and consultancy service for environmental education	X	

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
Emergency maintenance of mature trees	X	
Specialist maintenance of playing fields (mole drainage, fertiliser application, turf conditioning, and replacement of shrubs)	X	
Monitoring and control of the application of pesticides and herbicides, including those used for line marking	X	

## NOTES

P43. Schools should use their own or West Mercia Central Stores ordering systems as appropriate for all equipment, materials and services with the exception of any approved expensive items to be provided centrally in conjunction with Major or Small Work capital schemes.

P44. Schools should always follow the Council's Standing Orders relating to contracts and should ensure the items purchased comply with the relevant British Standard.

P45. Schools are advised to check carefully on any associated installation costs before committing themselves in the purchase of expensive items of equipment, particularly where connection to main services, e.g. gas, electricity, water and drainage are concerned since they could also have to meet installation costs from their budget.

P46. Schools are reminded to adopt Best Value principles in the procurement process.

P47. Advice on the type, quality and source of supply of cleaning materials and equipment is available from the Education Directorate.

## OTHER ITEMS

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
<b>P48. Establishment Expenses</b>		
Printing expenditure	X	
Advertising expenditure	X	
Extra curricula travelling expenses	X	
Replacement of telephone system	X	
Alterations to telephone systems, e.g. Additional handsets and extensions	X	
Rental and maintenance charges of telephone systems	X	
Telephone call charges	X	
New telephone systems	X	

	<b>School Responsibility</b>	<b>LEA Responsibility And Decision</b>
Alterations to existing telephone systems arising through works under the Capital Building Programme.	X	
<b>P49. Miscellaneous Expenditure</b>		
Removal costs arising from works under the Council's Capital Building Programme.		X
Removal costs arising from school closures.		X
All other removal expenses, e.g. movement of large items such as pianos from room to room	X	

### **Improvements to Buildings and Grounds**

P50. The LEA no longer maintains an annual capital fund for small building/grounds improvements (the De Minimis building fund). Schools operate their own improvement programmes under devolved maintenance and capital budgets. Schools also can fund items of a capital nature from their general delegated revenue budget.

P51. It is open to any school to undertake a small improvement from their own budget, provided -

- (i) prior central approval is obtained
- (ii) the Council's Standing Orders relating to contracts are adhered to;
- (iii) only contractors included on the Council's approved list are employed;
- (iv) where the work proposed is likely to have some effect on the structure, e.g. load bearing walls etc., connections/alterations to services, then the Director of Education should be consulted before work is authorised.
- (v) costs of advice and professional services for school initiated projects (not from the Council's Capital Programme) would be met by the school.

### **Security**

P52. If it proves possible to continue to allocate resources for such purposes it is open to schools to apply for grants to improve security at schools.

P53. Separate procedures for applying for inclusion in a Council Capital Programme are applicable. Schools should, in the first instance, make formal application in writing, to the Director of Education.

### **INCOME**

P54. Schools are free to raise income from fund-raising and other activities, subject to the provisions of the scheme.

P55. Where a school derives income from the sale of a moveable asset for which responsibility is delegated under the Local Financial Management Scheme, e.g. surplus items of equipment, old furniture, books, materials etc., the income is credited to the school's accounts.

P56. The income from the sale of items purchased from funds retained centrally reverts to the LEA.

## ANNEX Q

### STAFF ABSENCE ARRANGEMENTS

#### INTRODUCTION

Q01. **MEETING THE COSTS** All schools receive budget provision for staff absence costs through the funding formula and have freedom to decide replacement arrangements. Under 'specified' circumstances school can receive compensation for absence replacements. In the case of civic, social and professional duties, compensation is open to all schools. In the case of high levels of sickness absence, and for maternity/adoption leave, compensation is available to schools joining the Council's insurance scheme.

Q02. **OCCASIONAL REPLACEMENT APPOINTMENTS** Schools decide all occasional appointments, including supply engagements and occasional additional hours required for staff replacement, as well as cover for school-based staff involved in centrally funded activities.

Q03. **RATES OF PAYMENT TO STAFF** All teachers, including supply teachers employed at the daily rate are paid in accordance with the School Teachers Pay and Conditions Regulations. Non-teaching staff are paid according to the grade appropriate to the duties carried out and, where appropriate, according to the rules applicable when existing staff work additional hours.

#### Q04. **COMPENSATION ARRANGEMENTS FOR SPECIFIED STAFF REPLACEMENT**

(NOTE: in the case of PART-TIME staff the defined replacement levels shown in the Tables apply in the relevant proportion, e.g. for an employee working half-time, the replacement level is the defined number of half-days.)

Schools making appropriate claims are credited with replacement costs up to the following maximum number of days in any one financial year. Replacement costs for absences beyond the levels shown have to be met from the school's formula budget.

##### **Q04(a) - CIVIC AND SOCIAL DUTIES**

1	Member of a County, District of Parish Council	6
2	Magistrate	11
3	Member of a statutory Tribunal	As required by the tribunal
4	Member of a Regional or Area Health Authority	3

##### **Q04(b) - PROFESSIONAL DUTIES**

1	Members of official advisory groups	As required by the LA
2	Representative of Director of Children's Services	10

#### **Q04(c) - UNION AND PROFESSIONAL ORGANISATIONS**

The LA as employer is required by Law to make provision for time off work for Union Officers and members in certain circumstances. A number of days cover is agreed annually and supply cover vouchers are issued to Unions according to a formula. Where schools receive direct requests from members of staff or Unions, such requests should always be passed on to the Director of Children's Services.

#### **Q04(d) - STAFF TRAINING**

Replacement costs for staff involved in defined training activities, where approved centrally, are met from the training element of excepted expenditure. (In other cases costs are met, at school discretion, from schools' Standards Fund allocations or from their formula budgets.)

#### **Q04(e) - PERSONAL CIRCUMSTANCES**

Employees under redundancy notice – up to 5 days leave pay to look for alternative work or to arrange re-training.

#### **Q04(F) – OTHER SUSPENSION**

Where a member of staff at a school is suspended from duty, either as a result of the action of an agreed disciplinary procedure, under the terms of Regulation 10 of the Education (Teachers) Regulations 1993 or successor documents, and where such a suspension is agreed by the Director of Children's Services, the costs of replacing necessary standard scale teaching duties will be paid from a central reserve from the day of such suspension until such time as the suspension is terminated either by return to school or by dismissal. In exceptional cases, as approved by the Director of Children's Services, the cost of replacing other duties may also be considered. (In the case of suspension for ill health, central funding will be available only for schools that are currently contributing to the relevant staff absence insurance scheme).

#### **ACCOUNTING ARRANGEMENTS FOR ALL CENTRALLY FUNDED SUPPORT**

Q05. All replacement costs for items listed in Table Q1 are charged initially to school budgets with credits allocated on the basis of claims made by the school.

Q06. Notification of absence and staff replacement arrangements must be in a form specified by the LA and must be returned within the defined time limit.

Q07. Credits are made for expenditure on items listed in Table Q1 only when the school concerned has actually engaged a replacement member of staff or has a member of staff specifically designated for such purposes. If there has been no actual replacement there will be no payment.

Q08. Credits are not paid in cases where schools receive income in lieu of salary.

Q09. With effect from 1<sup>st</sup> April 2018 the council no longer operates a staff absence insurance scheme.