



**BARNSLEY**  
Metropolitan Borough Council

# **BARNSLEY METROPOLITAN BOROUGH COUNCIL**

## **SCHEME**

## **FOR**

## **FINANCING SCHOOLS**

(Revised – July 2022)



**BARNSLEY  
FINANCIAL  
SERVICES**

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## **SCHEME FOR LOCAL MANAGEMENT OF SCHOOLS**

This scheme will supersede the previous LMS Scheme and all terms and conditions become effective and binding on both the Authority and all maintained schools from the date of publication (1<sup>st</sup> April 2007) or from subsequent dates of revision / amendments.

References throughout this Scheme to:

"the Act" are to the School Standards and Framework Act 1998

"the authority" means the local authority, i.e. Barnsley MBC; and

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

# SECTION 1: INTRODUCTION

## 1.1 The Funding Framework

The 'Barnsley MBC Scheme for Financing Schools' is made in accordance with section 48 of the School Standards and Framework Act 1998, Schedule 14 to the Act and the School and Early Years Finance (England) Regulations 2015.

The overall funding framework for Schools is now based on 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 school's budget and their non-school's education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their school's 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 school's 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 school's budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-school's 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 complies with legislation and sets out the financial relationship between the Authority and the maintained schools, which it funds. The Scheme details the requirements relating to financial management and associated issues that must be adhered to by the Authority and all maintained schools. These requirements are binding on both the Authority and on schools.

The Governing Body shall have overall responsibility for regulating and controlling the finances of the school and, through the Head Teacher, shall ensure that the Authority's Scheme is complied with.



Nothing in this scheme shall affect the responsibility of the Authority's Chief Finance Officer for the proper administration of the financial affairs of the Authority under Section 151 of the Local Government Act 1972.

The Financial Regulations, Standing Orders for Contracts and Terms of Reference for the Authority will be followed in as far as it relates to maintained schools except where the scheme stipulates otherwise.

### **1.2.1 Application of the Scheme to the Authority and maintained Schools**

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

### **1.3 Publication of the Scheme**

A copy of the Authority's approved Scheme (and subsequent revisions), will be notified to the Governing Body and Head Teacher of each of the Authority's maintained schools and will be published on [www.barnsley.gov.uk](http://www.barnsley.gov.uk) website.

### **1.4 Revision of the Scheme**

All revisions to the Scheme will be subject to full consultation with Governing Bodies and Head Teachers of maintained schools prior to approval by members of the Schools Forum representing maintained schools. Where the Schools Forum refuses to approve proposals or approve any such proposals subject to modifications which are not acceptable to the local authority, the authority may apply to the Secretary of State for approval of such proposals.

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

Governing Bodies are required to consider the extent to which they wish to delegate their financial powers to the Head Teacher, and to record their decision (and any future revisions) in the minutes of the Governing Body.

A school's budget share is delegated to the Governing Body of the school. The first formal budget plan of each financial year must be approved by the

Governing Body, or by a committee of the Governing Body who must as well as approve all significant in-year changes to the budget.

The Head Teacher has overall executive responsibility for the school's activities, of which financial activities are an integral part. The Head Teacher is responsible to the Governing Body for the financial management of the school and should ensure that the Governing Body is provided with financial advice, that proper and adequate financial systems and controls are in place and that financial accounts are prepared and maintained as required by the Authority in accordance with the Scheme.

The recommended level of delegation for spending purposes is given in the Financial Regulations Scheme (**Appendix B**)

## **1.6 Maintenance of Schools**

The Authority is responsible for maintaining the schools covered by the Scheme and this includes the duty of defraying all the expenses of maintaining them (except in the case of voluntary-aided schools). Part of the way the Authority 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**

Schools must adhere to the terms of the Scheme and the detailed Financial Regulations therein (**Appendix B**). In addition are the monitoring requirements, which the Authority stipulates in order to ensure sound financial practice and the integrity of management information for strategic planning purposes. Monitoring arrangements will be dependent on the individual financial arrangements adopted by the school (i.e. the extent of use of bank accounts).

Schools must adhere to the financial controls and procedures as stipulated in the School Bank Account Procedure Manual if they operate their own bank account.

Schools are free to determine their own internal reporting procedures and monitoring arrangements.

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

The authority's Chief Finance Officer has a duty to ensure the proper administration of the Council's financial affairs (sec. 151 Local Government Act 1972). He/she is also required to produce annual accounts in accordance with statutory requirements and statements of standard accounting practice. Schools must keep accounts that meet the prescribed format of the authority and enables integration with those of the Authority as a whole. They must also take account of the Consistent Financial Reporting Framework and the desirability of compatibility with that framework.

Schools are required to provide the Authority with details of expected and actual expenditure and income, in a form and at times determined by the Authority, in order for it to comply with its own fiduciary responsibilities. The format of the returns is detailed in the Schools Bank Account Manual.

The timetable for the returns is detailed below:

Financial Return	Submission Date
<b>Annually</b>	
Approved Annual Spending Plan	Between 1 <sup>st</sup> May – 30 <sup>th</sup> June
3-year Budget Forecast	Between 1 <sup>st</sup> May – 30 <sup>th</sup> June
Deficit Recovery Plan	Between 1 <sup>st</sup> May – 30 <sup>th</sup> June
Consistent Financial Reporting Return	30 <sup>th</sup> June
Schools Financial Value Standard	31 <sup>st</sup> March
Details of debt write-offs	31 <sup>st</sup> March
Extended School Community Focused Facility Annual Spending Plan	1 <sup>st</sup> May & 30 <sup>th</sup> October
Certificate of Audit of Private School Funds	31 <sup>st</sup> January
Summary Trial Balance	As detailed in closedown guidance
<b>Quarterly (30<sup>th</sup> June, 30<sup>th</sup> Sept, 31<sup>st</sup> Dec, 31<sup>st</sup> Mar)</b>	
Income and Expenditure Forecast	12 <sup>th</sup> of month following quarter end
VAT Return	12 <sup>th</sup> of month following quarter end
Bank reconciliation and copy of bank statement	12 <sup>th</sup> of month following quarter end
Balance Sheet	12 <sup>th</sup> of month following quarter end
*Cash Flow Forecast	12 <sup>th</sup> of month following quarter end

*\*Detailed cash flow forecast showing actual money in / out of the bank account.*

For returns due to be submitted at year end, the timetable will be detailed in the annual closedown guidance issue to schools.

### **2.1.3 Payment of salaries; payment of bills**

All salary, wages and other payments must be paid in accordance with the controls stipulated in the Financial Regulations **Appendix B3, B7**.

Schools should adhere to the procedure detailed in the relevant procedure documents.

### **2.1.4 Control of assets**

The school must maintain an adequate and full inventory of its moveable assets costing £1,000 or more, in accordance with guidance issued by the authority's Chief Finance Officer. These assets should comprise all furniture, equipment, vehicles, plant and machinery. The inventory should be kept up to date and arrangements made for its update at time of purchase and disposal.

Any special acquisition arrangements should also be noted (i.e. leased items and grant funded items should be marked on the inventory as such). The school must also ensure insurance cover is adequate and amended as necessary when a major acquisition, sale or disposal has been made.

Inventories may be kept by location or department at the discretion of the Head Teacher.

Where practicable, inventory items should be indelibly marked, stamped or engraved with the name of the school and proper location.

The Head Teacher should ensure that an annual check is made of all items on the inventory and must notify the authority's Chief Finance Officer of any significant discrepancies. Any losses noted throughout the year should be immediately notified.

The school must maintain an adequate and full inventory of its moveable assets costing less than £1,000 in a form prescribed by the Governing Body.

See **Appendix B1** for Financial Regulations on Control of Assets

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

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

The year-end procedures are set out in the Year-end procedure notes and close down timetable sent by Financial Services at the beginning of the closedown period of each financial year.

The Governing Body has overall responsibility for ensuring that sound financial practices are followed and accurate records maintained. The Head Teacher has direct responsibility for this. These records should be retained for the statutory periods (as detailed in **Appendix C**).

### **2.1.6 Writing off of Debts**

The responsibility for the write-offs of debts rest with the Governing Body. The Head Teachers shall report all debts proposed for write-off to their Governing Body for approval. The write off of debts should be in accordance with the school's procedures. The debt write off procedures should be clearly outlined in the schools' Debt Policy as approved by the Governing Body.

## **2.2 Basis of accounting**

In accordance with the Local Government Act 1972 the financial year for the accounts of the school shall be 1 April to 31 March. All reports and accounts furnished by schools to the Authority shall be on an accruals basis. However schools can produce its management accounts (for internal reporting) on a cash basis if it so wishes.

## **2.3 Submission of budget plans**

The Authority shall supply, to all maintained schools, all income and expenditure data it holds which is necessary for the efficient planning the schools' budget. The Authority will supply schools with an annual funding statement and a budget share for the forthcoming financial year.

Upon receiving notification of the schools' budget share, each Governing Body shall prepare a structured annual revenue budget at outturn prices for the school. Schools may take full account of estimated surplus / deficits at the previous 31 March in their budget plan.

Budget plans must be submitted to the Authority, signed by the Head Teacher and Chair of Governors by the date as specified by the local authority.

Budget plans must be submitted in the required format and take account of the Consistent Financial Reporting framework, including any assumptions made in its preparation, on a date to be specified by the Authority but not earlier than 1<sup>st</sup> May or later than 30 June each year or by 1st October in the case of a new school opening in September.

The Authority may also require the submission of revised plans where the Authority deems it necessary.

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

From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year at a date to be determined by the Authority between 1<sup>st</sup> May and 30<sup>th</sup> June.

The preparation of multiyear forecasts provides a mechanism to ensure schools are undertaking financial planning effectively. It also provides evidence to support the authority's assessment of Schools Financial Value Standards. This requirement will also assist schools in identifying potential financial problems in future years that can be addressed in a timely and effective manner, enabling the Authority to support and assist schools with longer term financial problems in a pro-active manner.

### **2.3.2 Revenue budget control**

The Governing Body has responsibility for strategic budgetary control; the Head Teacher has day-to-day responsibility. For the purposes of budget monitoring, a comparison of the actual expenditure of the school with the budgeted expenditure shall be carried out on a regular basis.

Where the task of strategic budgetary control is delegated to the Head Teacher or a Governors Sub-Committee, the Head Teacher shall present a formal budget monitoring report to the Governing Body at least once per term.

In schools where a finance committee has been set up, the Governing Body will define terms of reference for the committee and the extent of its delegated authority. The finance committee minutes should be reported to the Governing Body.

The requirement for meetings may vary between schools and throughout the year due to financial matters requiring the committee's attention such as capital projects or the setting of the annual budget. In any event the finance committee should meet at least termly.

Terms of reference for the finance committee would normally include:

- The recommendation of the annual budget to the Governing Body including the delegation of the budget responsibilities.
- The consideration of priorities as set out in the School Improvement Plan, in relation to the overall level of available resources.

- The consideration of the longer term financial position of the school (3 years minimum), in line with the priorities for the school over that period.
- The regular monitoring of actual income and expenditure against each budget and revised forecast for the year and subsequent approval of budget adjustments to reflect any decision taken within their delegated limits.
- Ensuring all financial information and statements are produced in accordance with the requirements of the Scheme.
- Review reports by internal audit as to the effectiveness of the school's procedures and ensure any recommendations are addressed accordingly.
- Review the completion of the Schools Financial Value Standards and monitor the implementation of any remedial actions highlighted within the statement.

The Governing Body and the Executive Director People shall be notified by the Head Teacher at the earliest opportunity of any expenditure variance, which he/she considers to have a significant impact on the school budget.

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

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

It is the responsibility of heads and governors to determine at school level how to secure better value for money whilst giving consideration to any issued guidance by the Authority on purchasing, tendering and contracting. It is recommended that schools review their current expenditure, compare it to other schools (through the use of benchmarking data) and give consideration about how to make improvements.

## **2.5 Virement**

Where circumstances require the transfer of resources from one expenditure head to another then the Governing Body may vire freely between budget heads within its delegated budget share.

Governors are advised to establish criteria for virements and financial limits above which the approval of governors is required.



## **2.6 Audit: General**

The Director of Finance, Assets & Information Services has responsibility for the provision of an effective system of Internal Audit which includes maintained schools. Schools must therefore allow Internal Auditors access, for the purpose of audit, to such premises, documents and assets, as the Internal Auditors consider necessary.

The Head Teacher should consider and respond promptly to recommendations in audit reports and report to the Governing Body on the results of audits and any action by the school. The Head Teacher should immediately notify the Head of Internal Audit of any suspected theft and / or irregularities.

In relation to external audit all schools come within the Authority external audit regime as determined by the Public Sector Audit Appointment Ltd and may be subject to inspection as necessary by the Authority's external auditors.

**See Appendix B2 for Financial Regulations in Respect of Internal Audit Function**

## **2.7 Separate External Audits**

Schools may at their own expense, should they wish, obtain an additional audit assurance of their accounts separately and in addition to the Authority's internal or external audit process. Any such audit commissioned by a school shall be paid from the school's delegated budget share. Where a school chooses to seek such an additional source of assurance it does not remove the requirement that the school must also co-operate with the Authority's internal and external auditors.

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

This provision relate to the audit of any voluntary or private funds held by schools and of the accounts of any trading organisations controlled and managed under the auspices of any maintained school. The accounts relating to any such funds are not included in the Authority's accounts, and arrangements for audit are not undertaken by the Authority's Chief Finance Officer.

Any voluntary or private funds held by schools must have the prior approval of the Governing Body, who should receive a copy of the audited accounts annually. The audit must be carried out by at least one person who is independent of the school and the operation of the fund.

The Head Teacher must ensure the proper administration and auditing of the funds and must inform the Authority's Chief Finance Officer of any irregularities arising in connection with these.

The duly completed audit certificate (signed by the Chair of Governors) must be received by the Authority no later than 31<sup>st</sup> January following the relevant accounting year end of the fund.

## **2.9 Register of business interests**

The Governing Body of each maintained school shall maintain a register which lists each member of the Governing Body, the Head Teacher and any other officer with delegated authority, the business interests they or any member of their immediate family have, details of any other educational establishments that they govern; and any relationships between school staff and members of the governing body. This register must be kept up to date (with notification of changes and through annual review of entries) and made available for inspection by the Authority, governors, staff and parents, and for the authority to publish the register on a publicly accessible website.

A suggested pro forma for this register is included in **Appendix D**.

Governors, the Head Teacher and any member of staff with delegated authority must refrain from the decision making process or taking any action where they or any member of their immediate family has a business or pecuniary interest, which may give rise to a conflict of interest. This should be included in any Governing Body/Sub Committee minutes.

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

Schools are required to abide by the Authority's financial regulations, standing orders (contract procedures rules) and any relevant issued guidance in relation to purchasing, tendering and contracting matters. This should include a requirement to assess in advance, where relevant, the health and safety competence of suppliers or contractors, taking account of the Authority's policies and procedures.

Schools should give consideration to and may use, if they so choose the Authority's existing procurement arrangements such as framework agreements; purchasing consortium (of which the Council is a member e.g. YPO); corporate contracts (Council's Contracts Register); approved list of local suppliers and contractors (as detailed in the Council's YORTENDER system).

Notwithstanding the availability of the above arrangements, schools are free to purchase goods and services from other sources, provided that value for money can be demonstrated. This should generally be accomplished through price comparisons and by seeking competition for all contracts for goods, supplies and services. This includes a requirement:

- Good practice (although not a requirement) to seek verbal or written quotes for expenditure under £10,000;
- obtain at least 3 written quotes for expenditure between £10,001 and £70,000, in line with the Authority's contract procedure rules, and
- to seek tenders in respect of any contract with a value in excess of £70,000.
- Schools must abide by EU procurement rules where the value of the contract or supplies exceeds applicable EU thresholds of £189,300 for services and £4,733,252 for works. Please note the EU thresholds are subject to review in January of each year.

Schools should strive to achieve value for money in their purchases. The procedures outlined in the Authority's contract procedure rules and in other issued guidance should be adopted/complied with in as far as it is applicable to schools (the guidance in the appended Financial Regulations being regarded as a minimum).

Schools may seek advice on a range of compliantly procured deals via the following link:

<https://www.gov.uk/guidance/buying-for-schools>

**See Appendix B3 for Financial Regulations Relating to Purchasing, tendering and contracting requirements**

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

Schools have the right to opt out of the authority's contracts and arrangements entered into on their behalf except for those contracts which;

1. schools have agreed to be covered by in respect of services for which funding was delegated by the Authority prior to 1 April 1999;
2. schools agree to be covered by in respect of services for which funding is delegated by the Authority after 1 April 1999; and
3. for certain contracts approved by the Secretary of State for services for which funding is delegated after 1 April 1999, irrespective of the agreement of schools.

Although Governing Bodies are empowered under paragraph 3 of schedule 10 to the School Standards and Framework Act 1998 to enter into contract, in most cases they do so on behalf of the Authority as maintainer of schools and the owner of the budget share. Contracts entered by schools with value exceeding £60,000 are required to be counter-signed by the Authority's Borough Secretary.

Other contracts may be made solely on behalf of Governing Bodies, when they have clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

## **2.12 Central funds and earmarking**

The authority may allocate devolved funding to schools from central funds, in the form of allocations, which are additional to and separate from the schools' budget shares. These devolved funds will not form part of the delegated budget of the school (and as such should not be vired into the budget share) and schools may only use the funds in accordance with the conditions setting out the purpose or purposes for which they were allocated.

Such devolved allocations might be specific grant funding, sums for SEN or other initiatives funded from the central expenditure of the authority's Schools Budget or other budget.

Specific accounting procedures will be required for earmarked funds from centrally retained funds received by schools, along with monitoring and review arrangements in order for them to demonstrate the requirements of the funding have been complied with. All income and expenditure relating to devolved funds should be separately identified within the school's accounting records.

Earmarked funds must be returned to the Authority if not spent in the relevant year, or within the period over which schools are allowed to use the funding, if different. The authority will not make any deduction, in respect of interest costs to the LA, from payments to schools of devolved specific or special grant.

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

Under s. 50 (3) of the School Standards and Framework Act 1998, governing bodies are allowed to spend budget shares for the purposes of the school subject to regulations made by the Secretary of State and any other provisions within this scheme.

Under s. 50 (3) (b), the secretary of state has amended the School Budget Shares Regulations 2010, which now allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies. Also, by

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

The authority reserves the right to impose its own restrictions on the use of budget shares by governing bodies where it is necessary to address local circumstances.

## **2.14 Capital spending from budget shares**

Governing Bodies may use their budget shares to meet the cost of capital expenditure on the schools' premises. This includes expenditure by Governing Bodies of voluntary aided schools who have work carried out as their responsibility under paragraph 3 of Schedule 3 of the School Standards and Framework Act 1998. The following should be noted:

1. If expected capital expenditure from the budget share, in any year, will exceed £15,000, the Governing Body must notify the Authority and take into account any advice from the Chief Finance Officer and the Executive Director People as to the merits of the proposed expenditure;
2. The expenditure does not cause the school to go into a deficit position, which is carried forward into the next financial year;

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

## **2.15 Notice of Concern**

The Local Authority will issue a Notice of Concern to the Governing Body of any school it maintains, where a school's financial management is of significant concern.

Such a Notice will be issued where, in the opinion of the Chief Finance Officer and the Executive Director People, a school has failed to comply with any provisions of the Scheme for Financing Schools, or where actions need to be taken to safeguard the financial position of the authority or school.

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

- Insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school.
- Insisting that an appropriately trained/qualified person chairs the finance committee of the governing body.
- Insisting on placing more stringent restrictions or conditions to the day-to-day financial management of the schools.
- Requiring the appropriate staff e.g. head teacher, bursar to meet with the local authority officers as necessary to draw up an action plan;
- Insisting on regular financial monitoring meetings at the school attended by local authority officers;
- Requiring a governing body to buy into a local authority's financial management systems or into increased support levels;
- Imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

The Notice will clearly state what these requirements are, the way in which and the time by which such requirements must be complied with in order for the Notice to be withdrawn. It must also state the actions that the Local Authority will take where the governing body does not comply with the Notice.

The Notice of Concern will be withdrawn once the Governing Body has complied with the requirements imposed upon it.

## **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 authority before 31 March 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 relating to fraud and theft, the controls in place to prevent them and the consequences of breaching these controls. This information must also be included in the induction for new school staff and governors.

Schools are advised to give consideration to having an anti-fraud policy as approved by its Governing Body.

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

### **3.1 Frequency of Instalments**

Schools with delegated budgets have the choice whether to operate an external bank account. All maintained schools with delegated budgets in Barnsley currently hold external bank accounts; with the Budget Share for each school issued and paid as a cash advance into said accounts on a regular basis as determined.

Schools operating an external bank account must comply with the provision in this scheme (as detailed in the following section) as well as any procedures and manual issued by the authority.

For schools not electing to operate an external bank account (but instead uses the authority's financial system and banking arrangements) their budget shares will be available in full from 1 April each year.

For schools with bank accounts, the Authority will make the Individual School Budget Share (ISBS) available in instalments every month at a time of the month prescribed by the Authority's Chief Finance Officer and which will permit the prompt payment of salaries by schools.

### **3.2 Proportion of budget share payable at each instalment**

For schools electing to operate external bank accounts, total budget shares will be split into twelfths and paid in monthly instalments plus any in year adjustments into designated bank accounts 3 working days before the 15<sup>th</sup> of each month.

If the payment date falls on a non-banking day then the payments will be made on the nearest banking day usually an earlier date.

Where schools identify a requirement for a variation from a normal monthly payment, within the limits of their delegated budget, an adjustment may be made to an instalment for a particular month.

A second payment will be made to school's bank accounts at the end of the month where any ad-hoc payments are required, usually the last Friday of the month.

Upon receipt of any devolved grants or funding from the authority's centrally



retained schools' budget that is an addition to the school's budget shares, funding shall be placed at the disposal of the Governing Body of each school by the stated dates in the applicable regulations or grant conditions, irrespective of any instalment arrangement applicable to the remaining amount of the budget share.

### **3.3 Interest claw back**

Given that the payment profile (in 3.2 above) of school budget instalments closely follows the current pattern of expenditure by schools, the Authority does not intend to make any adjustment for interest lost on cash flow management as a result of this Scheme. The Chief Finance Officer will keep this under review on an annual basis.

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

If, due to an error by the authority, budget share instalment payments are paid later than the arrangements described in section 3.2, consideration will be given to adding interest to the late payment at the prevailing Bank of England base rate.

### **3.4 Budget shares for closing schools**

Budget shares of schools for which approval for closure has been secured, will be made available on a monthly basis net of pay costs, even where some different basis was previously used. This arrangement will start from the beginning of the financial year prior to the closure.

### **3.5 Bank and building society accounts**

All schools in Barnsley currently have an external bank account into which their budget share instalments (as determined by other provisions) are paid. Schools with external bank accounts shall be allowed to retain all interest payable on the account.

A school can meet from its bank account all the expenditure and income items related to its delegated budget and for the purpose of running the school.

If a school goes into deficit and/or the bank account is consistently overdrawn, the Authority reserves the right to consult with the school, and the Chief Finance Officer can, if deemed necessary, withdraw the right to operate the account.

### **3.5.1 Restrictions on accounts**

To assist schools in the selection of an appropriate banker and to safeguard the Authority's legal obligations under section 151 of the Local Government Act 1972, schools may choose any bank or building society, with a minimum A- credit rating and is consistent with the Authority's Treasury Management policy.

Schools are allowed to have accounts for budget share purposes, which are in the name of the school rather than the authority. If a school does so, then the account mandate should provide:

- that the authority is the owner of the funds in the account until it is spent;
- that it is entitled to receive statements; and
- that it can take control of the account if the school's right to a delegated budget is suspended by the authority.

Schools must notify the Chief Finance Officer of the name of the bank used, account numbers and authorised signatories for all its Bank Accounts. Changes to banks and/or signatories should also be notified.

### **3.7 Borrowing by schools**

Governing Bodies may only borrow money with the expressed written permission of the Secretary of State. A copy of any such application and all correspondence must be forwarded to the authority's Chief Finance Officer. It should be noted that schools will only be granted permission by the Secretary of State for borrowing only in exceptional circumstances. However, from time to time, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Schools are permitted to use any such scheme without obtaining specific approval.

Overdrafts are not permitted without the expressed approval of the authority's Chief Finance Officer, and schools must not under any circumstances arrange overdrafts or allow the account to become overdrawn on a consistent basis.

Schools may not use credit cards, which are regarded as borrowing. However, all schools may use procurement cards (issued by the authority), which provides an efficient and cost effective method of purchasing goods as well as a means of facilitating electronic purchase. Schools will be required to comply with the terms and conditions related to the usage of procurement cards, refer to BMBC Procurement Card Manual.

Schools are required to comply with the authority's capital controls and rules in relation to the lease, rental or other deferred payment arrangements for equipment such as computers, photocopiers and telephone systems.

### **3.8 Other provisions**

Banking arrangements and operations must be made in accordance with the School Bank Account Procedure Manual.

Schools not wishing to operate a bank account under the Scheme will continue with existing arrangements for the processing and recording of expenditure and income.

**See Appendix B4 Financial Regulations for specific provisions relating to banking arrangements**

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

### **4.1 The right to carry forward surplus balances**

Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's Budget Share for the year plus/minus any balance brought forward from the previous year. When the outturn expenditure figures for the school have been finalised after the end of the financial year, the authority's Chief Finance Officer will verify the carry-forward of any budget surplus and add such balances to the school budget share for the following year.

The School Development Plan shall take account of the latest cumulative carry forward balance position of the school each time the Plan is reviewed.

### **4.2 Controls on Surplus Balances**

Schools are permitted to hold surplus balances. However, excessive surplus balances may be deducted from the school's following year's Budget Share in accordance with the authority's clawback mechanism or process. Excessive surplus balances are deemed to be where balances are greater than 5% of a school's budget share for that year.

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.

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.

The total of any amounts deducted from individual schools' budget shares by the Authority under this provision is to be applied to the Schools Budget of the Authority.

Details of the authority's clawback mechanism and process are outlined in the attached **Appendix G**

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

Schools are required to adhere to their budget share, except where circumstances warrant a transfer of resources from the centrally retained contingency fund. The reasons for any budget deficit will be investigated by the Authority and any deficit will be deducted from the school's budget share for the following year.

### **4.4 Planning for deficit budgets**

The school shall not plan for or set a budget deficit for the year, unless in exceptional circumstances and approval has been sought from the authority's Chief Finance Officer and the Executive Director People. In such circumstances it will be required to submit a deficit recovery plan.

Schools must submit a recovery plan to the Authority when their revenue deficit rises above 5% as of 31 March of any year. The 5% deficit threshold will apply when deficits are measured as of 31 March.

### **4.5 Writing off deficit balances**

Under the School Standards and Framework Act 1998 the Authority cannot write off the deficit balance of any school. However, the authority may wish to provide financial assistance towards the elimination of a deficit balance through the allocation of non-recurrent funding from centrally held contingency budget for schools in financial difficulties where this has been agreed by the Schools Forum.

Details of the authority's process for managing schools in financial difficulties are detailed in the **Appendix H**

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

Upon the closure of a maintained school any balance (whether surplus or deficit) reverts to the Authority and cannot be transferred as a balance to any other school, even where the school is a successor to the closing school. However a surplus balance will transfer to an academy where a school converts to academy status under section 4(1) (a) of the Academies Act 2010.

The LA intends however, to exercise its powers under allocation regulations made under section 47 of the SSAF Act to make allocations to new schools in their first year, of sums equivalent to the net surplus of their predecessor schools.

## **4.7 Licensed deficits**

Schools may be allowed to plan for a deficit if they can comply with the requirements listed below. Agreed actions to address planned deficit budgets will be considered on a case by case basis in line with the 'schools in financial difficulties' process (**see attached Appendix H**).

The following will underpin any agreed financial assistance or support provided to schools in financial difficulties from the contingency fund maintained by the Council:

- a) budgets deficit will only be permitted where budgets cannot be balanced in year without significant adverse impact on schools' attainment and standards;
- b) the school must demonstrate that it can achieve a balanced budget position (i.e. reach at least a zero balance), within three years. If a school fails to achieve this, then the full value of the outstanding deficit will be set against the following year's budget.
- c) any financial assistance or support provided must be in respect of specific expenditure plans (in line with the agreed recovery plan) not would not generally be absorbed into the school's budget.
- d) the maximum size of the deficit shall not normally exceed 10% of the school's delegated budget share in any year. Any requirement above this level will require the specific approval of the Chief Finance Officer and the Executive Director People Directorate.
- e) all request for financial assistance / support and submitted recovery plans are subject to review and approval by both the Executive Director People and the Chief Finance Officer.
- f) Schools may be subject to additional monitoring procedures and may need to satisfy the Authority's Chief Finance Officer and the Executive Director of People Directorate that adequate financial management arrangements are in place at the school.
- g) To ensure that schools with deficit budgets operating their own bank accounts do not overdraw, cashflow support may be advanced as and when required, in addition to their Budget Share.

If a school with planned deficit budget proposes to spend amounts received by it in respect of specific grant funding on purposes other than reducing the planned deficit, the Authority must agree to such a proposal unless, in its view, the proposed expenditure is unreasonable in the school's financial circumstances.

#### **4.10 Credit union approach**

If schools wish to group together to utilise externally held balances (i.e. in their own bank accounts) for a credit union approach to loans, then the Authority will require a full audit certification of all transactions of the arrangement.

In advance of such an arrangement commencing, the Authority will require a full system specification for review and approval by its auditors.

## **SECTION 5: INCOME**

### **5.1 Income from lettings**

Schools are allowed to retain all income from lettings of the school premises which would otherwise accrue to the authority, subject to alternative provisions arising from any joint use or Private Finance Initiative (PFI) / Building Schools for the Future (BSF) agreements.

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

Schools must have due regard to directions issued by the Authority as to the use of school premises as permitted under the Schools Standards and Framework Act 1998 for various categories of school. Income from lettings of school premises should not be paid into voluntary or private funds held by the school.

Governing Bodies must give consideration to the following:

1. Fix charges in accordance with financial regulations see **Appendix B 6**;
2. Consult the Head Teacher about use, before giving approval;
3. Observe any fire safety limits applicable to the premises;
4. Look into the possible requirement for licenses for public entertainment and arrangements made to acquire same prior to the letting;
5. Operate a flexible hiring policy to cater for regular and occasional use;
6. Comply with VAT regulations (see separate guidance);
7. Ensure adequate insurance arrangements are in place or have been made.

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

Schools are allowed to retain income from fees and charges (except where a service is provided by the Authority from centrally retained funds). However, schools are bound by policy statements on charging produced by the Authority.



(See **Appendix B 6** Charging Policy). Where schools generate additional income on a commercial basis, e.g. tuck shops, the Governing Body is responsible for ensuring that the regulations for charging VAT are adhered to, and that the activity is adequately insured.

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

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

Schools are free to raise and retain income through fund raising including donations and endowments.

A full record must be maintained in respect of fund raising activities and ideally accounted for separately such as within the Private Schools' Fund account. Regards must be given to the level of income from fund raising activities accounted for within the Schools Private Fund account. If a school has an annual gross VAT-able income greater than the current VAT limit, then the Fund must be registered by HM Revenue and Customs.

The Authority would not expect any such fund-raising activities to impinge upon the educational objectives of the school and, therefore, the Authority.

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

Schools are allowed to retain the proceeds of the sale of assets provided the assets were purchased from schools' delegated resources, or from fund raising activities. If assets were purchased from revenue funds retained centrally by the Authority or were purchased prior to the introduction of delegation, it shall be for the authority to decide whether schools may retain the proceeds. Leased assets and/or grant funded need particular attention (see **Appendix B 1**). The proceeds of the sale of land or buildings forming part of the school premises which is owned by the Authority, will be retained by the Authority.

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

Schools must adhere to the procedures as laid down in the Financial Regulations included in the Scheme at Appendix C, and procedure manuals, as well as complying with all instructions issued by the Authority with respect to VAT.

**See Appendix B 5 Financial Regulations for Income**

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

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

## **SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES**

### **6.1 General provision**

The authority retains the right to make charges to a school's delegated budget, without the consent of the Governing Body, only for circumstances as detailed in section 6.2 below. Wherever possible the Authority will ensure that it takes steps to give prior advice to Governing Bodies of its intention to charge school budget shares. The Authority will consult schools about the intention to charge and will notify schools when the charge has been actioned.

In the event of dispute, schools should submit a written explanation of their disagreement to the authority's Chief Finance Officer and Executive Director of People.

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

The Authority will charge salaries and wages of school based staff to school's budget shares at actual cost

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

Charges will be made by the authority against school's delegated budgets in the following circumstances:

- Where premature retirement costs have been incurred without the prior written agreement of the authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Authority);
- other expenditure incurred to secure resignations where the school has not followed Authority advice;
- awards by courts and industrial tribunals against the Authority or out of court settlements arising from action or inaction by the Governing Body contrary to the Authority 's advice (having taken proper account of the role of aided school Governing Bodies under S 60(5) of the School Standards & Framework Act 1998;
- expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work;

- expenditure by the Authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Authority or the school has voluntary controlled status;
- expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority;
- recovery of monies due from a school for services provided to the school, where a dispute over monies has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the Authority;
- recovery of penalties imposed on the Authority by the Board of Inland Revenue, the Contributions Agency or HM Customs and Excise, Teachers Pensions or regulatory authorities as a result of school negligence, or failure to comply with relevant legislation;
- correction of Authority errors in calculating charges to a budget share, where such correction is reasonable;
- additional transport costs incurred by the Authority arising from decisions by the Governing Body on the length of the school day, and failure to notify the Authority of non-pupil days resulting in unnecessary transport costs;
- legal costs which are incurred by the Authority because the Governing Body did not accept the advice of the Authority;
- costs of necessary health and safety training for staff employed by the LEA, where funding for training had been delegated but the necessary training had not been carried out;
- 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;
- cost of work done in respect of teachers' pension remittance and records for schools using non LEA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
- cost incurred by the Authority in securing provision specified in a statement of SEN where the Governing Body of a school fails to secure such a provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with high needs;
- costs incurred by the Authority due to submission by the school of incorrect data;
- recovery of amounts spent from specific grants on ineligible purposes;
- costs incurred by the Authority as a result of the Governing Body being in breach of the terms of a contract;

- cost incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster;
- exceptional expenditure required to allow a school to join general Authority organised contracts, after the contract has been let;
- exceptional costs occurring through any action taken by the Governing Body to break or terminate a contract or arrangement early, to which it is bound under the provisions of this scheme, or any additional costs arising from contractor claims as a result of the actions of a Governing Body;
- exceptional costs falling on the Authority and caused by the action of the Governing Body (or staff within their control) which breaks any of the conditions of this scheme or is otherwise unreasonable.
- Costs incurred by the authority in administering admissions appeals., where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of the funding formula.

**Schools may appeal against any such charge if they feel the Authority has acted unreasonably in the exercise of any power given by the Scheme, or the Authority may become subject to a direction from the Secretary of State under s.496 of the Education Act 1996.**

## **SECTION 7: TAXATION**

### **7.1 VALUE ADDED TAX**

When the Governing Body of a school enters into a contract to spend part of its delegated budget, it does so on behalf of the Authority. The Authority will retain ownership of any goods or equipment purchased from the school's budget share and will have the ultimate responsibility for ensuring that contracts are fulfilled and invoices paid.

The Authority's ability under Section 33 of the VAT Act 1994 to claim refunds of VAT on purchases in respect of their non-business activities is not affected by delegation.

For purchases by Governors of voluntary aided and special agreement schools, the Authority is only able to claim refunds of VAT under section 33 of the VAT Act 1994 on purchases relating to the statutory responsibilities of the Authority. This excludes expenditure by the Governing Body on capital work and external repairs to school buildings, which are its own responsibility.

Schools should adhere to their relevant procedure manuals (dependent on the funding method) to ensure that they recover VAT on expenditure relating to non-business activity. Schools using the central payment systems will continue to have expenditure charged net of VAT to their budget. School bank account holders must follow the School Bank Account Procedure in respect of VAT so that amounts reclaimed can be passed back to the school.

The introduction of school bank accounts and local payment arrangements does not alter the status of schools as agents of the Local Authority for VAT purposes. Schools must not attempt to register for VAT in connection with activities involving the use of official budgets delegated under the Scheme.

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

From the start of the new Scheme on 6 April 2007, Statutory Instrument 2005/2045 regulation 21 expressly excludes from the Scheme any payments made for construction operations by the governing body or head teacher of a maintained school. As such, the Scheme should not be operated in respect of such payments. Additionally, Voluntary Aided Schools are not treated as contractors for the purposes of Finance Act 2004/S59 (1) (I) and do not have to operate the Scheme.

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

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

The Authority will determine on what basis services from centrally retained funds will be provided to schools. (Such services will include the payment of premature retirement costs and redundancy payments). However, the Authority will not discriminate in its provision of services on the basis of categories of school except where

- a) funding has been delegated to some schools only, or
- b) such discrimination is justified by differences in statutory duties.

### **8.2 Provision of services brought back from the authority using delegated budgets**

The term of any arrangement with schools starting on or after 1 April 1999 to buy services or facilities from the Authority shall not exceed three years from the inception of the scheme or the date of the agreement, whichever is the later. Any subsequent agreement relating to the same services will not be for longer than five years. These terms may be extended to five and seven years respectively for contracts for supply of catering services.

When a service is provided for which expenditure is not retainable by the Authority under the regulations under section 45A of the Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services.

#### **8.2.1 Packaging of services**

The Authority may package services for which funding has been delegated (and is offered on a buy back basis) singly and in combination so that schools will have maximum flexibility in choosing the services they require. The Authority retains the right to withdraw the offer of a service if the take-up is not sufficient to make that service viable or to offer discounts for schools taking up a wider range of services. Services offered on this basis will not include centrally funded premises and liability insurance.

### **8.3 Service level agreement**

Where services or facilities are provided under a service level agreement, irrespective of whether they are provided free or on a buy- back basis, they will be reviewed at least every three years regardless of the length of the agreement.

Services offered by the Authority will be available on an ad hoc basis which is not related to an extended agreement although these services may be charged at a higher rate than any services subject to extended agreements.

The offer of services under a service level agreement to be effective for the following financial year shall be made to schools by 31 October and schools shall notify their intentions by 31 December.

### **8.4 Teachers Pensions**

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

The conditions only apply to Governing Bodies of schools who have not entered into an arrangement with the Local Authority to provide payroll services.

A Governing Body of any 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 Local 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 Local Authority which the Local Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Local 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 Local 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 school which directly administers its payroll shall supply salary, service and pensions data to the Local Authority which the Local Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Local Authority will advise schools each year of the timing, format and specification of the



information required from each school. A Governing Body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Local 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: PUBLIC AND PRIVATE PARTNERSHIP / PRIVATE FINANCE INITIATIVE**

The Local Authority may issue regulations from time to time relating to PFI/PPP projects. The regulations could deal with the reaching of agreements with the Governing Bodies of schools as to the basis of such charges; and the treatment of monies withheld from contractors due to poor performance.

The Local Authority has the power to charge to the school's (entering into the PFI/PPP contract) budget share amounts agreed under a PFI/PPP agreement entered into by the Governing Body of the school (The Governing Body Agreement).

In the absence of an agreement on charging the school for PFI service provision, the Local Authority may charge the school's delegated budget to reflect the PFI arrangement.

## SECTION 10: INSURANCE

### 10.1 Insurance cover arranged by schools

Where funds for insurance are delegated to a school or where a school opts not to buy back insurance from the Local Authority, the Local Authority will require the school to demonstrate that the Local Authority's insurable interests have been covered, under a policy arranged by the Governing Body, at least to the minimum level which the Local Authority would arrange itself. The cost of any shortfall will be charged to schools in accordance with the provision in the Scheme.

See **Appendix B 8** for Financial Regulations, also see separate guidance 'A Guide to School Insurance'.

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

Instead of taking out insurance, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA.

Schools are able to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part of expires.

All primary and/or secondary maintained schools can join the RPA collectively by agreeing through the schools forum to de-delegate funding.

### 10.2 Insurance cover arranged for schools by the Authority

The Authority will continue to arrange appropriate insurance cover for schools if required.

See **Appendix B 8** for financial regulations, also see separate guidance 'A Guide to School Insurance'.

## **SECTION 11: MISCELLANEOUS**

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

Governing Bodies are required to supply all financial and other information which might reasonably be required to enable the Chief Finance Officer and the Executive Director People to satisfy themselves as to the school's management of its delegated budget share or the use made of any central expenditure devolved by the Authority (e.g. earmarked funds) to the school.

### **11.2 Liability of governors**

As the Governing Body of a maintained school is a corporate body in its own right and because of the terms of s.50 (7) of the School Standards and Framework Act 1998, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided that they act in good faith. Any fraudulent act would be deemed as not acting in good faith.

### **11.3 Governors' expenses**

Schools are expressly forbidden to pay expenses to Governors from the school's budget share other than those specified in Regulations under section 19 of the Education Act 2002. Schools are also barred from payment of expenses that duplicate those paid by the Secretary of State to additional Governors appointed by him to schools under special measures. The Local Authority has the power to delegate to the Governing Body of a school yet to receive a delegated budget, funds to meet Governors' expenses. Governing Bodies will not have discretion in the amounts of such allowances; the Local Authority will set these

#### **11.4.1. Responsibility for legal costs**

Legal costs incurred by the Governing Body of a school, although the responsibility of the Authority as part of the cost of maintaining the school, unless they relate to the statutory responsibility of aided school governors for buildings, may be charged to the school's budget share unless the Governing Body acts in accordance with the advice of the Authority. (See also section 6) The costs referred to are those of legal action, including costs awarded against the Authority, but not including the cost of legal advice provided.

### **11.4.2 Alternative legal advice**

In the event of a conflict, or potential conflict, of interest between a Governing Body and the Authority, the Borough Secretary will advise the Governing Body, if requested to give legal advice, that he is unable to do so and of the reason why.

It will then be the Governing Body's responsibility to obtain legal advice elsewhere.

### **11.5 Health and safety**

In expending schools budget shares Governing Bodies shall have due regard to duties placed on themselves and the Authority in relation to health and safety, and the Authority's policy on such matters (see **Appendix E**) in the management of the school's budget share.

### **11.6 Right of attendance for the Chief Finance Officer and the Executive Director People**

The Chief Finance Officer and the Executive People, or their representatives, shall be entitled to attend and speak at Governing Body meeting and their Standing Committees where agenda items are relevant to the exercise of their responsibilities. The Authority will give prior notice of such attendance unless it is impractical to do so.

### **11.7 Withdrawal of Delegation**

Governing bodies and Headteachers are required to manage their delegated budgets with due propriety and to the standards of stewardship required for public money. If they fail to do so the Authority will be entitled to take the following action: -

- Give advice
- Issue warnings
- Take direct remedial action in accordance with section 6 of the Scheme for Financing Schools

The Authority will consider the suspension of a Governing Body's right to a delegated budget where:

- There is evidence of substantial or persistent failure to comply with any requirements applicable under the Scheme for Financing Schools.

- There is evidence of financial mismanagement, where the governing body is not managing the appropriation or expenditure of the sum put at their disposal for the purposes of the school in a satisfactory manner.
- There has been mismanagement of the educational affairs of the school.
- A school identified for closure which is in its last year of operation.

**Where delegation is withdrawn, the following conditions will apply:**

- The Authority will give at least one month's notice of the suspension to the governing body and the Headteacher.
- The Authority may withdraw delegation before the expiry of the period of notice in an emergency situation, but must provide immediate written notification and justification of the action to the Secretary of State.
- The governing body has a right of appeal to the Secretary of State against withdrawal of delegation where the grounds are either failure to comply with the Scheme or financial mismanagement, but not in the case of mismanagement of the educational affairs of the school.

**Furthermore:**

Where a school has been the subject of an inspection which identified the school as being in need of special measures, the Authority is empowered to suspend the governing body's right to a delegated budget subject to conditions specified in section 17 of the School Standards and Framework Act 1998.

Schools will continue to have limited delegation as laid down in para.4 of schedule 15 to that Act. The Authority will be responsible for ensuring that the school budget is not overspent, the following procedures will apply to schools where delegation has been withdrawn:

- When financial delegation is suspended, schools operating a bank account may, in certain circumstances, also have the cheque book facility suspended and the school may be required to transfer to the Council's central debtor, creditor and banking systems.
- The school bank account will be frozen and any balance retained in the bank account under the control of the Authority. However interest accruing to the account may be used to support the financial plans of the school.
- A limit on a school's authority to incur expenditure (this limit will normally be restricted to £1,000) and other financial processes to be followed will be set

down in a school specific agreement document produced by the Authority. The document will define the roles and responsibilities of both school based staff and the designated Authority monitoring and support officers.

### **11.8 Special educational needs**

Schools are required to use their best endeavors in spending the budget share to secure the Special Education Needs of their Pupils. If this does not occur, delegation could be suspended, though this would only happen where the severity was great enough to warrant it (wouldn't normally relate to an individual pupil).

### **11.9 Interest on late payments**

Schools are reminded of the obligation under the Late Payment of Commercial Debts (Interest) Act 1998 to pay invoices within agreed credit periods, or 30 days where no specific period has been agreed, to avoid penal interest charges for late payment.

### **11.10 Child protection**

Schools may be required to release staff, at the school's own expense; to attend child protection case conferences and other related events. The Local Authority will not make any payments to schools in these circumstances in order to meet such costs.

### **11.11 Redundancy / early retirement costs**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Any costs relating to either premature retirement or redundancy will be charged to the delegated budget of the relevant school, this includes staff employed under the community facilities power.

An example of where this policy may not apply would be a school re-organisation. In this instance a charge to the Local Authority budget may be more appropriate.

Costs of early retirements or redundancies may only be charged to the central part of the Schools Budget (DSG) where the expenditure is to be incurred as a result of decisions made before 1<sup>st</sup> April 2013. A de-delegated contingency is provided requiring annual approval by Schools Forum.

Examples of circumstances allowing the charge of premature retirement and redundancy cost to the local authority non schools budget:

- Where a school has a long term reduction in pupil numbers and charging such costs to their budget which 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 schools budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale.
- Where a schools 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.



## **SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE**

### **12.1 Governors responsibilities**

The categories of work for which Governing Bodies are responsible are all those items shown in **Appendix F**, in the column headed “revenue repair and maintenance.” See also **2.14**

### **12.2 The Authority’s responsibility**

Funding for capital expenditure will be retained by the Authority. Capital expenditure is expenditure that results in the acquisition or construction of a fixed asset (land, buildings vehicle, equipment) or enhancement of an existing fixed asset which gives a future economic benefit in excess of 12 months, (in line with CIPFA Code of Practice on local authority accounting, illustrated in **Appendix F**), and will be carried out subject to the availability of capital resources.

The actual interpretation of the Code of Practice will be the responsibility of the Council’s Chief Finance Officer on behalf of the Executive Director People. See also **2.14**

## **SECTION 13: COMMUNITY FACILITIES**

### **13.1 Introduction**

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

- (i) Regulations made under s.28 (2) can specify activities which may not be undertaken at all under the main enabling power.
- (ii) The school is obliged to consult its LEA and have regard to advice from the authority.
- (iii) The Secretary of State will issue guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to the guidance.

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

- (i) those contained in schools' own instruments of government, if any; and
- (ii) in the LEA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998.

Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.

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

The budget share of a school may not be used to fund community facilities – either start-up costs or ongoing expenditure - or to meet deficits arising from such activities.

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

## **13.2 Consultation with LEA - financial aspects**

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the Council and have regard to advice given to them by the Council.

Before any decision is taken by a Governing Body to exercise its power to provide community facilities the Governing Body must notify the Chief Finance Officer of the Local Authority, in writing, of its intention to do so and seeking his/her advice. The Local Authority will respond within six weeks of receiving formal notification so this time should be built into the plan for implementing the proposal.

The notification must include such details as: -

- proposed activities to take place
- planned income and expenditure
- use of school buildings and/or other assets (within and outside the normal school day)
- insurance arrangements
- health and safety
- project risk assessment should be undertaken which would identify all types of potential risk including financial.
- involvement of third parties
- proposed banking arrangements

as well as specific information as to how the school will ensure compliance with the requirements of this section. In particular the Governing Body should indicate the benefits for the school and community of exercising this power.

Schools are required to notify the Chief Finance Officer of their decision following his/her advice before formally committing itself to exercising its power.

If a Governing Body fails to inform the Chief Finance Officer of its intention to use its community facilities power, or chooses not to comply with his/her advice to the extent that, in the view of the Local Authority, is seriously prejudicial to the interests of the school or Local Authority, that may constitute grounds for suspension of the right to a delegated budget.

## **13.3 Funding agreements – Local Authority powers**

The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be

supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations may potentially be involved.

Where funding agreements are to be entered into with third parties the proposed agreement should be submitted to the local authority for its comments one month before the proposed date of signature. The local authority will not have a right of veto on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires local authority's consent to the agreement for it to proceed, such a requirement and the method by which local authority consent is to be signified is a matter for that third party.

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

#### **13.4 Other prohibitions, restrictions and limitations**

The LEA does not have a right of veto either for funding agreements with third parties, or for other proposed uses of the community facilities power. The Authority may, however, direct that in a specific instance where, in its opinion, a proposal carries significant financial risks, the governing body shall make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the local authority.

Section 28 provides that the exercise of the community facilities power can be subject to prohibitions, restrictions and limitations in the scheme for financing schools. The Authority does not, initially, wish to include in the scheme any such prohibitions, restrictions or limitations and will only seek to include such provisions in the scheme where, in particular circumstances, they are necessary to safeguard the financial position of the Authority or school, or to protect pupil welfare or education.

#### **13.5 Supply of financial information**

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

The Authority may, on giving notice to 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 Authority sees fit, to require the submission of a recovery plan for the activity in question.

### **13.6 Audit**

Schools are required to grant access to schools' records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

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

### **13.7 Treatment of income and surpluses**

Schools are allowed to retain all **NET** income derived from community facilities except where otherwise agreed with a funding provider, whether that is the LEA or some other person.

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

### **13.8 Health and safety matters**

Health and safety provisions contained in paragraph 11.5 and **Appendix E** of the main scheme are extended to the community facilities power.

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

## **13.9 Insurance**

It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. Schools should seek the Authority's advice before finalising any insurance arrangement for community facilities. Schools proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs.

The LEA 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 cost to the school. Such costs may not be charged to the school's budget share.

Instead of taking out insurance, a school may join the RPA for risks that are covered by the RPA.

## **13.10 Taxation**

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

If any member of staff employed by the school or LEA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section 11), the school will be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

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

## **13.11 Banking**

Schools that already operate their own bank accounts may wish to operate a separate bank account in connection with the community facilities power but there is no requirement for them to do so provided that there are adequate internal accounting controls to maintain separation of funds.

Alternatively schools that utilise LEA banking arrangements may continue to do

so and arrangements will be made to facilitate adequate separation of such funds from the school budget share and other LEA funds.

Banking arrangements and operations must be made in accordance with the School Bank Account Procedure Manual, save that where a bank account is set up specifically for community facilities, the account mandate should not imply that the LEA is the owner of the funds in the account except in so far as funds have been provided by the LEA itself.

Governing Bodies may only borrow money with the express written permission of the Secretary of State. A copy of any such application and all correspondence must be forwarded to the Executive Director People and Families. This requirement does not extend to monies lent to schools by their maintaining LEA.

## APPENDIX A

### **Maintained Schools within the scope of the Scheme**

#### **Primary Schools:**

Athersley North Primary  
Barugh Green Primary  
Birdwell Primary  
Brierley CE Primary  
Burton Road Primary  
Cawthorne CE Primary  
Cherrydale Primary  
Cudworth Birkwood Primary  
Gawber Primary  
Greenfield Primary  
Holy Rood Catholic Primary  
Hoylandswaine Primary  
Joseph Locke Primary  
Jump Primary  
Keresforth Primary  
Lacewood Primary  
Ladywood Primary  
Milefield Primary  
Millhouse Primary  
Oxspring Primary  
Penistone St John the Baptist (VA) Primary  
Sacred Heart Catholic Primary  
Shawlands Primary  
Silkstone Common Junior & Infant School  
Silkstone Primary  
Springvale Primary  
St Helens Catholic Primary  
St Michaels & All Angels Catholic Primary  
Summer Lane Primary  
Tankersley St Peters CE Primary  
The Ellis CE Primary  
Thurgoland CE Primary  
Thurlstone Primary  
Wilthorpe Primary

#### **Secondary Schools:**

Penistone Grammar School



**FINANCIAL REGULATIONS AND MANAGEMENT ARRANGEMENTS**

**B 1. ASSETS**

**Write-off and Disposal of Assets**

**B.1.1 Write-offs**

Following the annual inventory check referred to in paragraph 2.1.4. of the Scheme the Governing Body is authorised to write-off deficiencies subject to prior consultation with the Chief Finance Officer, who shall make any investigations he deems necessary. All write-offs must be reported to and approved by the Governing Body, wherever practical prior to being actioned.

**B.1.2 Writing off of Debts**

Head Teachers shall report all debts proposed for write-off to their Governing Body for approval. Internal Audit will include a review of this process periodically and report thereon, if necessary.

**B.1.3 Disposal of Assets**

Before any action is taken, the school must check the exact ownership and status of the item.

Checks should be made with the Chief Finance Officer to ascertain whether the item has been grant funded and/or leased and if so, whether it is still subject to the terms of the lease. The Authority may charge school budgets for any compensation claimed by leasing companies as a result of the incorrect disposal of leased items.

No surplus or obsolete inventory item shall be disposed of except on the authority of the Head Teacher and be subject to approval by the Governing Body and in accordance with the Authority's Information Security & Computer Usage Policy.

If approval for the disposal has been obtained, then the Head Teacher shall endeavor to obtain the best price for it and shall determine the best method of disposal by using one of following methods:-

- a) competitive quotation
- b) public auction or
- c) part exchange

Before disposal the items' market value must be ascertained and a "reserved" sale price set.

Under normal circumstances it would be expected that the sale proceeds should at least cover the items' reserved sale price.

Where the inventory records confirm that the asset was purchased from the delegated school budget, any proceeds arising from the disposal should be retained by the school. Where the asset was purchased from centrally funded resources then the income reverts to the Authority unless prior arrangements have been made.

Inventory items shall not be used or removed from the school other than for official purposes. Any such items removed from the school should be recorded in a loans register which should be maintained by the Headteacher or a designated officer. The employee loaning the item should sign the register to acknowledge the asset is in his/her possession and also to indicate the date the item was returned to the school. Officers loaning IT equipment should ensure that usage of the equipment is in accordance with the Authority's Information Security and Computer Usage Policy.

The Head Teacher shall ensure that the insurance cover is amended when an acquisition or sale/disposal has been made.

#### **B1.4 Overall Security of Assets**

The Governing Body of the school is responsible for maintaining proper security at all times, for all buildings, stocks, stores, furniture, equipment, cash, school records and any other asset under their control. They shall consult with the Chief Finance Officer to establish adequate security arrangements.

All keys to safes and other places containing money, goods or other valuables, shall be the responsibility of specified officers who shall retain possession of such keys at all times. Safes and other locations of money, goods or valuables should be kept locked at all times, and access to keys restricted to a practicable minimum.

A register of keys and their holders shall be maintained and the loss of any key shall be reported immediately to the Chief Finance Officer.

Maximum limits for cash holdings which will be dependent on level / adequacy of security arrangements shall be agreed with the Chief Finance Officer and shall not be exceeded without his permission.

The Governing Body shall arrange staff duties so that where practicable:-

- a) the duties of handling money, goods and other valuables are separated from those of calculating, recording or providing information about these items;
- b) officers responsible for examining and checking transactions in money, goods or other valuables shall not be involved in any of these transactions themselves.

In short, the Governing body shall insure that sound principles of internal check and control are adopted.

## **B 2. AUDIT**

### **Internal Audit**

The Chief Finance Officer or his/her authorised auditor shall have the authority to:-

- a) enter at all reasonable times on any school premises or land;
- b) have access to all records, documents and correspondence relating to any financial and other transactions of the maintained school;
- c) require and receive such explanations as are necessary concerning any matter under consideration;
- d) require any employee of the school to produce cash, stores or any other property under his/her control.

Wherever any matter arises which may involve irregularities concerning cash, stores, information or other resources or other property of the school or any suspected irregularity in the exercise of functions of the Authority, the Head Teacher shall immediately take such steps as he/she considers necessary and shall at the same time notify the Chief Finance Officer for investigation and report.

Whenever the Chief Finance Officer identifies any matters arising from an audit or otherwise which involve or may involve irregularities, he/she shall, as soon as practicable, submit an appropriate report to the Head Teacher and the Governing Body (who shall be required to acknowledge receipt).

Internal Audit Reports will be submitted by the Chief Finance Officer to the Head Teacher and the Governing Body for action. A copy of the report will be submitted to the Executive Director People for information. It is the responsibility of the Head Teacher and Governing Body to ensure that the agreed actions contained within Internal Audit Reports are actioned within an appropriate timescale.

## B 3. PURCHASING

### B3.1 Purchasing, tendering and contracting requirements

- a) Purchase up to £10,000 at least a single quotation accepted by order
- b) Purchases over £10,001 and up to £70,000 to be subject to at least 3 written quotations.
- c) Purchase over £70,000 subject to at least 3 tenders.
- d) Purchases over the EC Threshold £189,300 for services and £4,733,252 for works, schools to follow European Union (EU) procurement directives and to notice in the Official Journal of the European Union (OJEU). *Please note the EU thresholds are subject to review in January of each year.*

Orders should not be split to avoid these limits.

Where schools enter into any contract with a value greater than £70,000 the contract must be signed by the Borough Secretary, as the representative of the Local Authority, as the school are effectively entering the Council into any such contract.

Documentary evidence of all quotes and tenders obtained (including envelopes) should be retained with the resultant copy purchase order.

Where the Yorkshire Purchasing Organisation can supply the goods it is recommended that it should be included in the evaluation exercise. Schools should consider if any frameworks are available either internally or through other public sector buying organisations which could be suitable for the procurement.

Schools may use existing Authority contracts without the need to seek further comparative prices for contracts under £5,000.

Exceptions to the above standing orders:

- i) where the work is an urgent maintenance repair to buildings considered necessary to safeguard life and limb or to prevent rapid and progressive deterioration or to maintain essential services, including damage caused by fire, subsidence, tempest, storm or flood;
- ii) the goods are obtainable from only one supplier;
- iii) the goods are sold at fixed prices e.g. set by statutory bodies.

Where it is anticipated prior to tender that goods or services may cost between £50,000 (the cost at which the tender process is triggered) and the value of the Head Teacher's delegated authority (if greater than £50,000), tenders should be

opened by the Head Teacher with one other authorised signatory in attendance. Where it is anticipated prior to tender that goods or services may cost in excess of the value of the Head Teacher's delegated authority then tenders must be opened by the Chairman or Vice Chairman of the Governing Body, with the Head and one other Governor present.

Where it is anticipated prior to tender that goods or services may cost over **£164,176** the procedure outlined above should be observed by an officer of the Education Procurement Team and an officer of the Borough Secretary's Department, in addition to the other attendees.

Tenders shall be received in a plain sealed envelope without any mark indicating the sender. They shall be logged for time of receipt and kept in a secure place until opening. Tenders shall be opened, at the date and time previously agreed. Late tenders must not be opened and considered. A record shall be made of the tenders submitted and the tender accepted with reasons for the choice if the lowest value is not accepted.

### **B3.2 Orders for work, goods or services**

It is up to each Governing Body to determine the value of the delegated authority to be given to the Head Teacher, with regard to spending limits for their school.

It is suggested that orders to a maximum value of **£10,000 in primary or £20,000** in secondary schools or any lesser sum agreed and minuted by the Governing Body shall be authorised by the Head Teacher or his/her deputy. Any orders above this level should be authorised by a sub-committee of the Governing body or the Governing Body itself.

The Head Teacher shall be responsible for all orders issued from the school but may delegate the duty for different levels of expenditure to authorised staff. Delegation limits shall be reported to and approved by the Governing Body and be recorded in their minutes.

Maintained schools shall use official orders (controlled stationery/ serially numbered) in a form approved by the Chief Finance Officer and the Borough Secretary. Stocks of order books or forms, shall be recorded in a suitable register and be kept in the custody of an officer designated by the Head Teacher.

Official orders shall be issued for all work, goods or services to be supplied to the schools (except for public utility services, periodic payments such as rent or rates, petty cash purchases or such other exceptions approved by the Chief Finance Officer). Verbal orders shall only be placed in a demonstrable emergency (e.g. urgent repair) and will immediately be followed by a written official order by way of confirmation. Orders should clearly indicate the nature

and quantity of the work, goods or services required, any related contract and agreed prices (stipulating whether these are inclusive or exclusive of VAT).

Before any official order is issued for work, goods or services, the Head Teacher or other authorised officer shall ensure that:

- a) the expenditure is within the approved school budget and, in the case of expenditure exceeding the Head Teacher's delegated limit, that the item has been authorised by the Governing Body;
- b) the order has been entered on the commitment accounting system and due note has been made of the remaining budget;
- c) as far as practicable purchases are made on a competitive basis to ensure that the best value for money is obtained and complete impartiality is exercised in selecting suppliers and contractors.

### **B3.3 Payment of Accounts**

The paying officer shall satisfy him/herself, by reference to the copy order where appropriate, that:

- a) the work, goods or service to which the account relates to have been received, or carried out, examined and approved;
- b) prices, extensions, calculations, discounts, other allowances and tax are correct;
- c) the relevant expenditure has been properly incurred and is within the approved budget;
- d) entries have been made in inventories, stores and other records as appropriate;
- e) the account has not been previously paid.

Assurance should also be obtained that there is appropriate segregation of officer duties where applicable to safeguard the Authority's interests.

Where payment is made either from schools bank accounts or by the Chief Finance Officer, invoices and other documents initiating payments shall be signed by an authorised signatory indicating that he / she is satisfied that these checks have been carried out.

When making arrangement to pay duplicate or copy accounts, thorough checks must be made that the original has not been passed for payment, and that should the original account come into his/her possession, it will not be passed for payment.

Where the Chief Finance Officer processes payment of the account, relevant certified accounts shall be sent to him as soon as possible after receipt and verification. The Chief Finance Officer shall be entitled to satisfy himself that the account is in order before payment. The Chief Finance Officer may request supporting documents and explanations for any account, before or after payment, if he is not satisfied that the account is in order.

The Chief Finance Officer may, from time to time, issue instructions relating to financial procedures with regard to the payment of accounts as he deems necessary.

The names and specimen signatures of the certifying officers authorised to sign accounts shall be supplied to the Chief Finance Officer, together with such amendments as arise from time to time.

All officers issued with a procurement card must familiarize themselves with and understand the contents of the Authority's Procurement Card Manual.

### **B3.3 Petty Cash**

Petty cash must be maintained as follows:

1. Petty cash floats should be allocated to a name officer.
2. Head Teacher to ensure spot checks for all petty cash 'imprest' accounts
3. Procedures are in place to prevent cheques being cashed from monies held under these arrangements.
4. Appropriate handover arrangements are in place where designated officers cease to be responsible for the petty cash 'imprest' account.
5. Arrangements implemented for safe custody of cash.
6. Petty cash transactions are limited to minor items of expenditure.
7. Record cash payments immediately and keep adequate records in support of payments made.
8. A signature is obtained for all cash reimbursements.

## **B4. BANK ACCOUNTS**

### **School Bank Account Minimum Criteria**

Bank accounts must meet the following minimum criteria:

1. To provide an interest bearing current account, with cheque book.

2. Account to provide for direct transfer or BACS transaction between the account and the Authority's bank accounts, any payments made to school account by such a transfer to be regarded as immediately cleared.
3. Withdrawals and other instructions relating to the account to only be permitted upon at least two signatures from a limited list of four authorised signatories.
4. Statements to be provided to the school at least monthly or more frequently if requested.
5. Duplicate statements to be made available to the Chief Finance Officer and the Executive Director People, upon request.
6. Encashed cheques, deposit slips and other transaction documentation to be available to the school on request.
7. Interest to be provided on all credit balances, being credited to the account gross of tax.
8. The school's account shall not have a facility to overdraw and the school, Chief Finance Officer and the Executive Director People to be immediately notified by the Bank if this occurs.
9. The school and the Authority to have unreserved access to the account records.
10. The school shall not:
  - a) negotiate any loan, credit or other borrowing facility;
  - b) utilise a cash dispenser.
11. The account title must be the name of the school followed by Barnsley MBC.
12. The account title shall only be changed where proof of approval by the Authority and the Governing Body is produced.
13. Any subsidiary deposit accounts should be held at the same bank and be subject to the same restrictions.
14. Any school closing an account used to receive its budget share and opening another must select the new bank from the approved list, even if the closed account was not with an institution on that list.

The Chief Finance Officer reserves the right to refuse approved status for a particular account and/or institution if, in his opinion, the minimum criteria are not met.

It will be up to the school to negotiate its own banking arrangements within the above framework.

Money paid by the Authority and held in such accounts remains the Authority's property until spent as per s.49 (5) of the School Standards and Framework Act 1998.



## **B5. INCOME**

### **Financial Regulations in Respect of Income**

The method of collecting, recording and banking of all income due to the school shall be subject to the approval of the Chief Finance Officer.

All monies received by a school shall be banked promptly, without deduction, in accordance with instructions issued by the Chief Finance Officer.

All receipt forms, books, tickets or other acknowledgments for money shall be in the form approved by the Chief Finance Officer. Receipts not in the approved form shall not be issued. Stocks of receipt books shall be recorded in a suitable register and be kept in a secure location in the custody of an officer designated by the headteacher.

Where the school determines the charge for goods or services, the regulations for the payment of VAT shall be consulted to determine whether the activity is taxable. VAT shall be charged on all taxable activities and the amount notified to the Chief Finance Officer.

Governing Bodies shall not determine the charge for the following categories of income:

- a) certain school activities will be subject to statutory provision;
- b) Authority directed lettings for community education and affiliated groups will be charged at a rate equivalent to the additional costs incurred by the school in such lettings. This rate shall be calculated in consultation with the Chief Finance Officer.

## **B6. CHARGING POLICY**

### **Charging for School Activities for Pupils on Roll**

#### **B.6.1 Education During School Hours**

All education provided wholly or mainly during school hours in pursuit of the national curriculum shall be free.

#### **B.6.2 Education Outside School Hours**

Outside school hours education will be free where it is provided:

- a) to fulfill any requirements specified in the syllabus for a prescribed public examination;

- b) specifically to fulfill statutory duties under the national curriculum imposed by the 1988 ERA;
- c) specifically to fulfill Statutory duties relating to religious education as required by the 1988 ERA.

### **B.6.3 Optional Extras**

Other educational activities provided wholly or mainly out of school hours will be considered to be optional extras and as such may be charged by the Authority or Governors as appropriate.

### **B.6.4 Incidentals**

The incidental costs of education provided wholly or mainly during school hours will be met by the school with the following exceptions:

- i) where a parent has indicated in advance that he/she wishes to retain a finished article made in a practical lesson they may be charged the cost of the ingredients or materials used. Alternatively they can be required to provide the actual materials or ingredients;
- ii) the Authority will not meet the costs of transport direct from home to activities sanctioned by, but not provided by, the Authority (e.g. work experience) where the Authority does not provide transport.

### **B.6.5 Public Examinations**

- i) The cost of school preparation and entry fees for prescribed public examinations will be met by the school.
- ii) Where a pupil without good reason fails to complete the requirements of a prescribed public examination for which the school has paid or is liable to pay the entry fee, the cost of this shall be recovered wherever possible from the parents.

### **B.6.6 Voluntary Contributions**

Whilst the Authority must provide free education within the demands of the law this can only be achieved within its finite resources. As a result it is clear that many valuable educational out of school experiences, which in the past have been funded by parents, will not take place in the future unless funded by voluntary contributions or subsidised from another source.

### **B.6.7 Payment to Third Parties**

Where a third party wishes to organise activities in school hours the Authority does not regard this arrangement, as described in paragraph 18 of the DES Circular 2/89, as generally acceptable and recommends to Governing Bodies that they do not permit leave of absence for children and staff to engage in activities on this basis. Nor will cover for staff absent on such activities be provided by the Authority.

## **B 7. EXPENDITURE ON STAFFING**

### **B7.1 Financial Regulations - Salaries, Wages and Pensions**

#### **B7.1.1 General**

The Governing Body shall be responsible for observance of the appropriate terms and conditions of employment of all employees funded from their delegated budget.

All payments to employees or former employees shall be made by the Chief Finance Officer or under arrangements approved and controlled by him.

#### **B7.1.2 Payroll preparation by the Authority**

The Head Teacher shall notify the Executive Director People of all teaching and non-teaching appointments made by the Governing Body and all other staffing matters including:

- a) resignations, dismissals, suspensions, secondments and transfers;
- b) absences from duty for sickness or other reasons apart from approved paid leave;
- c) changes in remuneration other than normal increments, pay awards or agreements of general application;
- d) information necessary to maintain records of service for superannuation, income tax, national insurance and the like;
- e) overtime worked and bonus entitlements;
- f) other matters affecting payments to employees or former employees.

All time records or other pay documents shall be in the form prescribed or approved by the Chief Finance Officer and shall be certified in manuscript by the Head Teacher or his/her Deputy. Their names and specimen signatures shall be supplied to the Chief Finance Officer together with such amendments as may arise from time to time.

### **B7.1.3 Payroll preparation by school or by contractor**

The Head Teacher shall be responsible for the preparation of appropriate payrolls and the timely and accurate payment of salaries and wages of the school's staff and for the calculation of employer contributions and employee deductions for tax, national insurance and pensions and other approved deductions.

The Head Teacher shall maintain a record for each employee to include all information previously notified to the Executive Director People referred to above.

All time records or other pay documents shall be in the form prescribed or approved by the Chief Finance Officer and shall be certified in manuscript by the Head Teacher or his/her nominee.

The Head Teacher shall be responsible for paying over to the appropriate agencies, the employer contributions and employee deductions for tax, national insurance and other deductions, with the exception of sums due in respect of the Teachers' Pension scheme which remains the responsibility of the Authority. Schools must notify the Authority of the sums due in respect of Teachers Pensions and pay the sums to the Authority each month in accordance with arrangements in the Bank Accounts Procedure Manual.

The Head Teacher shall, each month, provide the Authority with the financial information of a school's payroll transactions to enable the Authority to maintain its records. The Head Teacher shall provide the Authority with the information it requires to complete and reconcile the annual return in respect of Teacher Pensions.

The Head Teacher shall consult with Internal Audit to ensure that "pre-processing and post-processing payment systems are adequate.

### **B7.2 Travelling, Subsistence and other Allowances**

Payment of all claims shall be made by the Chief Finance Officer or under arrangements approved by him and shall be in accordance with schemes and conditions adopted by the Governing Body.

All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be made on a form approved by the Chief Finance Officer. The form shall provide for certification in manuscript by the claimant and

the Head Teacher or other officers authorised by the Head Teacher. Names and specimen signatures of authorised officers shall be supplied to the Chief Finance Officer together with such amendments as may arise from time to time. Claims should be submitted for payments in the month following that in which the expenses were incurred.

Teachers and officers' claims made more than three months after the expenses were incurred shall only be paid with the approval of the Chief Finance Officer. In this context, the period of three months starts from the date the initial journey claimed and expires on receipt of the certified claim by the Chief Finance Officer.

For schools with their own bank accounts and where the Authority continues to be responsible for payrolls, all such payments will be made from their own bank accounts. The Head Teacher shall maintain appropriate records to enable the Authority to complete the Inland Revenue form P11D (see Bank Accounts Procedure Manual)

For schools with their own bank accounts and where the school or a contractor is responsible for payrolls, all such payments will be made from their own bank accounts. The Head Teacher shall maintain appropriate records to enable the school or its contractor to complete the Inland Revenue form P11D (see Bank Accounts Procedure Manual).

## **B8. INSURANCES**

### **B.8.1 Insurances arranged by schools**

The Governing Body must ensure that the Authority's insurable interests, under a policy arranged by it, is at least as good as the relevant minimum cover arranged by the Authority.

The Governing Body must review the insurances for adequacy every year in consultation with the Chief Finance Officer.

The Head Teacher is responsible for making and negotiating claims and must report any proposed settlement to Governing Body before acceptance.

### **B.8.2 Insurances arranged by the Authority for schools**

The Chief Finance Officer shall effect insurance cover in accordance with the Scheme and maintain adequate records in those areas where he determines that insurance cover should be funded from provision outside the Individual Schools Budget. Any additional insurance cover as determined by the Governing Body shall be funded from the school's budget share and may be affected by the Chief Finance Officer at the request of the Governing Body.

In consultation with the Head Teacher, the Chief Finance Officer shall negotiate all claims relating to insurance cover affected by him/her.

The Head Teacher shall promptly notify the Chief Finance Officer in writing of all new risks to be insured and of any amendments affecting existing insurances.

The Head Teacher shall promptly notify the Chief Finance Officer in writing of any loss, liability, damage or other event likely to lead to a claim.

The Chief Finance Officer shall review at such intervals as he/she may determine, all insurances in consultation with the Head Teacher.

### **B.8.3 Insurance arrangements applicable to all schools**

The Head Teacher shall consult with the Chief Finance Officer and the Borough Secretary with regard to the terms of any indemnity the Governing Body is requested to give.

Any Governor, teacher or other employee of the school who is authorised to use their own motor vehicle in the execution of the school business shall be responsible for effecting adequate insurance (including Third Party cover) for such use and shall produce to the Chief Finance Officer, on request, evidence of the adequacy of such insurance. Where any doubts exist relating to this matter, drivers should consult their insurer for confirmation that the appropriate cover is in force.

Where an activity takes place on the school premises which is not of an educational nature, the Head Teacher shall ensure that the activity is fully insured.

The Head teacher shall ensure that contractors carrying out work, which the school has ordered, on school premises have in place appropriate Public and Employer Liability Insurance. Headteachers should also ensure that any provider of professional services has appropriate professional indemnity insurance.

See also **Appendix E** Insurance Cover for Schools

**RETENTION OF RECORDS**

Set out below is the Authority's time limit for each type of record.

	Years
<b>Budget Monitoring / Control</b>	
Weekly postings tabulation	
2*	
Budget Control Statement	2*
<b>Expenditure</b>	
Invoices	
6	
Expense claims	
3	
Purchase Orders	
6	
Delivery Notes	
6	
Quotations	
6	
Tenders	6
Payroll Documentation	
3 Full Financial Years	
<b>Bank Accounts and Imprest (Bank Based and Cash Based)</b>	
Cheque stubs (bank based)	
6	
Bank Statements	
6	
Vouchers/disbursement Slips	6
Petty Cash/ Cash Book	6
<b>Income</b>	
Receipt books / dinner registers	6
Non-billed cash banking sheets	6
Cash office receipts	
6	
Cash books	
6	

Nursery Voucher statistics

2

Attendance registers for voucher eligible children

7

### **Insurance**

Record of Accidents

25

\* Subject to the Authority's accounts being signed by the External Auditor  
NB Each number of years quoted is in addition to the current year.



**APPENDIX D**

**PROFORMA REGISTER OF BUSINESS INTERESTS**

**Name of Governor or Member of Staff**

<b>Name of Business</b>	<b>Nature of Business</b>	<b>Nature of Interest</b>	<b>Date of Appointment or Acquisition</b>	<b>Date of Cessation of Interest</b>	<b>Date of Entry</b>

I certify that I have declared all beneficial interests which I or any person closely connected with me have with business or the other organisations which may have dealings with the school.

**Signed**.....

**Date**.....



**HEALTH AND SAFETY RESPONSIBILITIES**

- 1 Health and safety responsibilities derive from the Health and Safety at Work etc. Act 1974 and associated regulations.

The Governing Body of the School must have regard to their duties and responsibilities for health and safety as required by the Council.

Every school must have a health and safety policy which sets out:

- (a) the School's general policy statement;
- (b) has a statement of health and safety policy;
- (c) a statement of health and safety organisation;
- (d) the duties of the Governing Body and all employees within the school.

The Health and Safety Policy must set out the arrangements the school will implement to fulfil the requirements of the Policy.

All arrangements will comply with the Council's occupational health and safety management system including Strategic Assurance Standards and Strategic Assurance Monitoring Standards.

- 2 The Governing Body will monitor health and safety within the school as advised by the Council.
- 3 Each term the Director for Children, Young People and Families will convene a meeting for representatives of employees to meet with the employer to consider and discuss health and safety matters relating to schools.
- 4 The Director will exercise the functions of providing information, instruction and training by:
- (a) sending to schools advice and guidance in the form of Health and Safety Bulletins;

- (b) provide awareness training and liaise with the Corporate Health Safety and Emergency Resilience Unit to provide training to enable employees to carry out their duties;
- (c) provide model policies;
- (d) adapt and provide policy arrangements (based on the Corporate standards) for schools to maintain an A-Z Manual on health and safety.

The Governing Body will make itself aware of the requirements set out in the Guidance document: Health and Safety – Responsibilities and Powers, published by the DfES December 2001.

In addition the Governing Body will comply with the relevant sections of: A Guide to the Law for School Governors as amended.

## APPENDIX F

### RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

#### CAPITAL / REVENUE SPLIT - ILLUSTRATIVE EXAMPLES IN LINE WITH DCSF INTERPRETATION OF THE CIPFA CODE OF PRACTICE

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

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

	Other e.g. Flashings, Roof lights on new build. Replacement of all/substantially all on existing roof	Repair or Replacement/ cleaning of individual items
<b>Pitched</b>	Structure. New (not replacement) structure	Repair/replacement of minor parts of an existing structure
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof
	Insulation. Replacement /repair of substantially all. Improve insulation to current standards	Improve insulation to current standards
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/ damaged minor parts
	Bargeboards/ Fascia's in a new building/extension, replacement of all/substantially all on existing roof	Minor repairs/ replacement/ Repainting
	Drainage (Rainwater system) in a new building/extension	Clearing out gutters and down pipes. Replacement/repairs of individual pipes/gutters
	Drainage (Rainwater system) Replacement of all/substantially all on existing roof	Clearing out gutters and down pipes. Replacement/repairs of individual pipes/gutters
	Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair or Replacement/ cleaning of individual items

<b>Other</b>	Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link
	Rebuild or substantially repair structure of existing covered link	Minor repairs, maintenance to existing covered link
	Add porch extension to existing building	Minor repairs, maintenance to existing structure
<b>Floors</b>	Rebuild or substantially repair structure of existing porch	Minor repairs, maintenance to existing structure

<b>Ground Floor</b>	Structure and dpc in new building	Repair/replacement of minor parts of an existing structure
	Screed and finish in new build. Replacement of all/substantially all (screed) on existing floor, include replacement of most carpets/ tiles in the room where necessary	Minor replacement and repair of screed and finishes. Replacement of Mats / matwells. Sand & seal wooden floors or renewal / installation of new floor finishes.
<b>Upper Floor</b>	Structure - as ground floor	As ground floor
	Screed and Finish - as ground floor	As ground floor
<b>Ceilings</b>		
<b>Top / only storey</b>	New Build Ceiling finish & access panels	Minor repair/ replacement incl. From water damage & necessary decoration
<b>Lower storeys</b>	New Build Ceiling finish & access panels	Minor repair/ replacement incl. From water damage & necessary decoration
<b>External walls</b>		

<b>Masonry/ cladding</b>	Structure Underpinning/ propping for new build	Minor repairs Preventive measures e.g. tree removal
	External Finish on new build	Repair/replacement of minor parts of an existing structure. e.g. repointing / recladding a proportion of a wall where failure has occurred.
	External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing / recladding work affecting most of a building /replacement build	Repair/replacement of minor parts of an existing structure. e.g. repointing / recladding a proportion of a wall where failure has occurred.
<b>Windows and Doors</b>	Framing - new build	Minor repair/ replacement of individual frames. Repainting frames
	Structure. Major replacement of all or substantial part of existing framing (include panel / glazing / ironmongery) to prevent imminent or correct actual major.	Minor repair/ replacement of panel / glazing / ironmongery individual windows. Repainting frames Improved security e.g. upgrading locks
	Glazing - new build	Replacing broken glass
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
<b>Masonry Chimneys</b>	Major repair or rebuilding of chimneys including expansion joints & pointing	Minor repair/ re-pointing
<b>Internal Walls:</b>		



<b>Solid</b>	Major repair or rebuilding of complete areas including various internal finishes, linings and decorations. To prevent imminent or correct actual major failure of the structure	Minor repairs including various internal finishes, linings and decorations. Refurbishment / change of use alterations.
<b>Partitions</b>	Major repair or rebuilding of complete areas including various internal finishes, linings and decorations. To prevent imminent or correct actual major failure of the structure	Minor repairs including various internal finishes, linings and decorations. Refurbishment / change of use alterations.
<b>Doors &amp; Screens</b>	Major repair / replacement of Framing/ Screens/ Doors to including glazing, ironmongery, jointing and internal decorations	Minor repair/ replacement of individual defective doors and screens including glazing, ironmongery, jointing and decorations. Improved security e.g. replace / upgrading locks
<b>Sanitary Services:</b>		
<b>Lavatories</b>	In new buildings provision of all toilet fittings, waste plumbing and internal drainage.	Minor repair/ refurbishment / replacement of damaged sanitary ware, fittings, waste plumbing etc.
	In new buildings Provision of disabled facilities, and specialist facilities related to pupils with statements	Existing buildings Provision of disabled facilities, and specialist facilities related to pupils with statements were allocated to school Minor repair/ replacement of damaged fittings, waste plumbing etc.
<b>Kitchens</b>		
	Kitchens in new buildings complete with fittings, equipment, waste plumbing	Minor repairs / replacement work. Statutory maintenance

	and internal drainage. Internal finishes and decorations.	Cleaning out drainage systems to point of exit / discharge to underground sewer
	Major refurbishment	Minor refurbishment and redecoration
<b>Mechanical Services:</b>		
<b>Heating / hot water</b>	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues and chimneys.	General maintenance of all boiler house plant including replacement of defective parts and chimneys. Regular cleaning. Energy saving projects. Statutory Maintenance & Inspection.
	Replacement of old boiler/ controls systems past the end of their useful life and / or Emergency replacement of failed boiler plant	General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects. Statutory Maintenance

<b>Cold water</b>	Provision of cold water services, storage tanks, distribution, boosters in new projects	Maintenance and repair/ replacement of defective parts such as service pipes etc. Annual inspection of cold water tanks for statutory compliance.
<b>Gas</b>	Provision of gas services, & distribution, in new projects	Maintenance and repair/ replacement of defective parts meeting statutory requirements. Statutory inspection & maintenance.
<b>Ventilation</b>	Mechanical ventilation/ air conditioning to new & major projects	Provision of local ventilation. Repair/ replacement of defective systems and units. Statutory maintenance.
<b>Other</b>	New swimming pool plant and its complete installation, including heat recovery systems or major refurbishment project	Minor repair/ replacement of parts to plant, pumps and controls etc. Water treatment equipment and all distribution pipe work. Heat recovery systems. Solar heating plant and equipment. Statutory Maintenance
<b>Electrical Services:</b>		
<b>General (Lighting &amp; Power)</b>	Main switchgear and distribution in major projects. Provision of luminaries and emergency lighting.	Testing / replacement of individual distribution boards. The repair and maintenance of all switchgear and interconnecting cables including temporary buildings. Replacement of luminaries & emergency lighting
	Major replacement of obsolete and dangerous wiring systems, including distribution boards. Statutory fixed wire testing.	Minor repairs / replacement & testing, earthing and bonding to meet Electricity at Work Regulations. All servicing. Replacement of luminaires
<b>Other</b>	Lightning protection in new build and / or major installation	Minor repair/ replacement of individual parts. Statutory inspections
	Alarm systems, CCTV, lifts / hoists etc. on new buildings	Minor repair / replacement and maintenance of alarm systems, CCTV. lifts / hoists include statutory inspection
	New installation of communication systems,	Minor repair/ replacement/ maintenance of communication

	radio/ TV, call, telephone, data transmission, IT etc. in new build.	systems, radio/ TV, call, telephone, data transmission, IT including all door access systems
<b>External Works:</b>		
<b>Paving's</b>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major new project, including disabled access	Maintenance and repair of car parks, paths, court, terraces, play pitches, steps and handrails. Car park and playground markings.
<b>Miscellaneous</b>	Provision of walls, fencing, gates and ancillary buildings as part of major new project	Maintenance and repair of all perimeter/ boundary / retaining walls, fencing and gates.
<b>Drainage</b>	Drains, soak ways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
<b>Open air pools</b>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems. Statutory maintenance
<b>Services distribution</b>	Provision of: Heating mains gas mains water mains electricity mains, on new projects	Minor repair / replacement of heating mains, gas mains water mains, electricity mains meeting statutory requirements

<p><b>Asbestos</b></p>	<p>Initial inspection survey of property to identify asbestos containing materials.  Provision of site manual in accordance with The Control of Asbestos at Work Regulations 2006.  Designated re-inspection.  Removal required as part of major new build project.</p>	<p>Minor repair / replacement of damaged asbestos containing materials e.g. panels, insulation, pipe work, roofing etc.  In accordance with the 'The Control of Asbestos at Work Regulations 2006'</p>
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**BARNESLEY MBC**

**SCHEME FOR MANAGING SURPLUS BALANCES**

**GENERAL APPROACH**

1. Schools will be provided with a calculated guideline limit (5% for all schools) based on their delegated budget for the year – the presumption being that the guideline % represents an appropriate level of reserves / contingency that a primary or secondary school may hold.
2. The guideline limit can be used by schools as a yardstick for monitoring their financial position throughout the year – with the final limit being confirmed at year end following the closure of accounts.
3. Surplus balances above the 5% limit should be discussed with Governing Bodies and a plan agreed for how excess balances will be used / applied for the benefit of the school. Such discussions and decisions should be minuted and evidenced.
4. **The LA will not automatically claw back any balances that exceed the guideline limit.** A school can hold or carry forward balances in excess of the limit as long as it has a clear plan of what the balances will be used for and this has been approved by Governors.

The above approach gives schools increased autonomy over the management of their financial affairs, with decisions regarding carry forward of balances resting with Governing Bodies.

**PROCESS TO BE FOLLOWED BY THE COUNCIL / SCHOOLS**

The following process should be followed by the Council and schools in respect to controlling excess carry forward balances:

1. Calculating provisional carry forward limit

The Council will calculate a provisional allowable carry forward limit for each school, based on the budgets issued to schools. The calculated limit for all schools will be based on 5% of the delegated budget, including the Individual Schools Budget (inclusive of mainstreamed grants), Early Years and High Needs funding, Pupil Premium grant and Post 16 funding.

For PFI/BSF schools, the calculated limit would be based on the actual delegated budget to the schools net of the assumed PFI factor for the year.

## 2. In-year monitoring against provisional limit

Providing schools with a provisional guideline limit based on 5% ensures that schools have a reasonable basis for budget planning and monitoring of their financial position during the year. It should be stressed that there is no requirement for schools to set or hold balances at the 5% limit. This is merely a guideline for schools to use to assess their positions throughout the year.

Schools can maintain balances above the limit if it chooses depending on its financial plan / strategy as agreed by its Governing Body. The actual level of balances to be maintained by schools is therefore a matter for each school / its Governing Body to decide. Schools should report projected year end balances and agree plans for the use of such balances to Governors throughout the year.

**Required action by:** All schools / Governing Bodies  
**Timescales:** Throughout the financial year

## 3. Year end reporting of balances above the calculated limits

Schools with a year end balances in excess of the calculated limit are required to complete and submit a **pro-forma** (see attached) to the Council. The following explanation or information is required on the pro-forma:

1. An explanation of the factors that has given rise to the year-end surplus balance e.g. unspent funding, in year adjustments, savings on vacant posts, reduced spend on particular budget heads, savings on procured services, funding held on behalf of other schools, funding held for specific activities to be undertaken in the following year, additional income generated from trading activities, etc.
2. Highlight or summarise the key elements of the schools' spending plan that has been approved by the schools' governors. Schools should detail or itemise the proposals or items within its spending plan that has been approved as commitments against the carry forward balance.

### *Supporting documentation*

The following supporting documents will be required initially to support the pro-forma:

- An electronic **copy of the schools' spending plan** as reported to its Governing Body for approval. It is up to schools what format to adopt or how it chooses to report its balances / spending plan to Governors. The Council's will not prescribe what schools can or can't do with their balances, as any form of prescription would only reduce flexibility by schools. It is important that Governors play a crucial part in

the process and to inform this process, it is advisable that Governors are presented with formal written reports that detail the following:

- The level of balances maintained by a school – understanding how the balances have come about
  - What the school intend to use the balances for, e.g. to meet specific priorities in its action plan, to improve standards / performance, school to school support, fund particular projects or initiatives, capital works / refurbishment, to address future deficit budgets, reinvestment of ‘profits’ from trading activities, equipment refresh programme, etc.
  - How much of the balances should be earmarked or set aside to fund the school’s intentions or plans
  - The timescales for implementing the proposals or incurring the spend (this allows a reasonable basis for monitoring progress)
- Evidence of the above spending plan(s) being approved by Governors. The minutes of the particular Governing Body or committee meeting that shows the resolution or the approval will be required.

It should be noted that schools are allowed within their spending plans to Governors to highlight and seek approval to items deemed as ‘allowable exceptions’. These would include the following:

1. Genuine slippage on planned activities / spend;
2. Balances held by schools for clearly defined activities or purposes e.g. for clubs, trips, parental donations, etc.;
3. Balances held on behalf of other schools for joint working or cluster arrangements or for school by school support, etc.;
4. Unspent funding allocations due to the late receipt of the funding by the school, e.g. repairs & maintenance, early years and high needs funding adjustment, etc.;
5. Reinvestment of additional income generated through ‘trading’ activities

**Required action: Completion / Submission of Pro-formas and supporting documentation by Schools**

**Timescales: End of April**

#### 4. Assessment of schools’ spending plans / submissions

BMBC Schools Finance will manage the initial process, receiving and collating submissions from schools. All submissions will be assessed with a final outcome or approval communicated to the school by Nina Sleight (Service Director, People) on behalf of Mel John-Ross (Executive Director). Efforts will be made to ensure that pro-formas / spending plans are assessed within reasonable timescales so that the



outcome can be communicated to schools in time to allow appropriate action(s) to be taken.

The LA will assess the spending plans of schools for reasonableness and contact schools individually where further explanation is required. Further supporting evidence may be required to enable the LA to properly assess the reasonableness of the plan or the financial details contained within it.

The outcome of the overall process will be reported to the Formula Funding Review Group and the Schools Forum. Ultimately the School Forum has the responsibility for approving the use of any balances clawed back from schools.

**Required action: Assessment of schools' submission and communication of outcome to schools**

**Timescales: End of Summer Term**

#### 5. Claw back of carry forward balances

The LA and the Schools Forum will only claw back excess balances in particular circumstances such as:

- The school has no agreed plan in place for the use of the excess balance, nor has it complied with requests to provide supporting evidence or documentation to support its submission
- There are concerns with performance or standards at the school(s) – the LA/School Forum can insist that excess balances are used specifically to address concerns in that school
- The school has reported excess balances on 2 or more consecutive years, or where previously approved excess carry forward balances remains unspent in the following year and the school has not provided any reasonable explanation or sought to carry it forward to the following year

Following the decision to claw back any excess surplus balance, a formal letter will be sent to the Head Teacher and Chair of Governors informing them of the amount which will be clawed back from the school.

#### 6. Use of clawed back surplus balances

Amounts clawed back from schools will be added to the overall Schools Budget retained centrally and reported to the Schools Forum, who will decide on its re-distribution following recommendations from the Council.

### Schools in Financial Difficulty

The School Forum has approved funds be set aside within the school contingency budget to provide financial assistance and support to schools in financial difficulties, as they take action to put their budgets on a sound financial footing. Funding provided under this process is one-off and is intended to provide schools with interim support whilst they continue to take action to address recurring issue. The process will be managed by the Council with recommendations made to the Funding Formula Review Group (FFRG) for approval.

The process to be followed in managing this funding and the steps to be taken by schools are detailed below:

- Schools to submit a formal written request to the Council (BMBC School Finance) with a detailed action or recovery plan.
- The plan must clearly demonstrate the problem the school is facing and how it proposes to address the problem in the longer term.
- The plan should identify clearly the amount of funding that is being sought, and what steps are being taken to place the future finances of the school in a stable position.
- The plan should include detailed financial modelling for 3 years to enable a full and detailed investigation of the request.
- Funding will not be available to support the finances of schools. Instead funding will be provided to assist schools meet the cost of implementing the actions that would future sustainability of the school.
- If it is subsequently identified that the funding has not been used appropriately or it transpires that the funding was not required, it may be subject to claw-back by the Council.

- Following review of the recovery plan by the Council recommendations will be made to the Schools in Financial Difficulties (SiFD) working group or the School Forum for a final decision.
- Schools will then need to demonstrate their progress against their plan through regular monitoring reports to the Council.
- Schools will be notified whether or not their applications have been successful.