**THE ESSEX SCHEME**

**FOR FINANCING SCHOOLS**

**Financial Year**

**2023/24**

**SCHEME FOR FINANCING SCHOOLS**

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**INTERPRETATION**

1. In this Scheme reference to **the local authority** and **the** **Authority** shall mean Essex County Council in its capacity as local authority for the County of Essex.

2. In this Scheme, the expression **governing body** shall be deemed to include reference to a Committee or Sub-Committee acting in accordance with delegated authority on behalf of the governing body.

3. A school’s **budget share** is its share of the Individual Schools Budget determined in accordance with the Essex Formula for Funding Schools.

4. A school’s **delegated budget** in any particular financial year is its budget share for that financial year, together with any accumulated balance (whether a balance in hand or a deficit) brought forward from the previous financial year, and any earmarked or other allocations made during the year from the central contingencies or other items for which budget provision has initially been retained centrally.

5. The **Act** is theSchools Standards and Framework Act 1998

6. The latest **Regulations** are the School and Early Years Finance (England) Regulations 2020. The Regulations state that schemes must deal with the following matters:

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares.

2. Amounts which may be charged against schools’ budget shares.

3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.

4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.

5. Terms on which services and facilities are provided by the authority for schools maintained by them.

6. The payment of interest by or to the authority.

7. The times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.

8. The virement between budget heads within the delegated budget.

9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority’s non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.

10. The use of delegated budgets and of sums made available to a governing body by the local authority, which do not form part of delegated budgets.

11. Borrowing by governing bodies.

12. The banking arrangements that may be made by governing bodies.

13. A statement as to the personal liability of governors in respect of schools’ budget shares having regard to section 50(7) of the 1998 Act.

14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act.

15. The keeping of a register of any business interests of the governors and the head teacher.

16. The provision of information by and to the governing body.

17. The maintenance of inventories of assets.

18. Plans of a governing body’s expenditure.

19. A statement as to the taxation of sums paid or received by a governing body.

20. Insurance.

21. The use of delegated budgets by governing bodies so as to satisfy the authority’s duties imposed by or under the Health and Safety at Work etc Act 1974.

22. The provision of legal advice to a governing body.

23. Funding for child protection issues.

24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.

25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

**SECTION 1: INTRODUCTION**

**1.1 The Funding Framework**

The funding framework is set out in the legislative provisions in sections 45-53 of the Act.

Under this legislation, local authorities determine for themselves the size of their schools’ budget and their non-schools education budget – although the Authority must allocate its entire Dedicated Schools Grant (DSG) to the Schools Budget.

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

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

The amounts to be deducted for these purposes are decided by the Authority, subject to any limits or conditions (including gaining the approval of Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State.

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

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

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

The financial controls within which delegation works are set out in this Scheme which is made by Essex County Council in accordance with s.48 of the Act and regulations made under that section.

All revisions to the Scheme must be approved by Schools Forum. Should Schools Forum not approve any revisions, the Authority may seek adjudication from the Secretary of State.

Subject to provisions of this Scheme, governing bodies of schools may spend budget shares for the purpose of their school. They may also spend their budget share for any additional purposes prescribed by the Secretary of State under s50 of the Act.

The authority may suspend a school's right to a delegated budget if the provisions of this Scheme (or rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A school's right to a delegated budget share may also be suspended for other reasons (schedule17 of the Act), but in this case there is no right to appeal.

Each authority is obliged, under s251 of the Apprenticeships, Skills, Children and Learning Act 2009, to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children’s services, showing the amounts to be centrally retained, and funding delegated to schools. After each financial year the authority must publish a statement showing outturn expenditure.

Both statements are published on a public website in a format specified in directions issued by the Secretary of State.

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

**1.2 The Role of the Scheme**

The Scheme sets out the financial relationship between the Authority and the maintained schools which it funds and contains requirements relating to financial management and associated issues which are binding on both the Authority and on schools.

**1.2.1 Application of the scheme to the Authority and maintained schools**

The scheme applies to all community, nursery, voluntary, foundation, community special or foundation special schools (including Trust schools) and pupil referral units (PRUs) maintained by the Authority. It does not apply to Academies (as they are not maintained by the Authority).

**1.3 Publication of the Scheme**

The scheme will be published on a website which is accessible to the general public (Essex Schools Infolink). Any revised version will be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date.

**1.4 Revision of the Scheme**

Any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the local authority before they are submitted to the schools forum for their approval.

All proposed revisions must be submitted to the schools forum for approval by members of the forum representing maintained schools. Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the local authority, the authority may apply to the Secretary of State for approval.

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

**1.5 Delegation of Powers to the Headteacher**

A Governing Body is required to consider the extent to which it wishes to delegate its powers to the headteacher and must record its decision (and any revisions to that decision) in the minutes of the governing body. Such decisions by a governing body will be subject to any requirements of the Secretary of State contained in regulations made under s.38 of the Act and Schedule 11 thereto. (s38 of the Act covers the general responsibility of a governing body for the conduct of a school and Schedule 11 the membership and proceedings etc. of governing bodies.) In order to ensure the effective management of resources, governing bodies are advised to delegate the responsibility for day to day financial management to the headteacher, subject to the establishment of appropriate arrangements for the exercise of that delegated authority.

One issue which cannot be delegated to the headteacher: the first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body.

**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 a voluntary school where some of the expenses are, by statute, payable by the governing body). Part of the way an authority maintains schools is through the funding system put in place under sections 45 to 53 of the Act.

**SECTION 2: FINANCIAL CONTROLS**

**2.1.1 Application of Financial Controls to Schools**

Essex County Council, like other major bodies and companies in both the public and private sectors, has to regulate the financial affairs of the Council in terms of formal Regulations and Standing Orders. In managing their delegated budgets schools must abide by not only the requirements embodied in this Scheme but also by the Authority’s requirements on financial controls and monitoring as set out in the following documents:

Financial Regulations for Schools

Procurement Standards for Schools

Accounting Procedures and Instructions for Schools

F Notes

**2.1.2 Provision of Financial Information and Reports**

Schools must provide the Authority, in a form and at times as determined by the Authority, with details of anticipated and actual expenditure and income. For schools which opt for an external bank account under the arrangements set out at paragraph 3.4 of this Scheme, the Authority will also require the provision of cashflow statements in a form and at times as determined by the Authority.

Unless the Authority has notified the school that, due to its financial position, monthly financial returns are required, schools will not be asked to submit reports more frequently than once every three months.

**2.1.3 Control of Assets**

Schools must maintain an inventory of moveable non-capital assets in a form to be determined having regard to guidance issued by the Authority and which sets out the basic authorisation procedures within the school for disposal of any such assets. Schools may however, determine their own arrangements for keeping a register of assets worth less than £1,000. Schools must maintain a register in some form.

**2.1.4 Accounting Policies (including year-end procedures)**

Schools must abide by the accounting policies and procedures determined by the Authority.

**2.1.5 Writing-off of Debts**

There is no financial limit placed on the amount which a Governing Body may write-off. All write-offs must be recorded in the minutes of the governing body. Where the write off is above a de minimis level of £500 it must be agreed with the Authority to ensure an external check on losses to public funds. If the write off exceeds £10,000, a formal report is to be made to the County Council’s relevant Cabinet Member.

**2.2 Basis of Accounting**

Schools may account for expenditure and income during the financial year on their internal systems using either a cash or accruals basis. Reports submitted to the Authority in accordance with paragraph 2.1.2 of this Scheme may take either form but must be accompanied by a statement indicating which basis has been used and must be amended, if necessary, at the year-end in order to comply with the requirements at paragraph 2.1.4.

**2.3 Submission of Budget Plans**

Each school will receive notification of its budget share as soon as practicable but, in any event, not later than 28th February preceding the budget year in question. Where the 28th February falls on a Saturday or Sunday, schools will be notified of their budget shares on the last Friday preceding 28th February.

Each school must then notify the Authority how it intends to allocate its delegated budget (i.e. including any accumulated balances). Signed returns in a format specified by the Authority are to be submitted by no later than 1st May. The Authority will supply schools with any information and/or data which it holds and which is necessary/helpful in order to enhance and inform efficient planning by schools. The first formal budget plan for each financial year must be approved by the Governing Body.

**2.3.1 Submission of Financial Forecasts**

From 1st April 2021 each school must submit a 3-year budget forecast. In accordance with 2.3 the budget plan for the forthcoming financial year plus the forecast for the following two years must be submitted by 1st May.

The Authority will use the forecasting provided by schools to identify schools moving towards financial problems and will support the relevant schools to find mitigation options to prevent them going into a deficit position.

**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 for heads and governors to determine at school level how to secure better value for money.

**2.5 Virement**

A governing body may vire freely between budget allocations made from the schools budget share but will need to ensure that appropriate control arrangements are established.

**2.6 Audit: General**

The County Council and, therefore, schools operate within a financial management environment which is subject to:

1. External audit shall have the same right of access as the Local Authority’s designated Section 151 Officer (see (ii)(a)) below; and

(ii) Internal audit in accordance with arrangements determined by the Local Authority’s designated Section 151 Officer. Under these arrangements:

(a)The Designated S151 Officer shall be afforded all facilities and co-operation by governing bodies and members of staff. They shall be entitled to examine the school’s records and to whatever information or explanations they require in order to satisfy themself of the correctness or otherwise of any matter under examination. Audit reports shall be considered by the governing body; and

(b)The Director of Education and the Local Authority’s designated Section 151 Officer shall be notified immediately by a governing body or the Head of establishment of any financial irregularity or suspected irregularity including those affecting salaries and wages, cash, stores or property, relating to both private or County Council funds.

**2.7 Separate External Audits**

A governing body wishing to seek an additional source of assurance may, at its own expense, obtain external audit certification of the school’s accounts as a spender of local authority funds, separate from any local authority internal or external audit process.

**2.8 Audit of voluntary and private funds**

Voluntary and private funds are separate from the school’s delegated budget. Schools are required to provide an external statement of assurance in respect of voluntary and private funds held by schools and of the accounts of any trading organisations controlled by them. Further guidance is to be found within the Accounting Procedures and Instruction for Schools section of the Authority’s Finance Manual for Schools.

**2.9 Register of Business Interests**

The governing body and school staff have a responsibility to avoid any conflict between their business and personal interests and affairs and the interests of the school. A register of business interests must be maintained for both governors and staff with significant financial responsibilities. The register must be freely available for inspection by governors, staff and parents and the local authority.

The register must include all business interests such as directorships, shareholdings, and other appointments of influence within a business or other organisation which may have dealings with the school. The disclosures should also include business interests of relatives and other individuals who may exert influence. Schools should ensure the register is up to date and complete, with notification of changes and through annual review of entries, includes all governors and relevant staff and in this regard signed and dated nil returns are also required.

**2.10 Purchasing, Tendering and Contracting Arrangements**

Under paragraph 2.1 of this Scheme, schools must abide by the requirements of the Authority in purchasing, tendering and contracting matters and must assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority’s policies and procedures. Nothing within those requirements must force schools to;

(I) do anything incompatible with any of the provisions of this Scheme, or any statutory provision, or any EU Procurement Directive;

(ii) seek countersignature from an officer of the local authority for any contracts for good or services for a value below £60,000 in any one year;

(iii) select suppliers only from an approved list (Schools may nominate suppliers for inclusion in such a list); or

(iv) permit schools to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

**2.11 Application of Contracts to Schools**

Schools have a right to opt-out of any contract arranged by the local authority. Although governing bodies are empowered under paragraph 3 of Schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the local authority as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made, however, solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

**2.12 Central Funds and Earmarking**

The Authority may make sums available to schools, from centrally held resources, in the form of allocations which are additional to and separate from schools’ budget shares. Such allocations will be subject to specific conditions setting out the purpose or purposes for which the funds may be used. As a general rule, virement of funds allocated on an earmarked basis will not be allowed.

Schools should ensure that they have appropriate accounting mechanisms in order to be able to demonstrate that expenditure has been incurred only for the purpose intended.

With the specific agreement of the Director of Education certain under spends against earmarked allocations within the school’s delegated budget may be carried forward at the year-end on the same earmarked basis. The local authority will not make any deduction in respect of interest costs to the local authority from payments to schools of devolved specific or special grant.

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

Governing bodies are allowed to spend budget shares for the purposes of the school, under Section 50A of the Act, subject to regulations made by the Secretary of State and any provisions of the scheme. By virtue of section 50(3A) (which comes into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

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

A governing body wishing to provide extended services must consult with the Authority to ensure a strategic approach to potential programmes. Schools must submit detailed proposals to the Authority so that an assessment can be undertaken of its financial and management viability. The proposals must include, at the very least:

(i) a charging policy, including a review of charging under existing PFI projects (if applicable);

(ii) a 3 year business plan showing anticipated costs and revenue, with additional information relating to the planned use of any excess revenue;

(iii) a demonstration of the sources of funding and contingency arrangement if planned revenue declines;

(iv) details of any planned capital projects.

Schools must use specific coding for extended schools’ activities, which must be self-financing.

Schools must abide by the Authority’s requirements on financial controls and monitoring set out at paragraph 2.1.1 to this Scheme.

**2.14 Capital Spending from Budget Shares**

Governing bodies are permitted to use their budget share to finance capital expenditure on the school premises. This includes expenditure incurred by a governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the Act.

Schools must fully spend their devolved formula capital allocations before making any revenue contribution to capital expenditure, however the use of the budget share is not permitted if the contribution results in a revenue deficit.

Where the premises are owned by the local authority or the school has voluntary controlled status, the governing body must seek the consent of the Director of Education for:

* + The construction of any new buildings
  + The extension of existing buildings
  + Any alterations to existing buildings, both internal and external
  + Any works impacting on play areas or playing fields.

The local authority’s consent can only be withheld on health and safety grounds.

The reason for these provisions is to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

**2.15 Notice of Concern**

The LA may issue a Notice of Concern to the governing body of any school it maintains where, in the opinion of the Designated S151 Officer and the Director of Education, the school has failed to comply with any provisions of the Scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

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

* insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
* insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
* placing more stringent restrictions or conditions on the day to day financial management of a school than the Scheme requires for all schools – such as the provision of monthly accounts to the local authority;
* insisting on regular financial monitoring meetings at the school attended by local authority officers;
* requiring a governing body to buy into a local authority’s financial management systems; and
* imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

* 1. **Schools Finance 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 Finance Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form.

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

Maintained schools with a delegated budget must submit the form to the local authority annually by 31st March.

* 1. **Fraud**

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

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

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

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

* 1. **Frequency of Instalments**

For those schools which opt for a local bank account under arrangements set out at paragraph 3.5 of this Scheme, the budget share will be made available on the following basis:

(i) an instalment on 16th April in each financial year. Where 16th April falls on a Saturday, Sunday or Public Holiday, then the instalment due on that day shall be paid on the first working day thereafter;

(ii) 11 subsequent instalments:

(iii) for the months of May, June, August, September, October, November, January, February and March payable on the working day prior to the 26th day of these calendar months. Where the 26th day of these calendar months fall on a Saturday, Sunday or Public Holiday, then the instalment due for that month shall be paid 2 working days prior to the 26th day; or

(iv) for the months of July and December, payable on the working day prior to the last day of term as defined by the local authority;

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

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

From 1st April 2021 all maintained schools will be local bank schools and the budget share will be made available in equal twelfths on the dates shown in paragraph 3.1.

**3.3 Interest Clawback**

For those schools which opt for a local bank account, the arrangements set out at paragraphs 3.1 and 3.2 of this Scheme have been designed, taking all relevant factors into account, to minimise the potential for financial disadvantage to the Authority in terms of cash-flow and there is, therefore, no need to “clawback” any sums in respect of lost interest.

**3.3.1Interest on late budget shares payments**

### Where, as a result of an error by the local authority, an instalment is paid late, the local authority will reimburse the school for any interest lost on the basis of the average Local Authority Seven Day Interest Rate ruling at the time.

**3.4 Budget Shares for Closing Schools**

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

**3.5 Bank Accounts**

All schools have an external bank account into which their budget shares will be paid in accordance with the provisions contained at paragraph 3.1 of this Scheme. Schools are allowed to retain all interest payable on the account.

* + 1. **Restriction on Accounts**

Schools wishing to open an external bank account should contact the Authority’s Treasury Management Team for a list of UK Financial Institutions with an appropriate credit rating as at that ‘point in time’. It must be noted that this will serve purely as a guide and reliance cannot be solely placed on credit ratings  which will be regularly updated and could be subject to change’

Schools wishing to close the bank account used to receive its budget share and to open another must contact the Authority’s Treasury Management Team for a list of UK Financial Institutions with an appropriate credit rating as at that ‘point in time’. The new bank must be selected from the approved list, even if the account to be closed was not with an institution on that list.

Money paid into an external bank account by the local authority remains the property of the local authority until it is spent (s49 (5) of the Act). The bank account mandate should also show the Authority as the owner of the funds in the account(s), that the local authority is entitled to receive statements and that the Authority can take control of the account(s) if a school’s right to a delegated budget is suspended by the local authority.

When considering signatories for school bank accounts, schools should ensure that all signatories are covered by an appropriate fidelity guarantee policy.

**3.6 Borrowing by Schools**

Governing bodies may borrow money only with the written permission of the Secretary of State after consulting the Authority. Schools are permitted to use any scheme that the Secretary of State has said is available to schools. No schemes are currently available.

This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the local authority when repaying loans.

Schools may use bank charge, store and credit cards subject to the guidance contained within the Authority’s Financial Manual However, no interest charges should be incurred by the school, as balances must be fully cleared on a monthly basis. The Authority does encourage schools to use procurement/purchase cards as an alternative means of facilitating electronic purchase.

Schools should be aware that entering certain arrangements, such as finance leases, can constitute external borrowing and therefore cannot be entered into without permission of the Secretary of State. Schools should therefore be careful before entering longer-term agreements to ensure they do not breech borrowing restrictions.

Schools must not enter into any leasing agreements without gaining advice from the Authority’s school leasing advisers Unilink. Schools are expected to have regard to the advice given them. Full details of the Schools Leasing Programme can be found on the Essex Schools Infolink website.  
  
This provision does not apply to loan schemes run by the local authority.

**3.7 Other Provisions**

Where it becomes clear that the frequency and proportion of budget share payable arrangements set out in paragraphs 3.1 and 3.2 are likely to result in a temporary cash flow problem for a school, the Designated S151 Officer will consider a change to the arrangements in order to overcome any difficulty. Any amounts advanced to a school earlier than the dates set out above will be subject to the payment of interest. Interest will be calculated on a daily basis for the duration of the advance using the Local Authority Seven Day Interest Rate prevailing at the time the advance is agreed plus a further ½% to reflect the additional administrative costs incurred by the local authority.

**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 shortfall in expenditure relative to the school’s budget share for the year, plus or minus any balance brought forward from the previous year. A school’s surplus balance at 1 April is equal to the balance at the preceding 31 March.

All schools intending to operate a new local/external bank account will be asked to notify the Local Authority’s designated Section 151 Officer by the first week in March of their estimated year-end balance (before taking into account year-end accruals). This estimate will form part of the payment made to the school on 1 April.

Any variation between the above estimated figures and the actual closing balance plus interest due (as stated in the accounts of the local authority) will be either added to or deducted from, the next scheduled payment to the school after the authority’s accounts are completed. Interest will be paid / charged on any variation from 1 April to the appropriate scheduled payment date at the average Local Authority Seven Day interest rate for that period. Details of this adjustment will be notified to individual schools in advance.

**4.2 Controls on Surplus Balances**

The scheme does not contain a mechanism to clawback excess surplus balances. This follows the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy.

The Authority is entitled to request information on how schools propose to use their surplus balances. Any school where the surplus balance exceeds 8% (5% for secondary schools) at 31 March of the budget share for the financial year will be required to submit a return to the Authority to show how the school proposes to use the balance.

The Authority retains the right to implement a clawback mechanism for excessive uncommitted balances that would be redistributed to schools. Notice in writing will be provided to schools should the Authority decide to implement this mechanism.

**4.3 Obligation to Carry Forward Deficit Balances**

Deficit balances will be carried forward into the next financial year and the repayment/recovery from which, in accordance with the provisions of this Scheme, shall have first call on that year’s budget share. A schools deficit balance at 1 April is equal to that at the preceding 31 March.

**4.4 Planning for Deficits**

A governing body may only plan for a deficit in accordance with paragraph 4.9. Schools. must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2023.

**4.5 Charging of Interest on School Loans**

Interest will be charged on school loans. Interest will be calculated on the daily average bank base rate on the day of the Agreement

**4.6 Writing-off Deficits**

The local authority has no power to write-off the deficit balance of any school.

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

**4.7 Balances of Closing and Replacement Schools**

When a school closes any accumulated balance, whether surplus or deficit, reverts to the local authority. The balance cannot of right be transferred as a balance to any other school, even where the school is a successor to the closing school. Local arrangements, however, generally provide for surplus balances to be transferred to the successor school.

A surplus balance would transfer to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010. Deficit balances of convertor academies under this Act are refunded to the local authority by the DfE and are recovered from the Academy over an agreed timeframe.

**4.8 Licensed Deficits**

There is no Licensed Deficit Scheme

**4.9 Loan schemes**

The Authority operates a loan scheme for schools that may require a revenue loan during a period of financial difficulty.

Schools wishing to apply for a loan must write to the Director of Education stating the circumstances of why a loan is required. An affordable repayment plan must accompany the loan request and must not usually exceed 3 years. There is no minimum period.

The decision will be based on the circumstances of the school and the ability to repay the loan. The decision will be taken by the Director of Education. The Authority reserves the right to refuse a loan for any reason.

The loan will be repayable in the financial year starting 1st April following the agreement of the loan. For example a loan agreed in September 2018 will be repayable from April 2019.

Interest will be payable on the basis of the average Local Authority Seven Day Interest Rate.

In the event of a closure or merger of schools the loan must be repaid immediately. Where a school closes as part of converting to an academy the loan must be repaid before the date of conversion, as the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.

**4.9.1 Credit Union Approach**

Schools may wish to group together to utilise externally held balances for a credit union approach to loans. If schools decide to operate in such a way then they must provide the local authority with audit certificates.

**SECTION 5: INCOME**

**5.1 Income from Lettings**

Schools may retain income from lettings of the school premises, which would otherwise accrue to the local authority unless a clause in a specific joint use or Private Finance Initiative contract precludes this. Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. There should be no net cost to the budget share. Schools must, however, have regard to directions issued separately by the local authority as to the use of school premises, as permitted under the Act for various categories of schools.

**5.2 Income from Fees and Charges**

Schools may retain income from fees and charges except where a service is provided by the local authority from centrally retained funds. Schools must, however, have regard to any policy statements on charging issued separately by the local authority.

**5.3 Income from Fund Raising Activities**

Schools may retain income generated by fund raising activities. Income generated in connection with bids for National Lottery Funding must be used for the purpose(s) intended.

**5.4 Income from the Sale of Assets**

Schools may retain the proceeds from sales of assets except in cases where the asset was purchased with non-delegated funds (in which case it is for the local authority to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the local authority. Income from the sale of assets purchased with delegated funds may only be spent for the purposes of the school.

**SECTION 6: CHARGING SCHOOL BUDGET SHARES**

**6.1 General**

School budget shares may be charged by the local authority without the consent of the governing body only in those circumstances expressly permitted by this Scheme. The local authority will consult a school as to its intention to make such a charge and will notify a school when the charge has been made. The local authority cannot act unreasonably in exercising this power and cannot make a charge where the statutory responsibility, and therefore any liability, rests elsewhere; the position on charging will vary between categories of school. Where a school opts for an external bank account into which its budget share is paid in accordance with the arrangements set out at paragraph 3.5 of this Scheme, any charge made by the local authority will be effected by reducing the next instalment(s) of budget share paid to the school. In some cases the ability to charge budget shares depends on the local authority having given prior advice to the governing body. Governing bodies should ensure that they have notified the local authority, in writing, of such circumstances and sought advice.

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

**6.1.2 Charging of salaries at actual cost**

School budget shares must be charged with the actual salary and associated costs of school-based staff.

**6.2 Circumstances in Which Charges May Be Made**

6.2.1 Where premature retirement costs have been incurred without the prior written agreement of the local authority to bear such costs (the amount chargeable being only the excess over any amount previously agreed in writing by the local authority);

6.2.2 Other expenditure incurred to secure resignations and/or redundancies where the school had not followed local authority advice both generally and in any particular matter;

6.2.3 Awards by courts and industrial tribunals against the local authority, or out of court settlements, arising from action or inaction by the governing body contrary to the local authority’s advice or where the local authority was not informed of the hearings referred to in schedules 16 and 17 of the Act or where the local authority was not asked for advice and/or informed of the incidents leading to the court action or industrial tribunal claim.

Awards may sometimes be against the governing body directly and would fall to be met from the budget share. Where the local authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking local authority advice, the charging of the budget share with the local authority expenditure protects the local authority’s position;

6.2.4 Expenditure by the local authority in carrying out building repairs and maintenance, health and safety work or capital expenditure for which the local authority is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work;

6.2.5 Expenditure by the local authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the local authority or the school has voluntary controlled status;

6.2.6 Expenditure incurred by the local 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 local authority. See also paragraph 10.1 - the local authority will need to consider whether it has an insurable interest in any particular case;

6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service agreement, and the result is that monies are owed by the school to the local authority;

6.2.8 Recovery of charges and penalties imposed on the local authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs*,* Teachers Pensions, the Environment Agency or regulatory authorities as a result of school error and/or negligence;

6.2.9 Correction of local authority errors in calculating charges to a budget share (e.g. pension deductions);

6.2.10 Additional transport costs incurred by the local authority arising from decisions by the governing body on the length of the school day and/or the number of terms in the academic year about which the governing body has failed to consult and reach agreement with the local authority before making that decision, and failure to notify the local authority of non-pupil days resulting in unnecessary transport costs;

6.2.11 Legal costs which are incurred by the local authority because the governing body did not accept the advice of the local authority (see also Section 11);

6.2.12 Costs of necessary health and safety training for staff employed by the local authority, where funding for training had been delegated but the necessary training not carried out;

6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect;

6.2.14 Costs of work done in respect of teacher pension remittance and records for schools using non local authority payroll contractors, the charge to be the minimum needed to meet the cost of the Authority’s compliance with its statutory obligations;

6.2.15Costs incurred by the local authority in securing provision specified in an Education and Health Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low-cost high incidence SEN and/or specific funding for a pupil with High Needs;

6.2.16 Costs incurred by the local education authority due to submission by the school of incorrect data. Where a school provides inaccurate data, which results in the local authority allocating it more money than it is entitled to, the local authority may take such action as is reasonable to recover such money. Care will be taken to ensure that a school is not financially embarrassed as a result of such action and, if necessary, the overpayment will be recovered from the following financial year’s formula allocation;

6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;

6.2.18 Costs incurred by the local education authority as a result of the governing body being in breach of the terms of a contract; and

6.2.19 Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

**SECTION 7: TAXATION**

**7.1 Value Added Tax**

The Authority will issue to schools procedures setting out how schools may utilise the Authority’s ability to re-claim VAT on expenditure relating to non-business activity. Amounts payable to and from HM Revenue and Customs will be passed back net to schools.

**7.2 CITS (Construction Industry Taxation Scheme)**

Schools must abide by procedures, which will be issued separately by the Authority in connection with CITS.

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

**8.1 Provision of Services from Centrally Retained Budgets**

It is for the local education authority to determine on what basis services funded from centrally retained budgets (including premature retirement and redundancy costs) will be provided to schools. The provision should be drawn in a way that clearly encompasses existing PRC and redundancy payments, which may not ordinarily be thought as services. The authority cannot, however, discriminate in its provision of services on the basis of categories of schools except where

1. funding has been delegated to some schools only; or
2. such discrimination is justified by differences in statutory duties.

**8.2 Provision of Services Bought Back from the Local Authority using Delegated Budgets**

Contractual periods for services or facilities (excluding centrally funded premises and liability insurance) offered to schools by the local authority, shall not exceed:

(i) A period of three years from the inception of this Scheme or the date of the agreement, whichever is the later; and

1. A period of five years for any subsequent agreement relating to the same service or services.

The above provisions do not apply to a contract entered into in connection with school catering where a maximum period not exceeding seven years will apply, or, a PFI/ PPP contract where the period of the contract will be as set out in the PFI/ PPP Agreement.

When a service is provided for which expenditure is not retainable centrally by the local education authority under the Regulations made 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. The total cost of the service must be met by the total income

**8.2.1 Packaging of Services**

Where the funding for a service has been delegated to schools and the Authority is offering the service on a buyback basis, the Authority will not offer that service in a way, which unreasonably restricts schools’ freedom of choice to purchase services which are available. Where practicable, this includes provision on a service-by-service basis as well as in packages of services.

**8.3 Service Level Agreements**

Service agreements must be in place by no later than the last day in February for them to be effective for the forthcoming financial year. Schools will receive at least one month to consider the terms of such agreements.

8.3.1 If services or facilities are provided by the Authority under a service agreement, whether that agreement is on a free or buyback basis, the terms of such an agreement starting on or after the inception of this Scheme will be reviewed at least every three years if the agreement extends beyond that timescale.

8.3.2 Where a service or facility is offered by the Authority under a service agreement, the Authority will also offer the service or facility on an ad hoc basis; a differential rate may be charged for services or facilities provided on an ad hoc basis.

Services must be in place by 28th March to be effective for the following financial year and as such the following will apply:

Any changes to terms of service offer must be communicated to Schools by no later than 31st December, allowing a period of one month for schools to consider the terms of agreement offered and indicate agreement by 31st January, unless stated otherwise in the service level agreement, for the following financial year

If services or facilities are provided by the LA, whether that agreement is on a free or buyback basis, should a school wish to opt out of the service mid financial year 3 months written notification must be given ahead of withdrawal

**8.4 Teachers’ Pensions**

In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers’ Pensions Regulations 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares and came into effect on 1 November 2002:

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

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

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

**SECTION 9: PRIVATE FINANCE INITIATIVE/PUBLIC PRIVATE PARTNERSHIP (PFI/PPP)**

9.1 The Authority reserves the right to require a school to make such payments from its delegated budget as are required under the conditions of a PFI/PPP Scheme which has been entered into with the knowledge of the governing body. Where the PFI/PPP Scheme relates to the establishment of a new school and the relevant contracts are signed prior to the formal establishment of the governing body then the Authority will retain the right to levy charges against the schools delegated budget in respect of that contract. Depending on the nature of any such PFI/PPP contract it will be for the recipient of any monies withheld from contractors due to poor performance to make good such failings/defects as have occurred.

**SECTION 10: INSURANCE**

**10.1 Insurance cover**

Where a school arranges insurance with a provider other than the County Council, the Authority will require the school to demonstrate by no later than 1 April each year that cover, relevant to the local authority’s insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the local authority if the local authority makes such arrangements paid for from contributions from schools’ delegated budgets. The local authority will have regard to the actual risks, which might reasonably be expected to arise at such schools in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools. (see paragraph 6.2.6)

#### SECTION 11: MISCELLANEOUS

**11.1 Right of Access to Information**

Governing bodies must supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school’s management of its delegated budget share, or the use made of any central expenditure by the Authority (e.g. earmarked funds) on the school.

**11.2 Liability of Governors**

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

An example of behaviour which is not in good faith is the carrying out of fraudulent acts. Breaches of this Scheme are not in themselves failures to act in good faith; neither is rejection of the Authority’s advice as to financial management.

**11.3 Governors’ Expenses**

The local authority may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors’ expenses.

Under s.50(5) of the Act, only allowances in respect of purposes specified in regulations may be paid to governors from a school’s budget share. The payment of any other allowances is not permitted under this Scheme. Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

**11.4 Responsibility for Legal Costs**

Legal costs incurred by the governing body, although the responsibility of the local 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. The costs referred to in this paragraph are those of legal actions, including costs awarded against a local authority but not the cost of legal advice provided. Where a governing body disagrees with the decision of a local authority to charge legal costs to a schools budget share, the governing body may seek independent legal advice relating to the disagreement.

* 1. **Health and Safety**

Governing bodies should, in expending school budget shares, have due regard to duties placed on the local authority in relation to health and safety, and the Authority’s policy on health and safety matters in the management of the budget share. Under s39 (3) of the Act the local authority may issue directions to the governing body and headteacher of a community, community special or voluntary controlled school on health and safety matters; these directions are enforceable, so far as governing bodies are concerned, via s497 of the Education Act 1996 if not complied with.

**11.6 Right of Attendance for the Authority’s designated S151 Officer**

Governing bodies must permit the designated S151 Officer or their nominated representative to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities. Unless it is impracticable to do so, prior notice will be given of any such attendance.

**11.7 Special Educational Needs**

Schools must use their best endeavours in spending their budget shares in order to secure adequate and appropriate provision for pupils with special educational needs.

**11.8 Interest on Late Payments**

Schools must comply with the requirements of the Late Payment of Commercial Debts (Interest) Act 1998 in order to avoid any potential liability to interest for any “overdue” period.

**11.9 “Whistle Blowing”**

Schools must develop clear mechanisms for dealing confidentially with allegations of malpractice in terms of financial management or propriety at the school in accordance with the guidance within the Finance Manual for Schools.

**11.10 Child Protection**

Schools are required to release staff to attend child protection case conferences and other related events and must finance any associated costs from within the delegated budget.

**11.11 Redundancy/early retirement costs**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded.

The Authority requires chair of governors to sign a redundancy declaration in advance that confirms that the redundancy proposed was forecast as part of the school’s 3 year rolling spending plan. They are required to submit supporting evidence in that respect (e.g., relevant GB/Finance/Personnel Committee Meeting Minutes, budget plan, staffing plan). The chair must also confirm that the school has taken all reasonable steps to avoid the redundancy (including that there is no suitable alternative employment/vacancies). Where a post is re-instated within a two year period, the school agrees that the cost of the redundancy will be borne by the school. They are expected to continue throughout the process to explore avoidance measures such as redeployment and retraining. Finally, the Governing Body agrees that they will not re-employ immediately (e.g. within 3 months) any redundant employee in any capacity on the termination of employment, other than as a means of avoiding redundancy through an offer of suitable alternative employment.

Further guidance is provided at Annex C.

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

12.1 The guidance in Annex B sets out the division of responsibility for building maintenance between the Authority and individual schools. The basis of the division is that schools have responsibility for all revenue maintenance expenditure whilst the Authority retains all capitalised maintenance expenditure. The terms of the division of responsibility are in line with the CIPFA Code of Practice on capital expenditure and are intended to reflect the Authority’s current practice in terms of maintenance expenditure and funding.

12.2 The guidance refers to maintenance only. Capital expenditure on improvements, e.g. new buildings, extensions and refurbishments to provide new, improved or altered accommodation are excluded. The guidance replaces and extends the earlier scheme for delegation of non-structural maintenance.

12.3 The authority applies a general de minimis of £40 per pupil for Capital funding of projects.

**SECTION 13 COMMUNITY FACILITIES**

13.1 Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its authority and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

However, under s.28(1), the main limitations and restrictions on the power will be those contained in the maintaining authority’s scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

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

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

13.2 Schools should be aware that mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

**Consultation with the authority – financial aspects**

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

13.4 Schools are reminded of the requirement to seek authority advice. The local authority shall give such advice including the timeliness and the amount of information which schools should supply in seeking authority advice.

13.5 Advice shall be provided by the authority itself to provide advice, free of charge, within a reasonable time. Schools are required to inform the authority on what action has been taken following authority advice.

**Funding agreements – authority powers**

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

13.7 The authority will advise schools on requirements in relation to funding agreements with third parties (as opposed to funding agreements with the authority itself). Any such proposed agreement should be submitted to the authority for its comments within a reasonable time in order to give the authority adequate notice. However, the authority will not impose a right of veto on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires authority consent to the agreement for it to proceed, such a requirement and the method by which authority consent is to be signified is a matter for that third party, not for the scheme. Again, schools are reminded that if an agreement has been or is to be concluded against the wishes of the authority, or has been concluded without informing the authority, which in the view of the authority is seriously prejudicial to the interests of the school or the authority, that may constitute grounds for suspension of the right to a delegated budget.

**Other prohibitions, restrictions and limitations**

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

13.9 Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The authority reserves the right to propose a minimal number of other scheme provisions of that nature which they believe necessary. Such restrictions will only be in existence if they are necessary to safeguard the financial position of the authority or school, or to protect pupil welfare or education.

**Supply of financial information**

13.10 Schools which exercise the community facilities power may be required every six months to provide the authority 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.

13.11 Where the authority gives notice to a 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, such financial statements may be required 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.

**Audit**

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

13.13 Schools should ensure that, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, 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.

**Treatment of income and surpluses**

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

13.15 Schools are also permitted to carry such retained net income over from one financial year to the next as a separate community facilities surplus.

**Health and safety**

13.16 Health and safety provisions in the main scheme are extended to the community facilities power.

13.17 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 would be free to pass on such costs to a funding partner as part of an agreement with that partner.

**Insurance**

13.18 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Schools may wish to seek the authority’s advice before finalising any insurance arrangement for community facilities.

13.19 The authority 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.

**Taxation**

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

13.21 Schools are reminded that if any member of staff employed by the school or authority in connection with community facilities at the school is paid from funds held in a school’s own bank account (whether a separate account is used for community facilities or not) the school is likely to be held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules.

13.22 Schools should follow authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

**Banking**

13.23 The authority will produce advice on the banking arrangements which schools should make in connection with the community facilities power.

13.24 Such arrangements will include the banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters. The general approach to these matters should mirror those in the main part of the scheme,

13.25 Schools may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by the authority.

**Annex A – List of Schools and Pupil Referral Units to which this Scheme Applies**

|  |  |
| --- | --- |
| School | Sector |
| Abacus Primary School | Primary |
| All Saints CE VA Primary, Dovercourt | Primary |
| All Saints CE VA Primary, Great Oakley | Primary |
| All Saints Maldon CE VC Primary School | Primary |
| Alresford Primary School | Primary |
| Ardleigh St Mary’s CE VC Primary School | Primary |
| Ashdon Primary School | Primary |
| Baddow Hall Infant School | Primary |
| Baddow Hall Junior School | Primary |
| Baynards Primary School | Primary |
| Beauchamps High School | Secondary |
| Beehive Lane Community Primary School | Primary |
| Bentfield Primary School | Primary |
| Bentley St Paul’s CE VC Primary School | Primary |
| Birch CE VA Primary School | Primary |
| Birchanger CE VC Primary School | Primary |
| The Bishop William Ward CE Primary School | Primary |
| The Bishops’ CE & RC Primary School | Primary |
| Blackmore Primary School | Primary |
| Boreham Primary School | Primary |
| Boxted St Peter’s CE School | Primary |
| Bradfield Primary School | Primary |
| Brightlingsea Primary School & Nursery | Primary |
| Brightside Primary School | Primary |
| Brinkley Grove Primary School | Primary |
| Broomfield Primary School | Primary |
| Broomgrove Infant School | Primary |
| Broomgrove Junior School | Primary |
| St Andrew’s Bulmer CE VC Primary School | Primary |
| Burnham-on-Crouch Primary School | Primary |
| Buttsbury Infant School | Primary |
| Canewdon Endowed CE VC Primary School | Primary |
| Canvey Island Infant School | Primary |
| Canvey Junior School | Primary |
| The Cathedral CE VA Primary School | Primary |
| Cedar Hall School | Special |
| Chancellor Park Primary School | Primary |
| Chappell CE VC Primary School | Primary |
| Chase Lane Primary School & Nursery | Primary |
| Children Support Service, Langdon Hills Basildon | Pupil Referral Unit |
| Chipping Hill Primary School | Primary |
| Chrishall Holy Trinity & St Nicholas CE VA Primary School | Primary |
| Church Langley Community Primary School | Primary |
| Churchgate CE VA Primary School | Primary |
| Clavering Primary School | Primary |
| Cold Norton Primary School | Primary |
| Collingwood Primary School | Primary |
| Coopersale & Theydon Garnon CE VC Primary School | Primary |
| Copford CE VC Primary School | Primary |
| Danbury Park Community Primary School | Primary |
| Dedham CE VC Primary School | Primary |
| De La Salle School | Secondary |
| Doddinghurst Infant School | Primary |
| Down Hall Primary School | Primary |
| Downham CE VC Primary School | Primary |
| Dr Walker’s CE VC Primary School | Primary |
| Dunmow St Mary’s Primary School | Primary |
| Earls Colne Primary School & Nursery | Primary |
| East Hanningfield CE Primary School | Primary |
| The Edith Borthwick School | Special |
| Edward Francis Primary School | Primary |
| Elmstead Primary School | Primary |
| Elmwood Primary School | Primary |
| Elsenham CE VC Primary School | Primary |
| Engaines Primary School & Nursery | Primary |
| Epping Primary School | Primary |
| Eversley Primary School | Primary |
| Farnham CE Primary School | Primary |
| Felsted Primary School | Primary |
| Fingringhoe CE VA Primary School | Primary |
| Fordham All Saints CE VC Primary School | Primary |
| Frairs Grove Primary School | Primary |
| Frinton-on-Sea Primary School | Primary |
| Galleywood Infant School | Primary |
| Ghyllgrove Primary School | Primary |
| Glenwood School | Special |
| Gosbecks Primary School | Primary |
| Grange Primary School | Primary |
| Great Bardfield Primary School | Primary |
| Great Bentley Primary School | Primary |
| Great Bradfords Infant & Nursery School | Primary |
| Great Bradfords Junior School | Primary |
| Great Dunmow Primary School | Primary |
| Great Easton CE VA Primary School | Primary |
| Great Leighs Primary School | Primary |
| Great Sampford Community Primary School | Primary |
| Great Tey CE VC Primary School | Primary |
| Great Totham Primary School | Primary |
| Great Waltham CE VC Primary School | Primary |
| Hamilton Primary School | Primary |
| Hare Street Community Primary School & Nursery | Primary |
| Harlow Fields School & College | Special |
| Harwich Community Primary School & Nursery | Primary |
| Hatfield Peveral Infant School | Primary |
| Hatfield Peveral St Andrew’s Junior | Primary |
| Hazelmere Infant School & Nursery | Primary |
| Hazelmere Junior School | Primary |
| Heathlands CE VC Primary School | Primary |
| Henham & Ugley Primary & Nursery School | Primary |
| Highfields Primary School | Primary |
| Highwood Primary School | Primary |
| Hogarth Primary School | Primary |
| Holland Haven Primary School | Primary |
| Holly Trees Primary School | Primary |
| Holt Farm Infant School | Primary |
| Holy Trinity CE VC Primary School, Halstead | Primary |
| Holy Trinity CE Primary School, Eight Ash Green & Aldham | Primary |
| Howbridge Infant School | Primary |
| Ingatestone & Fryerning CE VA Junior School | Primary |
| Ingatestone Infant School | Primary |
| Ingrave Johnstone CE VA Primary School | Primary |
| John Bunyan Primary School & Nursery | Primary |
| John Ray Infant School | Primary |
| Kelvedon Hatch Community Primary School | Primary |
| Kendall CE Primary School | Primary |
| King’s Ford Infant School & Nursery | Primary |
| Kingswood Primary School & Nursery | Primary |
| Langenhoe Community Primary School | Primary |
| Langham Primary School | Primary |
| Lawford CE VA Primary School | Primary |
| Layer-de-la-Haye CE VC Primary School | Primary |
| Leverton Primary School | Primary |
| Lexden Primary School with Unit for HI Pupils | Primary |
| Lexden Springs School | Special |
| Limes Farm Junior School | Primary |
| Lincewood Primary School | Primary |
| Little Hallingbury CE VA Primary School | Primary |
| Little Waltham CE VA Primary School | Primary |
| Long Ridings Primary School | Primary |
| Manuden Primary School | Primary |
| Matching Green CE VC Primary School | Primary |
| The Mayflower Primary School | Primary |
| Mersea Island School | Primary |
| Milldene Primary School | Primary |
| Millfields Primary School | Primary |
| Millhouse Primary School | Primary |
| Montgomery Infant School & Nursery | Primary |
| Montgomery Junior School | Primary |
| Moreton CE VA Primary School | Primary |
| Myland Community Primary School | Primary |
| Nazeing Primary School | Primary |
| Newport Primary School | Primary |
| North Primary School & Nursery | Primary |
| Oakfield Primary School | Primary |
| Oakwood Infant & Nursery School | Primary |
| Old Heath Community Primary School | Primary |
| Parsons Heath CE VC Primary School | Primary |
| Poplar Adolescent Unit | Pupil Referral Unit |
| Prettygate Infant School | Primary |
| Prettygate Junior School | Primary |
| Prior Primary School | Primary |
| Queen Boudica Primary School | Primary |
| Quilters Infant School | Primary |
| Quilters Junior School | Primary |
| Radwinter CE VA Primary School | Primary |
| Rettendon Primary School | Primary |
| Rickling CE VC Primary School | Primary |
| Riverside Primary School | Primary |
| Roach Vale Primary School | Primary |
| Rodings Primary School | Primary |
| Sheering CE VC Primary School | Primary |
| Shorefields School | Special |
| South Green Infant School | Primary |
| South Green Junior School | Primary |
| Spring Meadow Primary School & School House Nursery | Primary |
| Springfield Primary School | Primary |
| St Andrew’s CE Primary School | Primary |
| St Andrew’s CE VC Primary School, Marks Tey | Primary |
| St Anne Line Catholic Infant School | Primary |
| St Anne Line Catholic Junior School | Primary |
| The St Aubyn Centre Education Department | Pupil Referral Unit |
| St Benedict’s Catholic College | Secondary |
| St Francis Catholic Primary School, Braintree | Primary |
| St Francis Catholic Primary School, Maldon | Primary |
| St George’s CE Primary School, Great Bromley | Primary |
| St George’s New Town Primary School | Primary |
| St Giles’ CE Primary School | Primary |
| St Helen’s Catholic Infant School | Primary |
| St John Fisher Catholic Primary School | Primary |
| St John Payne Catholic School | Secondary |
| St John the Baptist CE VA Primary School | Primary |
| St John’s CE VC Primary School | Primary |
| St John CE VC Primary School | Primary |
| St John’s Green Primary School | Primary |
| St Joseph the Worker Catholic Primary School | Primary |
| St Joseph’s Catholic Primary School | Primary |
| St Katherine’s CE Primary School | Primary |
| St Lawrence CE Primary School | Primary |
| St Luke’s CE VC Primary School | Primary |
| St Margaret’s CE VC Primary School | Primary |
| St Mary’s CE Foundation School | Primary |
| St Mary’s CE VA Primary School, Burnham-on-Crouch | Primary |
| St Mary’s CE VA Primary School, Hatfield Broad Oak | Primary |
| St Mary’s CE VA Primary School | Primary |
| St Michael’s CE VA Junior School | Primary |
| St Michael’s CE VA Primary School | Primary |
| St Michael’s Primary School & Nursery, Colchester | Primary |
| St Nicholas’ CE VC Primary School | Primary |
| St Peter’s CE VA Primary School, South Weald | Primary |
| St Peter’s CE VA Primary School, West Hanningfield | Primary |
| St Peter’s CE VC Primary School, Coggeshall | Primary |
| St Peter’s CE VC Primary School, Sible Hedingham | Primary |
| St Thomas of Canterbury CE VA Infant School | Primary |
| St Thomas of Canterbury CE VC Junior School | Primary |
| Stanway Fiveways Primary School | Primary |
| Stanway Primary School | Primary |
| Stebbing Primary School | Primary |
| Stock CE Primary School | Primary |
| Sunnymede Infant School | Primary |
| Sunnymede Junior School | Primary |
| Tanglewood Nursery School | Nursery |
| Tendring Primary School | Primary |
| Terling CE VA Primary School | Primary |
| Thaxted Primary School | Primary |
| Thomas Willingale Primary School & Nursery | Primary |
| Tollesbury School | Primary |
| Trinity Road Primary School | Primary |
| Trinity St Mary’s CE VA Primary School | Primary |
| Upshire Primary Foundation School | Primary |
| Vange Primary School & Nursery | Primary |
| Walton on the Naze Primary School | Primary |
| Warley Primary School | Primary |
| Wentworth Primary School | Primary |
| West Horndon Primary School | Primary |
| Westlands Community Primary School | Primary |
| Wethersfield CE VC Primary School | Primary |
| White Court School | Primary |
| White Notley CE VC Primary School | Primary |
| Wickford Primary School | Primary |
| William Read Primary School & Nursery | Primary |
| Willowbrook Primary School | Primary |
| Wimbish Primary School | Primary |
| Wix and Wrabness Primary School | Primary |
| Woodcroft Nursery School | Nursery |
| Woodham Walter CE VC Primary School | Primary |
| Writtle Infant School | Primary |
| Writtle Junior School | Primary |

**RESPONSIBILITY FOR REPAIRS AND MAINTENANCE ANNEX B**

Note 1 Where work appears of a similar nature in both Capital and Revenue Columns, the revenue work is for projects up to £10,000 in value and the capital item is for projects valued at over £10,000.

Note 2 Where no equivalent work appears in the Capital column the expenditure is not considered to be Capital work at any funding level.

Note 3 Where work is in the same area but, to separate elements which individually fall below £10,000 (e.g., roofing and relighting) these may be combined into one scheme under Capital funding.

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Roofing |  |  |
| Flat Roofs  Structure | Replacement of, or major repair to the roof structure, i.e. structural members such as beams, joists, structural concrete slabs, etc. | Repairs and replacements of roof structure, as referred to under Capital |
| Structure | N/A | Application of paint finishes, specialist protection or sealants, to roof structure above. |
| Roof covering etc. | Replacement of roof coverings (e.g., asphalt or felt) together with any necessary associated replacement deck, improved insulation, screeds, fascia, soffits, edge & upstand details, rooflights, flashings, associated rainwater gutters and outlets, lightning protection, walkways and services support and/or protection. | Repairs and replacements of roof coverings and associated parts/sub-elements as referred to under capital. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Roof covering etc. | N/A | Application of paint finishes, specialist protection or sealant to roof covering etc.. Any necessary cleaning, e.g. to roof glazing or washing down of aluminium framework and uPVC - clearance of weed growth, debris and resultant blockages to drainage.  Replacement of broken or defective glass and window glazing fitments and gaskets etc. |
| Pitched Roofs  Structure | Replacement of, or major repair to the roof structure i.e. structural members such as timber or metal beams, joists, rafters, trusses, etc. | Repairs and replacements of roof structure as referred to under Capital |
| Structure | N/A | The application of paint finishes, specialist protection or sealant to roof structure above. |
| Roof covering etc. | Replacement of roof coverings (e.g., slate, tile, asbestos cement or other profiled sheeting) together with any necessary associated replacement or improvement of insulation, battens, close boarding felt, fascia, soffits, bargeboards, ventilation, rainwater goods, flashings, Velux or similar roof windows or roof glazing, lightning protection etc. . | Repairs and replacements of roof coverings and associated parts or sub-elements referred to under capital. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Pitched Roofs (Contd.)  Roof covering etc. | N/A | The application of paint finishes, specialist protection or sealant to roof covering etc. above. Any necessary cleaning e.g. to roof glazing or washing down of aluminium framework and uPVC, clearance of weed growth, debris and resultant blockages to drainage. Replacement of broken or defective glass and window/glazing fitments and gaskets etc. |
| Chimney Stacks | Replacement, rebuilding or major structural repairs or repointing to chimney stacks and flues including associated flashings, dpc’s, restraint, lighting protection etc. | Repairs and replacements and repointing of chimney stacks and flues and associated parts or sub-elements referred to under capital. |
| Chimney Stacks | N/A | Inspection of free standing chimney stacks for stability e.g. stainless steel stacks. Cleaning and clearance of all flue ways. |
| External Walls |  |  |
| Masonry & Structural Frames | Replacement, rebuilding or major structural repairs to external walls e.g. repairs and repointing to brickwork and blockwork, lintels, underpinning, major concrete repairs to a structural frame. Temporary support of major structural defects. | Repairs and replacement to external walls and associated parts or sub-element referred to under capital. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Masonry and Structural frames (contd.) | N/A | Tree management to alleviate structural movement.  Application of paint finishes, specialist protection or sealants.  Hammer testing and other inspection/testing of concrete frames. |
| Cladding | Replacement or major structural repair of concrete cladding panels, render timber uPVC or metal framed cladding and window walling including associated improvement to insulated panels, double glazed units fitments etc. | Repairs and replacement to all cladding panels and window walling including all parts and sub-elements referred to under capital. |
| Cladding | N/A | Inspection and maintenance of safety glazing including the application and replacement of any necessary safety film.  Replacement of broken or defective glass, ironmongery and locks. Protective coatings, sealants and washing down of aluminium frames. |
| Windows & Doors | Major replacement of windows and doors including improved double glazed units and associated fitments and locks. | Repair of windows and doors and fitments including overhaul of metal framed windows. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Windows & Doors | N/A | External painting and repairs to decaying timber joinery; maintenance of safety glazing including the application and replacement of any necessary safety film. Replacement of broken or defective glass, gaskets, glass, ironmongery and locks. Protective coatings, sealants and washing down of aluminium frames. |
| Internal |  |  |
| Loadbearing Partitions | Major repairs and replacement of loadbearing partitions due to structural movement. | Repairs and replacement of loadbearing partitions. |
|  | N/A | Repairs and replacement of plaster, lining, tiling and other surface finishes.  All decoration, specialist protective coatings and sealants. |
| Non-loadbearing Partitions or demountable partitions | N/A | Repair or replacement of non-loadbearing partitions and demountable partitions including repairs and replacement of all plaster, lining, tiling and other surface finishes. All decoration, specialist protective coatings and sealants. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Internal Doors, Screens, Window/ Hatches | N/A | Repair or replacement of all internal doors, screens, window hatches etc., including associated finishes and fitments. Replacement of broken glass, ironmongery and locks. All decoration, specialist protective coatings and sealants. |
| Ceilings | Major replacement of failing lathe and plaster ceilings. | Repairs and replacement of lathe and plaster ceilings. |
|  | N/A | All repairs and replacement of other types of ceiling e.g. suspended ceilings (suspension system and tiles) and fixed boarded ceiling of all materials and timber slatted ceilings, including all access panels and associated insulation. Decoration, specialist protective coatings and sealants. |
| Floors & Floor Finishes | Major repairs or replacement of failing structural floors e.g., ground bearing slabs; suspended concrete and timber ground and upper floors and major repair or replacement of dpm’s, concrete screeds, asphaltic dpm screeds, floor boarding and timber woodstrip or woodblock floor finishes (except where failure caused by overlaying with carpet/vinyl etc.) and quarry tiles. | Repairs to structural floors, dpm’s, screeds, floor boards, woodstrip or woodblock floor finishes and quarry tiles. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Floors & Floor Finishes | N/A | Sanding and sealing of woodstrip or woodblock floor finishes. Repair or replacement of latex levelling screeds to receive final floor finishes e.g. carpet/vinyl/linoleum/matting. Regrouting of and sealant to quarry tiles. |
|  | N/A | Repair and replacement of floor finishes other than as above, including carpets, vinyl and linoleum coverings and all matting. |
| Sanitary Ware | N/A | Repair and replacement of all sanitary ware, fittings and associated fitted units or work surfaces. |
| Fitted Units | N/A | Repair and replacement of all fitted cupboard units, shelves, work surfaces and supports etc. to kitchens serveries, staffrooms, classrooms etc. |
| Staircases | Major repairs or replacement of staircases and associated balustrades and guarding | Repair or replacement of staircases and associated balustrades and guarding. |
|  | N/A | Repairs to staircase finishes. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Mechanical Services |  |  |
| Heating & Hot Water Services | Major repair or replacement of boiler plant, distribution pipework, ductwork and heating emitters.  Upgrading of tanks | Repair or replacement of boiler plant, distribution pipework, ductwork and heating emitters.  Upgrading of tanks. |
|  | N/A | All servicing of boiler plant and associated controls and equipment; descaling of plant and systems; testing for gas soundness; testing of electrical services to boiler plant rooms; maintenance of tanks; testing and maintenance of pressurised systems; maintenance and replacement of mixer valves. |
| Cold Water Services | Major repair, replacement and upgrading of storage tanks, distribution pipework, incoming main, booster pumps etc. | Repair, replacement and upgrading of storage tanks, distribution pipework, incoming mains, booster pumps etc. |
|  | N/A | Servicing including cleaning and sterilisation of all tanks and distribution equipment e.g. booster pumps. |
| Gas Services | Major repair or replacement of incoming main and/or distribution pipework. | Repair or replacement of incoming main and/or distribution pipework. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Gas Services  (cont./d) |  | Inspection and testing for soundness, ventilation and shut-off requirements. |
| Ventilation & Air Conditioning | Major repair or replacement of ventilation systems and air conditioning equipment including plant, ductwork, grilles etc. | Repair or replacement of ventilation systems and air conditioning plant including plant, ductwork, grilles etc. |
|  |  | Servicing of all plant and associated equipment including cleaning of fans. Cleansing and disaffecting of all ductwork and grilles. |
| Electrical Services |  |  |
| General Supply & Sub-Main Distribution | Major repair or replacement of obsolete incoming main cables, mains switchgear, sub-mains and distribution boards. | Repairs and replacements of obsolete incoming main cables, mains switchgear, sub-mains and distribution boards. |
|  | Major repair or replacement of obsolete power distribution to current standards. | Repairs and replacements of obsolete power distribution to current standards. |
|  | Major repair or replacement of obsolete lighting distribution and fittings to current standards. | Repairs and replacements of obsolete lighting distribution and fittings to current standards. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| General Supply & Sub-main Distribution  (cont./d) | Major repairs and replacements to fire alarms, fire detection systems, emergency lighting, lifts and hoists. | Repairs and replacements to fire alarm and detection systems, lifts and hoists. |
|  | N/A | Servicing of all electrical systems light fittings etc. and associated equipment described above. Cleaning of fans light fittings etc.  All electrical testing of distribution system and equipment. |
|  | N/A | Repairs, replacement, servicing and testing of communication systems, IT data cabling systems, security alarms, CCTV, door entry and call systems. |
| Drainage |  |  |
| Foul and Surface Systems | Major repairs and replacements to internal, external, surface water and foul water drainage systems above and below ground including all associated access points and soakaways. | Repairs and replacements to internal, external, surface water and foul water drainage systems above and below ground including all associated access points and soakaways. |
|  |  | Cleansing of all gutters, downpipes and drainage pipework, gullies, manholes catch pits etc., and clearance of blockages. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Sewage Plant | Major repairs and replacements to sewage plant and pumped drainage systems. | Repairs and replacements to sewage plant and pumped drainage systems. |
|  | N/A | Servicing and clearance of blockage to above. |
| External Works |  |  |
| Paving | Major repair or replacement of hard surfaces to playgrounds, car parks and footpaths, steps and ramps etc. incorporating any necessary guarding and barriers. | Repair or replacement of hard surfaces to playgrounds, car parks, and footpaths, steps and ramps etc. incorporating any necessary guarding and barriers. |
|  | N/A | Marking of playgrounds and car parks.  Repair or replacement of soft surfaces e.g. rubber crumb surfaces, bark and chipping surfaces under play equipment. |
| Walls & Fencing | Major repair and replacement of retaining walls. | Repair and replacement of retaining walls. |
|  | N/A | Repair and replacement of non-retaining walls and all fencing, gates and barriers. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Swimming Pools  (maintenance accepted  ‘Designated Pools’ | Major repair or replacement of the tank structure and tiling; heating and filtration plant and circulation plant and pipework etc. | Repair or replacement to the pool tank structure and tiling; heating and filtration plant and distribution pipework etc. |
|  | N/A | Servicing of all plant and equipment. Winterising costs.  Replacement of liners. |
| Swimming Pools  PTA Pools | Major repair or replacement of circulation plant and pipework and any enclosing structure accepted for maintenance in ‘on-ground’ permanent pool tanks. | Repair and replacement of circulation plant and pipework and any enclosing structure if accepted for maintenance and ‘in-ground’ permanent pool tanks. |
|  | N/A | All works to PTA pools other than above. |
| General |  |  |
| Asbestos | Major removal or encapsulation of asbestos either as a separate project where the material cannot be safely managed in situ or where it is likely to be disturbed in association with a capital funded maintenance project above. | Removal of broken or removal or encapsulation of disturbed asbestos materials.  Removal of asbestos in association with revenue maintenance projects. |

**ANNEX B**

|  |  |  |
| --- | --- | --- |
| Element | CAPITAL | REVENUE |
| Asbestos  (Contd.) | N/A | Updating asbestos registers.  Inspection, encapsulation or resealing of asbestos based materials as necessary. |
| Fire Precautions | N/A | Repairs and maintenance of all fire precautions (previously included above) together with all signage and minor improvement required to fire precautions. |
| Miscellaneous | N/A | All repairs and replacements for buildings of an ancillary nature e.g., sheds; cycle racks, shelters (other than in permanent construction); refuse containers, litter bins etc. |

**AIDED SCHOOLS**

Secondary Schools

All Structural maintenance monies, both capital and revenue, have already been delegated.

Primary Schools

The only retained funds will be in respect of capital projects to do work for which the LA previously held responsibility. Note that the deminimus limit of £10,000 applies and that there is no capitalised maintenance in respect of either the work which is the Governor’s liability nor for work which is the subject of previous delegation.

**ANNEX C**

**RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS**

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

Section 37 of the 2002 Education Act says:

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

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

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

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

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

* If a school has decided to offer more generous terms than the authority’s policy, then it would be reasonable to charge the excess to the school
* If a school is otherwise acting outside the local authority’s policy
* Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
* Where staffing reductions arise from a deficit caused by factors within the school’s control
* Where the school has a surplus balance or can afford to fund the redundancy costs through a deficit loan over a maximum 5 years, in accordance with the terms in section 4.9
* Where a school has refused to engage with the local authority’s redeployment policy
* Where a school is closing and staff cannot be redeployed, the costs of redundancy shall be met from that school’s closing balances.
* Where a multi academy trust is enforcing a school to restructure before it converts to an academy.
* Fixed Term Contracts – where a school has direct control over the circumstances leading to the redundancy requirement. For example, the decision to appoint an employee on a fixed term contract and the contract ends for reasons other than immediate financial deficit. Also, the school budget shall meet the cost of termination where the school has allowed the fixed term contract to become permanent.
* Where a school is merging or amalgamating and staff cannot be redeployed, the costs of redundancy shall be met from schools balances. Merging or amalgamating schools receive an additional lump sum for the year following merger in recognition that there are initial additional costs associated with reorganisation. This does not include federations or Trusts.

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

* Where a school incurs premature retirement costs that cannot be afforded, the school must apply for a loan, in accordance with the terms in section 4.9, and produce a 3 year budget plan to show that the ongoing cost of the premature retirement and the loan repayments can be afforded.
* If the premature retirement cost and the loan repayment is not affordable over a 3 year period, the Authority will consider a 5 year repayment period.
* Only where a school can demonstrate that it cannot repay the premature retirement costs and the loan over 5 years without impacting standards will the Authority consider not charging the premature retirement costs to the school.

Costs of early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2015. Costs may not exceed the amount budgeted in the previous financial year.

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

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

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

(7)Where a local education authority incur costs—

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

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

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.  
  
(7a) Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local authority may be met by the governing body out of the school’s budget share for any funding period if and to the extent that the condition in subsection (7b) is met.

(7b) The condition is that the governing body are satisfied that meeting the amount out of the school’s budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the education Acts.

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