



North

Yorkshire County Council

Education Service

LOCAL MANAGEMENT OF SCHOOLS

LMS SCHEME

Revised April 2003

NORTH YORKSHIRE COUNTY COUNCIL

SCHEME OF DELEGATION TO SCHOOLS

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SECTION 1: INTRODUCTION

1.1 The Funding Framework

1.1 THE FUNDING FRAMEWORK: MAIN FEATURES

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

Under this legislation, local education authorities determine for themselves the size of their Schools Budget and LEA Budget – although the Secretary of State has power to require an LEA to increase its Schools Budget to a prescribed level. 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. Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB).

Expenditure items in the LEA budget must be retained centrally (although earmarked allocations may be made to schools).

Local education authorities may retain an unallocated reserve within the ISB but must otherwise distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the LEA in accordance with s.48 of the Act and approved by the Secretary of State. All revisions to the scheme must also be approved by the Secretary of State, who has power to modify schemes or impose one.

Subject to provisions of the scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under s.50.

An LEA may suspend a school's right to a delegated budget if the provisions of the school financing 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 (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.

Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and LEA Budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed

calculation for each school. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements and for schemes are set out in regulations, but each school must receive a copy of the scheme and any amendment, and each year's budget and out-turn statements so far as they relate to that school or central expenditure.

1.2 The role of the scheme

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

1.2.1 Application of the scheme to the Authority and maintained schools

This scheme applies to all community, voluntary, foundation, community special, nursery and foundation special schools in the area of the LEA.¹ (as listed in Annex A). The scheme will also apply to any new maintained schools which open after 1 April 1999.

1.3 Publication of the scheme

A copy of the scheme will be supplied to the governing body and the headteacher of each school covered by the scheme, and any approved revisions will be notified to each such school.

1.4 Revision of the scheme

Any proposed revisions to the scheme will be the subject of consultation with all schools and will require approval by the Secretary of State.

1.5 Delegation of powers to the headteacher

Each Governing body is asked to consider the extent to which it wishes to delegate its powers to the headteacher, and to record its decision (and any revisions) in the minutes of the governing body. However the first start budget for each financial year must be approved by the Governing Body.

The LEA has no wish to impose uniformity on schools but considers that the level of delegation to headteachers which is desirable is as set out in the following document already sent to schools:

- *LMS Financial Procedure Rules, Section 1 of Appendix 1.*

1.6 Maintenance of Schools

The Local Education 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 aided school where some of the expenses are, by statute, payable by the governing body. Part of the way an authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

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SECTION 2: FINANCIAL REQUIREMENTS; AUDIT

2.1.1 Application of financial controls to schools

In managing their delegated budgets schools must abide by the Authority's requirements on financial controls and monitoring.

Certain of these are directly referred to in this scheme while others are included in the following documents already sent to schools as part of the existing LMS scheme. These documents aim to keep a balance between the freedom to exercise delegated authority whilst at the same time ensuring accountability for the use of public expenditure.

- *Local Management of Schools – Contract Procedure Rules (referred to as ‘LMS Contract Procedure Rules’ in this scheme)*
- *Local Management of Schools - Financial Procedure Rules (referred to as ‘LMS Procedure Rules’ in this scheme)*
- *Scheme for School Bank Accounts (referred to as ‘BAFS Scheme’ in this scheme)*
- *Local Management of Schools – Loans Scheme (referred to as ‘LMS Loans Scheme’ in this scheme)*

Most of the above documents are included in the ‘School Finance Manual’ which also contains detailed guidance on the operation of the various financial procedures required under this scheme and the associated LMS Procedure Rules. There is separate advice on Devolved Capital Building projects.

Where there is conflict between LEA Guidance and Requirements of the Scheme the provision of this Scheme shall apply.

2.1.2 Provision of financial information and reports

Schools are required to provide the authority with details of expected and actual expenditure and income, in a form and at times determined by the authority. The scheme does not require the submission of such detailed reports more often than once every 3 months except for those connected with tax or banking reconciliations - unless the Authority has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation.

The details of these requirements are set out in the following document already sent to schools as part of the existing LMS scheme:

- *LMS Financial Procedure Rules,, Sections 14 and 18.*

2.1.3 Payment of salaries; payment of bills

The procedures for these will vary according to the choices schools make about the holding of bank accounts and the buying back of the authority's payroll system.

The procedures which apply to the different choices made by schools are as set out in the following documents already sent to schools as part of the existing LMS Scheme: -

- *Ordering Procedures*
 - *LMS Financial Procedure Rules, Section 8*
 - *School Finance Manual, Section 7*
- *Invoice Payment Procedures*
 - *LMS Financial Procedure Rules, Section 9*
 - *School Finance Manual, Section 8*
- *Petty Cash*
 - *LMS Financial Procedure Rules, Section 10*
 - *School Finance Manual, Section 9*
- *Payroll Processing Arrangements*
 - *LMS Financial Procedure Rules, Section 12*
 - *School Finance Manual, Section 20*

2.1.4 Control of assets

Each school must maintain an inventory of its moveable non-capital assets, in a form determined by the authority, and setting out the basic authorisation procedures for disposal of assets. However schools are free to determine their own arrangements for the keeping of a register of assets worth less than £1,000. However they must keep a register in some form.

The format (requirement for items over £1,000/guidance for other items) of the inventory and the basic authorisation procedures for disposal of assets is as set out in the following documents already sent to schools as part of the existing LMS scheme:

- *LMS Financial Procedure Rules, Section 11*
- *School Finance Manual, Section 21*

2.1.5 Accounting Policies (including year-end procedures)

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

These procedures are as set out in the following document already sent to schools as part of the existing LMS scheme:

- *LMS Financial Procedure Rules, Section 2*

2.1.6 Writing off of debts

Governing bodies are only authorised to write off debts up to a level stipulated by the Chief Financial Services Officer.

The current limit is set at debts up to and including £250.

In the case of larger debts the school must carry out the following procedure:

- *Carry out the procedures set out in the following documents already sent to schools:*
 - *LMS Financial Procedure Rules, Section 4*
 - *School Finance Manual, Section 11*

2.2 Basis of accounting

Reports and accounts furnished to the LEA must be on a cash basis. This is not intended to dictate the basis on which schools maintain their accounts or the software used for accounting purposes.

2.3 Submission of budget plans

Each school is required to submit a budget plan to the Authority by the following date each year:

- *1st May*

The budget plan must comply with CFR requirements and show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan including taking full account of the estimated deficit, or surplus, at the previous 31st March.

The format of the budget plan should be as set out in the following documents already sent to schools:

- *LMS Financial Procedure Rules, Section 24*
- *School Finance Manual, Section 3*

The authority may also require the submission of revised plans where the authority deems it necessary. Such revised plans shall not be required at intervals of less than three months.

The LEA will supply schools with all income and expenditure data which it holds and which is necessary for efficient planning by schools, and supply schools with an annual statement showing when this information will be available at times during the year.

2.4 Best value

The statutory duty of ‘best value’ does apply to the governing bodies of schools. However, given the very high proportion of local authority spending which flows through delegated budgets, the government considers it desirable that schools should demonstrate that they are following best value principles in their expenditure. To meet this intention, when submitting the annual budget plan, the governing body of each school shall submit a statement setting out what steps it will be taking in the course of the year to ensure that expenditure, particularly in respect of large service contracts, will reflect the principles of the best value regime. To assist schools in doing this the principles of ‘best value’ are set out in Annex C.

2.5 Virement

Schools are free to vire between budget heads in the expenditure of their budget shares but governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required.

2.6 Audit: General

Schools are required to cooperate both with auditors employed by the local authority (**internal audit**) and auditors appointed by the Audit Commission to audit the local authority itself (**external audit**).

In regard to **internal audit**, all schools come within the audit regime determined by the LEA.

Details of this are set out in the following documents already sent to schools as part of the existing LMS scheme:

- *LMS Financial Procedure Rules, Sections 20*
- *School Finance Manual, Section 22*

In relation to **external audit** all schools come within the LEA external audit regime as determined by the Audit Commission.

2.7 Separate external audits

In instances where a school wishes to seek an additional source of assurance at its own expense, a governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any LEA internal or external audit process. Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also cooperate with the LEA’s internal and external auditors.

2.8 Audit of voluntary and private funds

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

The procedures for furnishing these audit certificates and advice on the handling of such voluntary and private funds is set out in the following documents already sent to schools as part of the existing LMS scheme:

- *LMS Financial Procedure Rules, Section 18*
- *School Finance Manual, Section 14*

2.9 Register of business interests

The governing body of each school is required to maintain a register which lists for each member of the governing body and the headteacher, any business interests they or any member of their immediate family have; to keep the register up to date with notification of changes and through annual review of entries, and to make the register available for inspection by the LEA, governors, staff and parents.

More detailed guidance on the maintenance of such a register are provided in:-

- *School Finance Manual (Section 17).*

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the Authority's LMS Financial Procedure & Contract Rules in purchasing, tendering and contracting matters². This includes a requirement to assess in advance, where relevant, the health & safety competence of contractors, taking account of the LEA's policies and procedures.

² However, any section of the Authority's financial procedure rules cannot require schools to:

- a) do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
- b) seek LEA officer countersignature for any contracts, for goods and services, for a value below £60,000 in any one year;
- c) select suppliers only from an approved list;
- d) seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year."

2.11 Application of contracts to schools

Schools have a right to opt out of LEA arranged contracts except in the following circumstances:

- (i) the contracts which schools have agreed, in accordance with a specified procedure, to be covered by in respect of services for which funding was delegated prior to 1 April 1999;
- (ii) the contracts which schools have agreed, in accordance with a specified procedure, to be covered by in respect of services for which funding is to be delegated by the LEA after 1 April 1999;

Although school governing bodies are empowered under paragraph 3 of Schedule 10 of the Schools Standards & Framework Act 1998 to enter into contracts, in most cases they do so on behalf of the Authority as maintainer of the school and owner of the funds in the budget share. Other contracts may, however, be made solely on behalf of the governing body, where the governing body has clear statutory obligations - for example, contracts made by Aided or Foundation Schools for the employment staff.

2.12 Central funds and earmarking

The LEA is authorised to make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares (the Standards Fund regulations will require LEAs to do this with many grants). Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used: and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the LEA itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

Such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share. It may be a requirement that such earmarked funds, if not spent 'in year' or within the period over which schools are allowed to use the funding, if different, must be returned to the LEA.

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

In order that schools may demonstrate compliance with this requirement, the procedure as set out in the following document already sent to schools shall be used:

- *LMS Financial Procedure Rules, Section 3*

2.13 Spending for the purposes of the school

Governing bodies are free³ to spend budget shares 'for the purposes of the school', subject to any provisions of this scheme.

³ In accordance with s.50(3) of the School Standards and Framework Act 1998 (the SSAF Act 1998)

In addition the following restrictions shall apply:

- *A Governing Body must spend its delegated budget in a manner which is consistent with the implementation of the National Curriculum and with the Authority's policies in the approved Education Development Plan together with any modifications agreed by the Governing Body.*

2.14 Capital spending from budget shares

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises⁴.

Governing Bodies are required to notify the LEA of any proposed capital spending and if the expected capital expenditure from the budget share in any one year will exceed £15,000, the governing body must take into account any advice from the Director of Education as to the merits of the proposed expenditure.

Where the premises are owned by the LEA, or the school has voluntary controlled status, then the governing body shall seek the consent of the LEA to the proposed works, but such consent can be withheld only on health & safety grounds.

⁴ This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS FOR SCHOOL BANK ACCOUNTS (BAFS)

3.1 Frequency of instalments

The budget share will be made available to governing bodies monthly.

3.2 Proportion of budget share payable at each instalment

Budget share instalments will be remitted to each school:

- (a) by BACS, or its equivalent, to credit a school's account on a predefined date in each month (in advance of each financial year the County Council will issue an annual timetable of dates on which the BAFS payments will be credited to school accounts; arrangements for the first payment in each financial year under BAFS are dealt with separately below);
- (b) using a monthly cycle (ie 12 payments in a financial year);
- (c) the sum to be remitted each month to be calculated according to the following formula:

(i)		Section 52 resource allocation
(ii)	add	supplementary resources allocated in year
(iii)	=	total resources allocated to date
(iv)	less	county debits
(v)	=	net annual resources available to school divided by 12
(vi)		multiplied by payment month x (ie May - 2 etc)
(vii)	=	net annual resources available to school for year to date
(ix)	less	payroll costs incurred to date
(x)	less	notional payroll deduction
(xi)	add/less	reimbursements/other deductions to date
(xii)	=	balance of resources available to school to date
(xiii)	less	funding instalments already paid to school (excluding VAT reimbursements)
(xiv)	=	balance of funding now payable to school
(xv)	add	optional/forced cash flow advance
(xvi)	=	gross funding instalment due to school for relevant month
(xvii)	less	interest deduction
(xviii)	=	net funding instalment due to school for relevant month
(xix)	add	VAT reimbursement(s)
(xx)	=	sum payable to school for relevant month

In the first month of each financial year any school operating a BAFS account shall receive, credited to their account on the first banking day of that month, an amount derived as follows:

- (i) Section 52 resource allocation
- (ii) multiplied by y% (ie where y represents the average proportion of schools' available resources that is spent on non-employee related costs.)
- (iii) multiplied by 6/52 (ie relating to the lapsed period of 6 weeks before the funding instalment for May is due.)

Further details on these arrangements are set out in the following documents already sent to schools.

- *BAFS Scheme, Section 5*

3.3 Interest clawback

The LEA will deduct from budget share instalments an amount equal to the interest lost by the LEA in making available the budget share in advance. The deduction from each budget share instalment is based upon the following formula:

$$\text{where } A = \frac{(A \text{ divided by } 2) \times B \times C}{\text{gross funding instalment due in relevant month}}$$
$$B = \text{interest rate}$$
$$C = \text{divided by } 12 \text{ to represent one monthly payment.}$$

The interest rate used (ie B above) will be reviewed on a quarterly basis (ie at months 1, 4, 7 and 10) and will represent the average of the interest for 7 day money traded by Local Authorities and as published each week in the Local Government Chronicle.

Further details on these arrangements are set out in the following documents already sent to schools.

- *BAFS Scheme, Section 5*

3.3.1 The Authority shall add interest to late payments of budget share instalments where such late payment is as a result of the Authority's error. The interest rate used will be identical to that used for interest clawback calculations as set out in paragraph 3.3 above.

3.4 Budget shares for closing schools

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

3.5 Bank and building society accounts

All schools may have an external bank account into which their budget share instalments (as determined by other provisions) are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account unless they choose to have an account within an LEA contract which makes other provision.

New bank account arrangements may only be made with effect from the beginning of each financial year.

Schools without bank accounts at the start of the scheme cannot have one until any deficit balance is cleared; and any school requesting a bank account at a later date shall not be able to have one until any deficit is cleared.

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

3.5.1 Restrictions on accounts

Accounts may be held for the purposes of receiving budget share payments, at the banks or building societies⁵ which meet “minimum criteria” set out in Annex D.

Financial institutions which meet the minimum criteria are included on an Approved List which is periodically updated by the Director of Financial Services. The current version of the list is set out in Annex E. The Director of Financial Services retains the right to refuse approved status for a particular account and/or institution if the minimum criteria are not met. Similarly the terms and conditions of account(s), provided by financial institutions already on the ‘Approved List’ may change such that an account(s) now fails to meet the minimum criteria. In these circumstances the Director of Financial Services will remove the account(s) from the ‘Approved List’ and require any schools using the particular account(s) involved, subject to three months notice in writing, to make alternative banking arrangements.

Any school closing an account used to receive its budget share and opening another must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list. However schools with bank accounts with other banks, not on the approved list, prior to 1st April 2001, must be allowed to retain those accounts.

Schools are allowed to have accounts for budget shares which are in the name of the school rather than the LEA¹³ However if a school has such an account the account mandate must specify the Authority is the owner of the funds in the account; that it is entitled to receive statements if it so wishes; and that it can take control of the account if the school's right to a delegated budget is suspended by the Authority.

¹³ Money paid by the LEA and held in such accounts remains LEA property until spent (s.49(5) of the Act).

The LEA will continue with the arrangements negotiated with the Yorkshire, Lloyds TSB and Barclays Banks, whereby the accounts are in the name of the LEA and the school, for schools wishing to use such arrangements. Schools considering having bank accounts in their own name must contact the Internal Audit Service before contemplating such a change.

3.5.2 Restrictions on account signatories

The arrangements for the signature of accounts are set out in the LMS Financial Procedure Rules but will provide that all signatories are either LEA or School employees. Governors are not permitted to be cheque signatories unless they are also LEA or School employees.

3.6 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary of State¹⁴

3.7 Other provisions

The LEA has formulated separate detailed rules and guidance in respect of other aspects of banking arrangements which are set out in the following documents sent to schools:

- *BAFS Scheme*
- *LMS Financial Procedure Rules, Section 14*
- *School Finance Manual, Section 5 & 19*

¹⁴ 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 the 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 LEA when repaying loans.

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

4.1 The right to carry forward surplus balances

Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

4.2 Reporting on the intended use of surplus balances

In order to allow the LEA to monitor excessive balances, Governing bodies are required to report to the LEA on the use which the school intends to make of surplus balances – after taking account of any retrospective adjustments - in cases where the total balance exceeds:

- *15% of the school's budget share for schools with less than 100 pupils; 10% of the school's budget share for schools with 100 pupils or more.*

4.3 Interest on surplus balances

Balances held by the Authority on behalf of schools will attract no interest.

4.4 Obligation to carry forward deficit balances

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share (see also 4.9)

4.5 Planning for deficit budgets

Schools may only plan for a deficit budget in accordance with the terms of para 4.9 below.

4.6 Charging of interest on deficit balances

The LEA may charge interest on any deficit balance. However current policy is not to charge interest on deficit balances.

4.7 Writing off deficits

The LEA has no power to write off the deficit balance of any school.

4.8 Balances of closing and replacement schools

When a school closes any balance (whether surplus or deficit) shall revert to the LEA; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school.

4.9 Borrowing for agreed purposes

The general provision in para 3.6 above forbidding Governing bodies to borrow money shall not apply to schemes run by the Authority as set out in the following sections:

4.9.1 Licensed deficits

The LEA will permit schools to plan for a deficit budget in particular circumstances. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the authority on behalf of schools¹⁷

4.9.1.1 Schools are permitted only to enter into a cumulative deficit with the prior approval of the Director Of Financial Services and the Director of Education. Deficits when approved are referred to as licensed deficits.

4.9.1.2 Approval to a licensed deficit will be given only in exceptional circumstances where it assists in maintaining the viability of the school. Circumstances where approval is given may include a temporary reduction in pupil numbers or a large and unforeseen loss in income.

4.9.1.3 The licensed deficit will be approved for a limited period with conditions. It will be based upon a medium term financial plan covering a period for the whole period of the approved deficit and for at least one financial year beyond that period.

4.9.1.4 The conditions for an approved licensed deficit will include:

- the school informing the Director of Education of any unforeseen circumstances which unless corrective action is taken may jeopardise the achievement of the plan;
- prior approval, as considered necessary, by the Director of Education, to staffing changes;
- regular provision of monitoring information;
- the written agreement to the terms by the Chairman of Governors;
- other conditions as considered appropriate by the Director of Education and

¹⁷ although it is open to the LEA, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant local authority finance legislation.

Director of Financial Services.

- 4.9.1.5 The period of the licensed deficit will be as short as possible given the circumstances of the individual school and in most cases will cover a period of less than two financial years. The maximum permitted period for a licensed deficit is five years. Whilst plans will be reviewed to reflect developments during the period of the licensed deficit any extensions to the period of a licensed deficit will be approved only in exceptional circumstances. If a school fails to take agreed action necessary to clear the deficit the LEA will consider withdrawal of delegation.
- 4.9.1.6 The maximum size of any approved deficit will be kept to a minimum given the circumstances, of the individual school and, in any event, will not exceed 10% of the schools annual budget share in any financial year. The percentage will be determined by reference to the budget share in the year concerned.
- 4.9.1.7 A licensed deficit will not be approved to enable a school to bring forward a major purchase(s). A school can however apply for a loan under the LMS Loans Scheme. No interest is chargeable on a licensed deficit although a school exceeding the authorised deficit and operating its own bank account, will be charged interest on any 'cash flow advances' necessary in accordance with the BAFS Scheme.
- 4.9.1.8 If a school has a licensed deficit, and the school proposes to spend amounts received by it, in respect of the School Standards Grant, on purposes other than reducing the licensed deficit, the Authority must agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.

4.9.2 Loan schemes

The LEA shall provide a form of loan arrangement for schools which does not operate by way of a licensed deficit but rather by way of actual payments to schools or expenditure by the LEA in respect of a particular school on condition that a corresponding sum is repaid from the budget share.

The LEA has also extended such an arrangement by inviting schools holding balances in external bank accounts to use some or all of those balances to back the arrangement.

Full details of the LMS Loan Scheme are set out in Annex F

SECTION 5: INCOME

Schools shall be able to retain income except in certain specified circumstances.

5.1 Income from lettings

Schools may retain income from lettings of the school premises which would otherwise accrue to the LEA, subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share.

However schools are required to have regard to the directions issued by the LEA as to the use of school premises, as permitted under the School Standards & Framework Act 1998 for various categories of school. Income from letting of school premises should not be payable into voluntary or private funds held by the school but must be credited against the school's budget share."

5.2 Income from fees and charges

Schools may retain income from fees and charges except where a service is provided by the LEA from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the LEA. *LEA policy includes a requirement that all income from fees & charges are credited against the same account as the school's budget share.*

5.3 Income from fund-raising activities

Schools may retain income from fund-raising activities.

5.4 Income from the sale of assets

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case *the LEA should be informed of the disposal and it should be for the LEA 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 LEA.

5.5 Administrative procedures for the collection of income

Because of the potential VAT implications of providing services which lead to fees and charges, fund raising activities and the sale of assets, the LEA has established administrative procedures for the collection of income which are set out in the following documents:

- *LMS Financial Procedure Rules, Section 4*
- *School Finance Manual, Section 11*

5.6 Purposes for which income may be used

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

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The LEA must charge salaries of school-based staff to school budget shares at actual cost. Otherwise the budget share of a school may be charged by the LEA without the consent of the governing body only in circumstances set out in 6.2 below.

The LEA shall consult a school as to the intention to so charge, and shall notify a school when it has been done.

Schools are reminded that the LEA cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996.

The LEA shall make arrangements for a disputes procedure for such charges.

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 LEA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LEA).

6.2.2 Other expenditure incurred to secure resignations where the school had not followed LEA advice.

6.2.3 Awards by courts and industrial tribunals against the Authority or out of court settlements, arising from action or inaction by the governing body contrary to the LEA's advice.

6.2.4 Expenditure by the LEA in carrying out health and safety work or capital expenditure for which the LEA 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 LEA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LEA or the school has voluntary controlled status.

6.2.6 Expenditure incurred by the LEA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would have been arranged by the LEA.

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

6.2.8 Recovery of penalties imposed on the LEA by the Board of Inland Revenue, the Contributions Agency, HM Customs and Excise, Teachers Pensions or regulatory authorities as a result of the school's negligence.

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

6.2.10 Additional transport costs incurred by the LEA arising from decisions by the governing body on the length of the school day, and failure to notify the LEA of non-pupil days resulting in unnecessary transport costs.

6.2.11 Legal costs which are incurred by the LEA because the governing body did not accept the advice of the LEA (see also section 11).

6.2.12 Costs of necessary health and safety training for staff employed by the LEA, where funding for training has 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 County Debits and other Deductions will be charged against Budget Shares and Budget Shares will be credited with Supplementary Resource Allocations and Reimbursements in accordance with the arrangements set out in the following document sent to schools as part of the existing LMS Scheme.

- BAFS Scheme, Section 5, Appendices D & E

6.2.15 Interest on late payments which by statute is chargeable arising as a result of a school failing to pay a creditor within statutory time limits or arising from delays in passing an invoice for payment to the LEA if the school does not operate its own bank account.

6.2.16 Contributions from schools' budgets for shortfalls in insurance in accordance with paragraph 10.1 of the Scheme.

6.2.17 Cost of work done in respect of teacher's pension remittance and records for schools using non-LEA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.

6.2.18 Costs incurred by the LEA in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of that statement.

6.2.19 Costs incurred by the LEA due to the submission by the school of incorrect data.

6.2.20 Recovery of amounts spent from specific grants on ineligible purposes.

6.2.21 Cost incurred by the LEA as a result of the governing body being in breach of the terms of the contract.

6.2.22 Recovery of Loan Repayments (Principal & Interest) in accordance with the terms of the LMS Loans Scheme.

6.3 General Teaching Council

- 6.3.1 Fees to be deducted from teachers' salaries and remitted to the General Teaching Council for England
- 6.3.2 The General Teaching Council for England (Deduction of Fees) Regulations 2001 ("the Regulations", S.I. 2001 No. 3993) came into force on 10 January 2002. The Regulations apply to teachers at maintained schools registered with the General Teaching Council for England ("the GTC") or required to be so registered by the Teachers (Compulsory Registration) (England) Regulations 2001 (S.I. 2001 No.1266). The Regulations place a duty on the employer of such teachers to deduct and remit the GTC fee in respect of a teacher who has not already paid the fee to the GTC where the GTC has notified the employer to deduct and remit the fee of that teacher. This includes teachers who have indicated to the GTC that they wish to pay the fee by a salary deduction as well as teachers who have not indicated how they wish to pay the fee.
- 6.3.3 In order to ensure the performance of the duties to deduct and remit the fee imposed on employers by the Regulations 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.

(1) By virtue of section 46 of the School Standards and Framework Act 1998 and the regulations made under that section (at present the Financing of Maintained Schools (England) Regulations 2001 (S.I. 2001 No.475, Part II and Schedule 1) the costs of payroll administration for teachers in the Authority's maintained schools fall to be met from the budget shares which are allocated to governing bodies pursuant to section 47 of the Act, and which are delegated to them pursuant to sections 49-50. Accordingly, by virtue of Chapter IV of Part II of that Act and this Scheme, governing bodies of maintained schools are responsible for making suitable arrangements (or ensuring that such arrangements are made) for the administration of payroll services in respect of their teachers.

(2) A governing body of a community school, community special school or a voluntary controlled school, though not the employer of the teachers at such a school, shall:-

- (a) where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by the Authority to the GTC. The governing body shall meet any consequential costs from the school's budget share;
- (b) where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by that person to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share; and
- (c) where the governing body directly administers the payroll, deduct and remit the fees to the Authority or directly to the GTC where this has been agreed between

the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share.

(3) A governing body of a foundation school, a foundation special school or a voluntary aided school, as the employer of its teachers, is by virtue of the Regulations under a duty to deduct (or arrange for the deduction of) the fee and to remit the fee to the GTC.

Accordingly, a governing body shall:-

- (a) where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by the Authority to the GTC on the governing body's behalf. The Authority shall agree to any such amendment. The governing body shall meet any consequential costs from the school's budget share;
- (b) where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by that person to the GTC or to the governing body for onward transmission to GTC. The governing body shall meet any consequential costs from the school's budget share; and
- (c) where the governing body directly administers the payroll, deduct and remit the fees to the GTC. The governing body shall meet any consequential costs from the school's budget share.

(4) All this shall be done whether the funding for the salary payments is paid to the Authority by the school from budget share instalments which have been held by the school in an independent bank account, or the salary costs are directly charged by the Authority to the school's budget share account.

SECTION 7: TAXATION

7.1 VALUE ADDED TAX

The LEA has established procedures to enable schools to utilise the Authority's ability to reclaim VAT on expenditure relating to non-business activity.

These are set out in separate guidance in the following document:

- *LMS Financial Procedure Rules, Section 9 & 14*
- *School Finance Manual, Section 16*

Amounts reclaimed through these procedures will be passed back to the school.

7.2 CIS (Construction Industry Scheme)

Schools are required to abide by procedures issued by the Authority in connection with CIS.

These are set out in separate guidance in the following documents:

- *LMS Financial Procedure Rules, Section 9 & 14*
- *School Finance Manual, Section 9*

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

8.1: Provision of services from centrally retained budgets

The LEA shall determine on what basis services¹⁸ from centrally retained funds will be provided to schools, but the LEA is debarred from discriminating in its provision of services on the basis of categories of schools except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

8.2 Timescales for the provision of services bought back from the LEA using delegated budgets

The term of any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the LEA, other than centrally funded premises and liability insurance, shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services or 7 years in the case of catering contracts.

When a service is provided to schools for which expenditure is not retainable centrally by the LEA i.e. Traded Services with Schools, the prices being charged 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, even if schools are charged differentially. However it is recognised that absolute break-even is not achievable over fixed financial years and consequently it is for the LEA to show that the charging policy can reasonably be expected to avoid any central subsidy of the services provided to schools.

8.2.1 Packaging

Any service which the LEA is providing on a buy back basis must be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available and where practical, this will include provision on a service-by-service basis as well as in packages of services.

8.3 Service level agreements

8.3.1 If services or facilities are provided under a service level agreement - whether free or on a buyback basis - the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

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

¹⁸ The term services in paragraph 8.1 includes PRC & redundancy payments but excludes centrally funded premises & liability cover.

8.3.3 Service level agreements must be in place at the commencement of the financial year and schools must have at least one month to consider the terms of the agreements.

8.4 Teachers Pensions

8.4.1 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 .

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

8.4.3 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.

8.4.4 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: PFI/PPP

The LEA shall have the power to issue regulations from time to time relating to PFI/PPP projects. Amongst other issues these may deal with the reaching of agreements with the governing bodies of schools as to the basis of charges relating to such schemes; and the treatment of monies withheld from contractors due to poor performance.

9.1 PFI agreements for the provision of schools are based upon the following principles:-

- The school's budget share is determined in accordance with the LMS funding formula with no adjustment.
- The school makes a 'Governors Contribution' to the LEA, determined as an amount per pupil, together with the actual cost of rates and the budget share relating to insurance, to reflect services provided by the PFI Contractor and met by the LEA in its regular payments of the agreed Contract Price.
- Deductions for unavailability and inadequate performance are credited to the school.
- Schools share in third party income.

SECTION 10: INSURANCE

10.1 Insurance cover

For funds delegated to schools for insurance, the LEA requires the school to demonstrate that cover relevant to an LEA's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LEA if the LEA makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets.

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

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

Governing bodies shall supply to the LEA all financial and other information which might reasonably be required to enable the LEA to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the LEA (e.g. earmarked funds) on the school. Governing Bodies shall also supply information required to enable the LEA to comply with requirements to produce Best Value Performance Indicators.

11.2 Liability of governors

Because the governing body is a corporate body¹⁹, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

11.3 Governors' expenses

The LEA shall have the power to delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses

Only allowances in respect of purposes specified in regulations²⁰ may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

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 costs²¹

Legal costs incurred by the governing body, although the responsibility of the LEA 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. Any disputes regarding whether or not the governing body has acted in accordance with advice given will be resolved either by further discussion with the school or, failing that, the Director of Education in consultation with the Executive Member for Education.

11.5 Health and Safety

In expending the school's budget share, the governing body are required to have due regard to duties placed on the LEA in relation to health and safety, and the Authority's policy on health

¹⁹ and because of the terms of s.50(7) of the SSAF Act

²⁰ schedule 11 of the School Standards and Framework Act 1998

²¹ the costs referred to are those of legal actions, including costs awarded against an LEA, not the cost of legal advice provided

and safety matters in the management of the budget share. The LEA may issue directions to Governing bodies and Headteachers of Community, Community Special or Voluntary Controlled Schools under s.39(3) of the School Standards & Framework Act, on health & safety matters; these directions are enforceable, as far as the governing body is concerned, via s.497 of the Education Act 1996 if not complied with.

11.6 Right of attendance for the Director of Financial Services

Governing bodies are required to permit the Director of Financial Services, or an Officer of the Authority nominated by the Director of Financial Services, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

The LEA will give prior notice of such attendance unless it is impractical to do so and the Director of Financial Services attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine.

11.7 Delegation to new schools

The LEA is empowered to delegate selectively and optionally to the governing bodies of schools which have yet to receive delegated budgets. By virtue of section 49(1)-(3) of the Act a new school must receive a delegated budget not later than the date on which it opens (that is to say, the date on which it first admits pupils), unless the LEA has obtained the Secretary of State's approval to a postponement beyond that date (which will only be given in exceptional circumstances). Section 49(3)(a) also enables the LEA to give a delegated budget to a new school in advance of its opening date.

11.8 Schools exercising an option to receive delegated funding

The LMS Scheme permits schools to exercise an option to receive delegation for certain items. Where schools exercise an option to receive delegated or devolved funding for an item, that option may only be exercised once a year at a stipulated time.

11.9 Special educational needs

Schools are required to use their best endeavours in spending the budget share, to meet the special educational needs of the children in the school.

Details of this are set out in the following document already sent to the school.

- *Special Educational Needs - Code of Practice*

11.10 Whistleblowing

The LEA is required to provide schools with a scheme of "Whistleblowing" which outlines the procedure to be followed by persons working at the school, or school governors, who wish to complain about the financial management or financial propriety at the school, and how such complaints will be dealt with.

Details of this are set out in the following document already sent to the school: -

Whistleblowing Policy Statement

11.12 **Child Protection**

Governing bodies are required to release staff to attend child protection case conferences and other related events. The cost of attendance will be met from the school's budget share. However the LEA will endeavour to reimburse schools for any additional costs of supply.

11.13 School Meals

The LEA has produced a school meals policy document to which governing bodies should have regard in discharging their delegated responsibility for school meals.

SECTION 12

SECTION 13: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

13.1 The attached Annex B sets out the categories of work which governing bodies must finance from their budget share.

13.2 The Authority should delegate all funding for repairs and maintenance to schools (see paragraph 13.5 for the one exception). Only capital expenditure is to be retained by LEAs. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes in line with the CIPFA Code of Practice on Local Authority Accounting. In particular, where local authorities use de minimis limits for what expenditure is treated as capital and what is revenue in their financial accounts, the same de minimis limits must be used in defining what is delegated.²²

13.3 Illustrative examples of capital in line with DfEE's interpretation of the CIPFA code of practice are included for information at Annex B. For voluntary aided schools the liability of the Authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by DfES to categories such work, not the de minimis limit used by the Authority.

13.4 LEAs can retain monies centrally for the repair and maintenance of kitchens and kitchen equipment in schools which have not had school meals delegated.

13.6 The de-minimis level determined for schools by North Yorkshire County Council for the purposes of capital & revenue in its financial accounts is £5,000.

²² For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting. The actual interpretation of the Code is a matter for the local authority.

SECTION 14: PROVISION OF COMMUNITY FACILITIES UNDER EDUCATION ACT 2002

14.1 Introduction

- 14.1.1 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 the Authority (LEA) and have regard to the advice given. 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.
- 14.1.2 However, under s.28(1), the main limitations and restrictions on the power will be
- a. those contained in schools' own instruments of government, if any; and
 - b. in the LEA's scheme for financing schools i.e. this Scheme, made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.
- 14.1.3 Schools are therefore subject to the prohibitions, restrictions and limitations detailed in this scheme.
- 14.1.4 This section of the scheme does not extend to joint-use agreements or agreements between the LEA and schools to secure the provision of adult and community learning.
- 14.1.5 The school's delegated budget share shall not be used to fund community facilities – either start-up costs or ongoing expenditure - or to meet deficits arising from such activities.
- 14.1.6 Mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget (see section 1.1).

14.2 Consultation with the LEA – Financial Aspects

- 14.2.1 Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the local education authority, and have regard to advice given to them by their LEA. The LEA should be contacted at the earliest stages of planning and at least three months before the intended implementation of its initial use of the power, or in relation to any significant change or extension to its existing use of the facility. Schools shall provide background information as required by the LEA to enable the provision of comprehensive and relevant advice. The LEA will provide advice within one month of the receipt from the school of the proposed and supporting detail as requested by the LEA.
- 14.2.2 The school shall advise the LEA, after receipt of the advice, of the decisions it has taken on the operation of the community facilities. Schools shall keep the LEA

informed of the use of the facility at least annually (the LEA will provide a return for schools' completion) and immediately in the event of a significant change in its operation of the facility.

14.3 Funding Agreements – LEA Powers

- 14.3.1 The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations are potentially involved.
- 14.3.2 Any proposed financial agreements with third parties shall be submitted to the LEA for its comments at least two months before the intended commencement date for the agreement. The LEA's specific approval will be required only for agreements which exceed the contract values which require the LEA's approval as set out in LMS Contract Procedure Rules. The LEA will prepare model agreements to assist schools in preparing draft agreements.
- 14.3.3 The third party to the agreement may, however, require LEA consent to the agreement for it to proceed. Furthermore if an agreement has been or is to be concluded against the wishes of the LEA, or has been concluded without informing the LEA, which in the view of the LEA is seriously prejudicial to the interests of the school or the LEA, that may constitute grounds for suspension of the right to a delegated budget.

14.4 Other Prohibitions, Restrictions and Limitations

- 14.4.1 The LEA, at its discretion, in a specific instance of use of the community facilities power by a governing body, may require the governing body to 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 LEA. This requirement will be exercised only where, in the view of the LEA, the proposed project carries significant financial risks.
- 14.4.2 The Community facility shall not be used for activities which, in the view of the LEA, create an unacceptable risk to pupils welfare or safety.

14.5 Supply of Financial Information

- 14.5.1 The LEA will not usually require ongoing financial information as the income and expenditure arising from the facilities will be shown separately in CFR returns of actual spending and in start budgets for planning spending. However the LEA may require, information more frequently; either quarterly or every six months, where the operation of the facility is not breaking even or a recovery plan has been agreed between the school and the LEA.
- 14.5.2 The requirement to account separately for the operation of the facility together with the requirement that the facility must be self financing means that the licensed deficit arrangements (see Section 9 of the Scheme) shall apply separately to Community Facilities.

14.6 Audit

- 14.6.1 The provisions on internal and external audit in the scheme (Section 2.6) shall apply to the accounts and other supporting records for the facility.
- 14.6.2 In concluding funding agreements with other persons pursuant to the exercise of the community facilities power any such agreements shall contain adequate provision for access by the LEA 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 LEA to satisfy itself as to the propriety of expenditure on the facilities in question.

14.7 Treatment of Income and Surpluses

- 14.7.1 Schools shall retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LEA or some other person.
- 14.7.2 The school can carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the LEA at the end of each financial year, transfer all or part of it to the school's budget share balance.
- 14.7.3 If the school is a community or community special school, and the LEA ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority unless otherwise agreed with a funding provider.

14.8 Health and Safety Matters

- 14.8.1 The health and safety provisions of this scheme shall apply to the community facilities power (see Section 11.5).
- 14.8.2 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.

14.9 Insurance

- 14.9.1 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The school shall seek the LEA's advice before finalising any insurance arrangement for community facilities as part of the wider consultation arrangements set out in Section 14.2.1.
- 14.9.2 The LEA may, at its discretion, undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the

resultant cost to the school. Such costs could not be charged to the school's budget share.

14.10 Taxation

- 14.10.1 Schools should seek the advice of the LEA 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.
- 14.10.2 If any member of staff employed by the school or LEA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section 14.11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules. However, in cases where the LEA provides the school's payroll service, or the school uses another payroll provider, no salary, wages or other potential taxable emoluments shall be paid by the school from its school bank account. The required procedures, which shall be followed (see Section 2.1.3 on payment of salaries) are set out in the LMS Financial Procedure Rules.
- 14.10.3 Schools are still to follow LEA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

14.11 Banking

- 14.11.1 Schools are able to separately account for community facility income and expenditure without setting up a separate bank account. The creation of any specific bank account shall be the subject of the arrangements set out in Section 3 of the Scheme and shall be operated in accordance with provisions in this scheme and related LMS Financial Procedure Rules on banking and bank accounts, cheque signature, etc. Where schools use the same bank account for Community Facilities as for their Budget Share the bank mandate, which requires the specification that the LEA is the owner of the funds shall also specify that the requirement does not apply to Community funds (unless funds have been provided by the LEA itself for Community purposes. The mandate for any separate Community Facilities account shall make clear that the LEA has provided funds for Community purposes.
- 14.11.2 Schools may not borrow money for Community Facilities without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining LEA.

LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

PRIMARY SCHOOLS

DfEE No.	SCHOOL NAME
2040	Leeming & Londonderry CP
2041	Glaisdale
2042	Lealholm
2043	Goathland
2047	Great Smeaton
2056	Hawes
2060	Hinderwell, Oakridge
2061	Staithes, Seton
2063	Hunton & Arrathorne
2064	Kirkbymoorside
2065	Leyburn CP
2074	Malton
2075	Nawton
2076	Newby
2080	Northallerton, Applegarth
2081	North & South Cowton
2083	Osmotherley
2096	Reeth
2097	Romanby
2098	Rosedale Abbey
2108	Scarborough, Barrowcliff In
2109	Scarborough, Barrowcliff Jn
2112	Scarborough, Braeburn Infant
2114	Scarborough, Friarage
2116	Scarborough, Gladstone Road Jn
2117	Scarborough, Gladstone Road In
2118	Scarborough, Hinderwell
2120	Scarborough, Northstead
2132	Slingsby
2133	Snape
2138	Stillington
2139	Stokesley
2150	Topcliffe, Alanbrooke
2151	Welburn
2154	Whitby, East Whitby
2161	Scarborough, Braeburn Junior
2163	Northallerton, Mill Hill
2164	Easingwold
2165	Dishforth Airfield
2166	Leeming RAF
2167	Colburn
2170	Scarborough, Overdale
2171	Linton
2173	Catterick Garrison, Le Cateau

2183	Sowerby
2186	Sheriff Hutton
2188	Catterick Garrison, Wavell Jn
2189	Catterick Garrison, Wavell In
2190	Whitby, Airy Hill
2197	Whitby, West Cliff
2206	Scarborough, Wheatcroft
2212	Catterick Garrison, Carnagill
2217	Whitby, Stakesby
2218	Northallerton, Bullamoor
2221	Sinnington
2222	Pickering Junior
2223	Seamer & Irton
2224	Cayton
2225	Northallerton, Broomfield
2228	Hutton Rudby
2233	Burniston, Lindhead
2235	Pickering Infant
2236	Helmsley
2237	Thirsk
2242	Northallerton, Alverton
2245	Alne
2246	Amotherby
2247	Appleton Wiske
2249	Brompton
2250	Brompton & Sawdon
2252	Carlton Miniott
2256	Castleton
2257	East Ayton
2301	Appleton Roebuck
2302	Askwith
2305	Bentham, High Bentham
2306	Bentham, Low Bentham
2309	Boroughbridge, Aldbrough & Boroughbridge
2310	Bradleys Both
2311	Brotherton
2312	Burton Salmon
2314	Carlton-in-Snaith
2316	Cononley
2317	Cowling
2318	Drax
2320	Fairburn
2321	Felliscliffe
2324	Giggleswick
2327	Great Ouseburn
2328	Harrogate, Bilton Grange
2329	Harrogate, Grove Road
2330	Harrogate, New Park
2331	Harrogate, Oatlands Infant
2332	Harrogate, Starbeck
2333	Harrogate, Western

2334 Harrogate, Woodlands Junior
2335 Summerbridge
2336 Hellifield
2337 Hensall
2338 Glasshouses
2340 Hirst Courtney & Temple Hirst
2343 Kettlewell with Starbotton
2344 Knaresborough, The Manor
2345 Langcliffe
2346 Lothersdale
2347 Darley
2348 Beckwithshaw
2350 Scotton Lingerfield
2351 Selby CP
2354 Sicklinghall
2355 Skipton, Ings
2356 Skipton, Water Street
2357 South Milford
2358 Staveley
2359 Sutton in Craven CP
2360 Thornton in Craven
2363 Whitley and Eggborough
2364 Harrogate, Wedderburn Infant
2365 Skipton, Greatwood
2366 Ripon, Moorside Infant
2367 Ripon, Moorside Junior
2368 Harrogate, Hookstone Chase
2372 Harrogate, Pannal
2376 Harrogate, Oatlands Junior
2377 Knaresborough, Aspin Park
2379 Brayton Junior
2380 Sherburn in Elmet, Hungate
2381 Thorpe Willoughby
2382 Harrogate, Rossett Acre
2383 Harrogate, Coppice Valley
2387 Camblesforth
2388 Ripon, Greystone
2389 Knaresborough, Meadowside
2390 Selby, Barwic Parade
2391 Ingleton
2392 Tadcaster East
2393 Glusburn
2400 Barlby Bridge
2401 Barlby
2402 Hemingbrough
2403 Hunmanby
2404 Langton
2405 Leavening
2406 Luttons
2407 North Duffield
2408 Norton

2410 Riccall
2411 Rillington
2413 Filey Junior
2418 Selby, Longman's Hill
2421 Sherburn in Elmet, Athelstan
2422 Kellington
2424 Harrogate, Saltergate Junior
2425 Harrogate, Saltergate Infant
2426 Great Ayton, Roseberry Primary
2427 Tadcaster, Riverside CP
2430 Harrogate Woodfield C.P.
3000 Ainderby Steeple CE
3001 Aiskew, Leeming Bar CE
3005 Ampleforth St Hilda's CE
3006 Arkengarthdale
3008 Bainbridge CE
3009 Baldersby St James CE
3010 Bedale CE
3012 Bilsdale, Midcable, Chopgate CE
3015 Brompton-on-Swale CE
3016 West Burton CE
3020 Crakehall CE
3021 Crayke CE
3022 Croft CE
3025 Danby CE
3027 Dishforth CE
3030 East Cowton CE
3034 Eppleby, Forcett CE
3035 Sleights CE
3039 Foston CE
3040 Gillamoor CE
3042 Great Ayton, Marwood's CE
3045 Hackforth & Hornby CE
3046 Hackness CE
3050 Hawsker cum Stainsacre CE
3053 Hipswell CE
3054 Hovingham CE
3055 Huby CE
3057 Husthwaite CE
3060 Ingleby Greenhow CE
3062 Kirby Hill CE
3065 Kirkby Fleetham CE
3068 Knayton CE
3069 Lythe CE
3076 Masham, Kell Bank CE
3079 Middleton Tyas CE
3088 Pickhill CE
3090 Ravensworth CE
3092 Richmond CE
3099 Sandhutton CE
3101 Sessay CE

3108 Snainton CE
3109 South Kilvington CE
3110 Spennithorne CE
3113 Sutton in the Forest CE
3114 Sutton-under-Whitestonecliffe
3117 Thornton Dale CE
3119 Thornton Watlass CE
3120 Topcliffe CE
3122 Warthill CE
3124 West Tanfield CE
3126 Whitby, Ruswarp CE
3130 Wykeham CE
3133 Barton CE
3139 Fylingdales CE
3150 Cliffe
3153 Escrick CE
3154 Filey CE
3155 Staxton, Hertford Vale CE
3160 Settrington
3161 Sherburn CE
3163 Weaverthorpe CE
3165 Heslerton CE
3207 Melbecks, Gunnerside Methodist
3208 Melsonby Methodist
3210 Richmond Methodist
3221 Arncliffe CE
3223 Barlow CE
3225 Pateley Bridge, St Cuthbert's
3226 Birstwith CE
3227 Bishop Monkton CE
3228 Bishop Thornton CE
3231 Brayton CE Infant
3232 Burton Leonard CE
3233 Chapel Haddlesey CE
3234 Clapham CE
3235 Cracoe, Rylestone District
3236 Embsay CE
3237 Follifoot CE
3238 Fountains Earth, Lofthouse
3240 Goldsborough CE
3241 Grassington CE
3242 Green Hammerton CE
3243 Grewelthorpe CE
3244 Hambleton CE
3245 Hampsthwaite CE
3247 Harrogate, St Peter's CE
3248 Killinghall CE
3249 Kirkby Malzeard CE
3251 Kirk Fenton Parochial
3252 Kirk Hammerton CE
3253 Kirk Smeaton CE

3254 Knaresborough, Castle CE
 3255 Long Marston CE
 3256 Markington CE
 3257 Monk Fryston CE
 3258 North Stainley CE
 5200 Nun Monkton School
 3260 Rigton CE
 3261 Ripley Endowed
 3262 Ripon, Cathedral CE
 3263 Ripon, Holy Trinity CE Junior
 3264 Roecliffe CE
 3266 Grantley, Fountains CE
 3267 Saxton CE
 3268 Selby Abbey CE
 3270 Settle CE
 3271 Sharow CE
 3272 Skelton, Newby Hall CE
 3273 Skipton, Christ Church CE
 3274 Skipton, Parish CE
 3275 Spofforth CE
 3276 Sutton in Craven CE
 3277 Threshfield
 3278 Tockwith CE
 3282 Wistow Parochial
 3283 Womersley CE
 3284 Ripon, Holy Trinity CE Infant
 3285 Gargrave CE
 3287 Kildwick CE
 3288 Forest of Galtres Ang/Meth
 3289 Askrigg
 3291 South Otterington C.E.
 3301 Bolton-on-Swale CE
 3304 Brafferton CE
 3306 Carlton & Faceby CE
 3307 Catterick, Michael Syddall CE
 3308 Egton CE
 3315 Kirkby-in-Cleveland & Gt Broughton CE
 3317 Manfield CE
 3319 Masham CE
 3320 Middleham CE
 3326 Scarborough, St Martin's CE
 3331 Terrington CE
 3335 Whorlton Parochial
 3336 Ingleby Arncliffe CE
 3337 Burneston CE
 3350 Austwick CE
 3351 Beamsley, Boyle & Petyt
 3352 Burnsall
 3353 Richard Thornton's CE
 3354 Carleton Endowed
 3355 Cawood CE

3356 Clint, Burnt Yates CE
3357 Dacre, Braithwaite CE
3358 Horton in Ribblesdale CE
3360 Kirkby in Malhamdale United
3361 Kirkby Overblow CE
3362 Long Preston Endowed
3363 Marton cum Grafton CE
3365 Rathmell CE
3368 Harrogate, Richard Taylor CE
3369 Barkston Ash RC
3370 Bishop Thornton RC
3371 Knaresborough, St Mary's RC
3372 Ripon, St Wilfrid's RC
3373 Selby, St Mary's RC
3375 Skipton' St Stephen's RC
3376 Tadcaster West RC
3377 Harrogate, St Robert's RC
3378 Harrogate, St Joseph's RC
3600 Ampleforth St Benedict's RC
3602 Egton Bridge, St Hedda's RC
3607 Leyburn RC
3609 Malton, St Mary's RC
3610 Pickering St Joseph's RC
3614 Richmond St Mary's RC
3615 Scarborough, St Peter's RC
3616 Thirsk, All Saints RC
3620 Whitby, St Hilda's RC
3631 Scarborough, St George's RC
3632 Farnley CE
3902 Sacred Heart Roman Catholic Primary School

SECONDARY SCHOOLS

DfEE No.	SCHOOL NAME
4004	Risedale Community College
4005	Easingwold
4022	Ryedale
4035	Thirsk
4039	Whitby
4041	Eskdale
4047	Stokesley
4052	Bedale High
4054	Lady Lumley's
4059	Caedmon
4069	Pindar
4070	Graham
4071	Raincliffe
4073	Scalby
4074	Allertonshire
4075	Wensleydale
4076	Richmond
4077	Malton
4150	Filey
4152	Norton
4200	Harrogate Grammar
4201	Ingleton Middle
4202	King James'
4203	Ripon City
4205	Settle High
4206	Upper Wharfedale
4208	Aireville
4210	South Craven
4211	Tadcaster Grammar
4215	Ripon Grammar
4216	Sherburn High
4217	Rossett High
4219	Harrogate Granby High
4220	Settle Middle
4221	Boroughbridge
4223	Upper Nidderdale High
4224	Brayton High
4225	Selby High
4232	Barlby High
4503	Northallerton College
4518	Skipton High
4604	St Augustine's RC
4605	St Francis Xavier
4608	Ermysted's
4609	St John Fisher RC High
4610	Holy Family RC High
4611	St Aidan's CE

SPECIAL SCHOOLS

DfEE No.

SCHOOL NAME

7000	Brompton Hall School
7004	Welburn Hall School
7009	Woodlands School
7015	Dales School
7017	Springhead School
7019	Netherside Hall School
7022	Forest School
7024	Springwater School
7027	Brooklands School
7029	Mowbray School
7030	Baliol School

LEA CAPITAL/REVENUE SPLIT

BASED UPON INTERPRETATION OF THE CIPFA CODE OF PRACTICE

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

	Other e.g. Flashings, Rooflights on new build Replacement of all/substantially all on existing roof	Repair/ Replacement/ cleaning of individual items
<u>Pitched</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof
	Insulation. Replacement /repair of substantially all. Improve insulation to current standards	
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/ damaged

Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/ replacement/ Repainting
Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters
Drainage. Replacement of all/substantially all on existing roof	
Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/ Replacement /cleaning

Other

Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link
Rebuild or substantially repair structure of existing covered link Add porch etc. to existing building	Minor repairs, maintenance to existing
Rebuild or substantially repair structure of existing porch	

Floors

Ground Floor

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

**External
walls**

Masonry/
cladding

Structure
Underpinning/ propping
for new build
External Finish on new
build

Repairs
Preventive measures e.g.
tree removal
Repair/replacement of
small parts of an existing
structure. e.g. repointing/
recladding a proportion
of a wall where failure
has occurred.

External Finish on
existing build where
needed to prevent
imminent or correct
actual major failure of
the structure. e.g.
repointing/recladding
work affecting most of a
building
/replacement build

Windows
and Doors

Framing - new build

Repair/ replacement of
individual frames.
Repainting frames

Framing - structural
replacement programme

Repair/ replacement of
individual windows.
Repainting frames

	Glazing - new build	Replacing broken glass
	Glazing Upgrading existing glazing	
	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.
	Jointing including mastic joints	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
<u>Masonry chimneys</u>	Structure	
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing
Internal walls		
<u>Solid</u>	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
	Refurbishment and alterations	Minor alterations
<u>Partitions</u>	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
	Refurbishment and alterations	Minor alterations
<u>Doors & Screens</u>	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens
<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass

Sanitary Services

Lavatories

In new buildings provision of all toilet fittings, waste plumbing and internal drainage.	Repair/ replacement of damaged sanitary ware, fittings, waste plumbing etc.
Large scale toilet refurbishment	Small areas of refurbishment
Provision of disabled facilities, and specialist facilities related to pupils with statements	Repair/ replacement of damaged fittings, waste plumbing etc.

Kitchens

Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.	Maintain kitchen to requirements of LA Cleaning out drainage systems Redecoration
General refurbishment	Repairs
Large and costly items of equipment	Repairs/ replacement parts

Mechanical services

Heating/ hot water

Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects
Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring systems Health & safety issues
Planned replacement of	Replacement of defective

	old boiler/ controls systems past the end of their useful life	parts
	Emergency replacement of boiler plant/ systems	
<u>Cold water</u>	Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects	Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.
<u>Gas</u>	Distribution on new and major refurbishment's, terminal units	Repairs, maintenance and gas safety All servicing
<u>Ventilation</u>	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units
<u>Other</u>	Swimming pool plant and its complete installation, including heat recovery systems	Repair/ replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.
Electrical services		
<u>General</u>	Main switchgear and distribution in major projects.	Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing and bonding to meet Health & Safety. All servicing.
<u>Power</u>	Control gear,	All testing, repair and

	distribution, fixed equipment, protection etc.	replacement of small items of equipment
<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
<u>Other</u>	Lightning protection in new build Alarm systems, CCTV, lifts/ hoists etc.,	Repair/ replacement Repair and maintenance
	New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.	Repair/ replacement/ maintenance, including all door access systems
External Works		
<u>Pavings</u>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access	Maintenance and repair Car park and playground markings.
<u>Miscellaneous</u>	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.
<u>Drainage</u>	Drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
<u>Open air pools</u>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy

saving systems.

Services
distribution

Heating mains
gas mains
water mains
electricity mains,
renewal of any above.

Annual servicing

BEST VALUE

1. This statement is intended to assist schools in considering the relevance of best value principles to the expenditure of funds from their delegated budget share. When submitting annual budget plans, schools are required to say how best value principles are being followed.
2. Best value will be a statutory duty to deliver services to clear standards, covering both cost and quality, the most effective, economic and efficient means available. Legislation is to place a duty on local authorities to secure best value in respect of the way in which they exercise their functions. The new duty is not intended to apply to those functions which are excised by the governing bodies of LEA maintained schools. However, schools will be encouraged to adopt the best value performance management framework.
3. In relation to schools and expenditure from delegated budgets, the main features of best value can be summarised as a need for the governing body of a school to ensure:
 - a. the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-OFSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:
 - challenging how and why a service is provided (including consideration of alternative providers);
 - comparison of performance against other schools taking into account the views of parents and pupils;
 - mechanisms to consult stakeholders, especially parents and pupils;
 - embracing competition as a means of securing efficient and effective services;
 - b. the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;
 - c. that the following are included in school development plans -
 - a summary of objectives and strategy for the future;
 - forward targets on an annual and longer term basis;
 - description of the means by which performance targets will be achieved;
 - a report on current performance.
 - d. that internal and external audit takes place ensuring that performance information is scrutinised. LEA oversight of school finances provides external review.
4. The independent inspection and intervention elements of the best value framework will be

the responsibility of other bodies and therefore not relevant to demonstration by a governing body of adherence to best value principles.

MINIMUM CRITERIA FOR SCHOOL BANK ACCOUNTS

Although schools will be primarily responsible for operating their own bank accounts, the requirement for safe and efficient management of public funds determines the need for certain safeguards in the operation of these accounts. These safeguards are incorporated in the criteria detailed below:-

- (a) A Current Account with a cheque book for payment and cash withdrawals. (Withdrawals only by an instrument signed by a limited and agreed list of signatories). Cheque requirements will include “hand-written” cheque books and cheques for use on computer printers.
- (b) Facilities for standing orders, direct debits and BACS transfers.
- (c) Facilities for withdrawals, provided the account stays in credit, without notice and during normal business hours. The use of cash dispensers will NOT be permitted.
- (d) Facilities for direct transfers/or via the BACS system between the School’s account and the County Council’s bank account. Any payments by the County Council to be regarded as immediately cleared for the purposes of determining the current balance on the account (see (h) below).
- (e) As a minimum, statements produced on a monthly basis and at 31 March in each year. Duplicate statements should be made available to the County Council as required (see (j) below).
- (f) The retention of cheques, deposit slips and other banking documents for a period of up to 12 months.
- (g) The provision of interest on credit balances. Any balance of funds may be transferred from the current account into an “investment” account provided the investment carries no risk to the principal sum involved. Any ‘investment’ account must have ‘Approved List’ status and thereby involve no risk to the principal sum involved. Any investments for the purposes of earning interest should NOT be made via any intermediary but involve a direct relationship between the school and its chosen financial institution. Any interest credited to a school’s account should be made GROSS rather than net of tax.
- (h) A school’s current account will NOT be permitted to be overdrawn. There will therefore be a need to operate the account so as to prevent overdrawing and this implies immediate notification to the account Holder and the County Council if such a situation seems likely to occur.
- (i) In addition to (h) a school will NOT be permitted to take out loans or negotiate any equivalent borrowing or credit facility other than with the written permission of the Secretary of State (see paragraph 3.6 of the scheme).

- (j) The school and the County Council to have unreserved access to the account(s). Any facility for 'on line' access to the account may be of interest to schools. In any event a facility to provide, by telephone, details of the current balance will be required.
- (k) Same day clearance of cash income and any County Council credits paid into the account.
- (l) The branch at which the account is operated to be open on all school term days.

APPROVED BANKING ARRANGEMENTS

The following banks are approved institutions to open accounts with:

Abbey National
Alliance and Leicester
Bank of Scotland
Barclays
Bristol and West PLC
Clydesdale Bank
Girobank (subsidiary of Alliance & Leicester)
Halifax
HSBC
Lloyds/ TSB
National Westminster
Northern Rock
Royal Bank of Scotland
Woolwich PLC
Yorkshire Bank

In addition to the aforementioned banks the following Building Societies have all been granted 'P1 rating' by Moody's Investors Service and therefore can also be used.

Britannia
Yorkshire
Nationwide

If your school were to consider using one of these Building Societies please contact the Director of Financial Services with details of the proposals before any investment is made. This instruction is given for the two following reasons:-

- In order to check that the investment is a 'normal' Building Society investment which places the capital at no risk bearing in mind the fact that Building Societies offer 'link services' to other elements of the financial services sector
- To confirm that the Building Society account will be used as a supplement to a current account with a National Clearing Bank