



**Schools Forum**

**Wednesday, 14 June 2023 4.00 p.m.  
Held remotely (please use contact below  
for access)**

A handwritten signature in black ink that reads 'S. Young'.

**Chief Executive**

*Please contact Ann Jones - Tel: 0151 511 8276 or email:  
ann.jones@halton.gov.uk for further information.  
The next meeting of the Committee is on Wednesday, 11 October 2023*

**ITEMS TO BE DEALT WITH  
IN THE PRESENCE OF THE PRESS AND PUBLIC**

**Part I**

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***In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.***

**SCHOOLS FORUM**

*At a meeting of the Schools Forum on Wednesday, 15 February 2023 held remotely*

Present: Councillor T. McInerney (Observer)  
 A. Jones, Democratic Services, HBC  
 N Shafiq, Financial Management, HBC  
 J. Farrell, Education, Inclusion & Provision, HBC  
 S. Goodwin, Financial Management, HBC  
 K. Landrum, (Chair) Primary School with a Nursery Representative  
 J. O'Connor, PVI Representative  
 N. Hunt, Pupil Referral Unit Representative  
 J. Wilson, Secondary Governor Representative  
 E. Haver, Special Academy Representative  
 A. Sheppard, VA Schools Representative  
 C. Dalton, Secondary Academy Representative  
 J. Robertson, Small Primary School Representative  
 E. Hall, All Through Schools Representative (Sub)  
 B. Barton, 16-19 Provision Representative (Sub)

*Action*

## SCF16 APOLOGIES FOR ABSENCE

Apologies had been received from Thalia Bell (sub in attendance) and Jackie Coughlan.

## SCF17 MINUTES

The minutes from the meeting held on 18 January 2023 were agreed as a correct record.

## SCF18 DSG (NON-SCHOOLS BLOCK) AND OTHER GRANTS 2023-24

The Schools Forum considered a report of the Operational Director – Finance, which sought recommendations from the Forum on the DSG 2023-24 for Early Years and High Needs blocks.

As previously advised, the Dedicated Schools Grant (DSG) settlement was announced on 16 December 2022 and Halton was allocated a total of £143.393m, which was broken down as follows:

Schools Block	-	106.745m
Central Schools Services Block	-	0.738m
High Needs Block	-	26.135m
Early Years Block	-	9.775m

In addition to the DSG allocation above, Halton had received £4.796m as part of the recent £2 billion commitment for Education from the Autumn 2022 budget announcements. It was reported that the amount relating to mainstream schools and academies, which would be provided in addition to the formula funding determinations for schools, is £3.741m – the balance of £1.055m is provided to support the High Needs block.

It was noted that Schools Forum approved the Schools and Central Schools Services block (CSSB) determinations and formula unit values at the January meeting; Early Years and High Needs block were considered for approval at this meeting.

The report provided detailed commentary on the Early Years Block and High Needs Block allocations for consideration by Representatives. Schools Forum was requested to approve the hourly rates and supplements to be applied to the 2023-24 Early Years Single Funding Formula (EYSFF) determinations for all providers; this was presented in the table on page 6. For High Needs, the Forum was requested to approve the uplifts for 2023-24 for Mainstream Special / Resourced Units, Special Schools and the Pupil Referral Unit (PRU), and Further Education (FE) establishments.

These requests were discussed and officers provided responses to questions raised by the Forum. The following concerns/comments were made and noted following the discussion:

- PVI Representative – some settings that do not have private fee payers and relied on DfE funding alone could go out of business, this is a concern for now and the future;
- The Council is aware of the Early Years pressures and do provide business support for those settings who were struggling. Noted that there were sufficient places currently in Halton but this was being reviewed continuously;
- Early Years funding sustainability – the DfE was lobbied at every opportunity by the Council and other stakeholders were encouraged to do the same;
- The quality supplement was discussed – PVI Representative requested calculations be done to show the difference it would make to funding if this was removed – Financial Management agreed to look at this;
- Given the emphasis DfE place on the quality

supplement it was felt that this may become mandatory in the future. Previous consultations with the sector have been favourable for the quality supplement to secure high quality provision for children;

- A meeting was requested to discuss banding levels across High Needs settings – agreed this should be reviewed ahead of next academic year; how to process this would be looked at;
- The delays with the Free School were noted; exacerbating pressures on High Needs out of Borough placements;
- Continuing pressures on High Needs budgets – as a national problem this should be recognised by the DfE;
- A query relating to financial modelling for high needs in the future – DSG Management Plan in relation to a 5 year forecast was explained;
- When open Raise Academy will provide up to 25 places for Halton;
- Early Years EHCP numbers were significantly higher in Halton than nationally; staff were reviewing this with stakeholders;
- Comments were shared that the wider system, including academy trusts, need to be considering inclusive offers, as more expressions of interest were needed for resource bases, especially from the secondary and the AP sector;
- All Schools Forum representatives need to look for solutions collectively;
- One representative shared that two schools had paid from their own budgets to send children out of Borough; and
- Other stakeholders including health partners, parents/carers were needed to work collectively to co-produce the approach for meeting high needs effectively.

The report also provided the Forum with updates on the latest Dedicated Schools Grant (DSG) forecast outturn position for 2023-23 (paragraph 3.4); and other grants available to schools for 2023-24 (paragraph 3.5). Representatives were referred to Appendix A, which provided a detailed breakdown of the DSG forecast outturn for 2022-23.

RESOLVED: That Schools Forum

- 1) note the report;

Operational  
Director - Finance

- 2) agree the 2023-24 hourly rates and supplements for the Early Years Single Funding Formula, applicable with effect 1 April 2023;
- 3) agree the inflationary elements and funding distribution applicable to the High Needs block, with effect 1 April 2023;
- 4) notes the DSG forecast outturn position for 2022-23; and
- 5) notes the other grants updated for 2023-24.

SCF19 MEETING DATES FOR 2023-24

For the information of the Forum, next year's meeting dates were provided as follows:

- 14 June 2023
- 11 October 2023
- 17 January 2024
- 21 February 2024

*Meeting ended at 5.05 p.m.*

**REPORT TO:** Schools' Forum

**DATE:** 14th June 2023

**REPORTING OFFICER:** Operational Director - Finance

**SUBJECT:** DSG Outturn for 2022-23

**WARDS:** Borough wide

### 1.0 PURPOSE OF THE REPORT

To report to the Schools' Forum the Dedicated Schools Grant final Outturn for 2022-23.

### 2.0 RECOMMENDATION: That

- 2.1 The overall deficit balance of DSG from 2022-23 of £2,892,585 is carried forward into the 2023-24 financial year to be noted by Schools' Forum.
- 2.2 Schools' Forum note the continuing pressures resulting in an in-year overspend on the High Needs block of £1,322,188.

### 3.0 SUPPORTING INFORMATION

#### 3.1 Grant settlement

The final amount of DSG allocated to Halton for 2022-23 was £135,992,777 split as follows:

Schools Block	£102,178,425
CSSB	£728,189
Early Years Block	£9,276,678
High Needs Block	£23,809,485

#### 3.2 DSG Expenditure

##### **Schools Block:**

Following the approved transfer to the High Needs Block of £1,013,904 for 2022-23 there was £101,164,521 available for mainstream primary and secondary schools and academies to be determined through the funding formula in compliance with the National Funding Formula (NFF) requirements.

The total Academy Recoupment from the Schools Block in 2022-23 was £50,171,099 which was provided directly to Academies via the Education and Skills Funding Agency (ESFA) General Annual Grant (GAG) process.

The balance of £52,007,326 was provided directly to Maintained schools via their Individual School Budget (ISB) allocations.

## **High Needs Block:**

Including the transfer from the Schools Block the revised High Needs block available for 2022-23 was £24,823,389 which was subject to recoupment of £3,145,001 for Academies and Further Education high needs places.

The in-year overspend for High Needs block came to £1,322,188 due to the ongoing pressures of increasing volumes of pupils requiring an Education Health and Care Plan (EHCP) with all associated costs including top-up funding as well as high-cost specialist placements in or out of Borough.

The notable areas of overspend include:

- Independent and Non-Maintained Special (INMS) out-borough Placements £845,568
- Post-16 SEND placements £64,148
- EHCP top-up funding in Maintained and Academy provision £246,587

The in-year variance is adversely affected due to the revised High Needs block allocation notified in March 2023 when compared to original allocation notified in December 2021 used for budget setting, following the FE recoupment deduction, this accounts for £152,737.

The accumulating deficit as a result of High Needs pressures has resulted in Halton being included in tranche 3 of the DfE Delivering Better Value (DBV) in High Needs programme. Further details of this will be provided to Schools' Forum in due course.

## **Early Years Block:**

The final Early Years block allocation for 2022-23 was £9,276,678 with the actual spend based on hourly participation of 2, 3, and 4 year olds accessing universal and/or extended entitlements in Maintained of Private, Voluntary, and Independent (PVI), including Childminder provisions.

The actual spend was £9,029,380 resulting in an underspend on the Early Years block of £247,298. The underspend is due to reduced population at Early Years age ranges and will be subject to a subsequent year adjustment to the Early Years block allocation expected to be announced by July 2023.

## **Central School Services Block (CSSB):**

The final CSSB allocation for 2022-23 was £728,189 with the final spend of £686,661 resulting in a small underspend of £38,528. This was as a result of reduced spending due to vacancies impacting on central support services.



3.3 **Final Outturn position**

In-year overall the DSG has overspent by £1,036,363 and taking into consideration the carry forward deficit balance of £1,856,222 from the previous financial year there is a total DSG deficit of £2,892,585 to be carried forward into 2023-24.

Appendix A includes a more detailed analysis of the 2022-23 Final DSG Outturn

**4.0 FINANCIAL IMPLICATIONS**

4.1 The Council is required to ensure that DSG funding is allocated in accordance with the Schools and Early Years Finance (England) regulations and in compliant with the statutory operational guidance relevant to each block of DSG.

4.2 The deficit on the DSG, specifically in respect to the High Needs pressures, is subject to DfE scrutiny through their Delivering Better Value (DBV) programme, of which Halton is included in Tranche 3 which effectively commences from September 2023. The DfE have assigned an external partner (Newton Europe) to work with DBV local authorities including Halton. Newton Europe are currently in liaison with the local authority as part of their initial fact-finding, data collation and diagnostic evaluations.

**5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

**5.1 Children & Young People in Halton**

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

**5.2 Employment, Learning & Skills in Halton**

None.

**5.3 A Healthy Halton**

None.

**5.4 A Safer Halton**

None.

**5.5 Halton's Urban Renewal**

None.

**6.0 RISK ANALYSIS**

- 6.1 The Council will continue to closely monitor the level of DSG spend throughout the year to mitigate against the risk of overspend against available funding.

**7.0 EQUALITY AND DIVERSITY ISSUES**

- 7.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.

**8.0 CLIMATE CHANGE IMPLICATIONS**

- 8.1 None identified.

**Dedicated Schools Grant (DSG) Final Outturn  
2022-23**
**APPENDIX A**

DSG Block	S251 Ref	S251 Budget	Forecast Expenditure	In-Year Variance to Budget
<b>Schools Block</b>				
<b>Individual Schools Budget - Maintained &amp; Academy</b>	<b>1.0.1</b>	<b>100,652,876</b>	<b>100,652,876</b>	<b>0</b>
<b><u>De-Delegated Items - Maintained Schools</u></b>				
Contingencies	1.1.1	192,590	192,590	0
Free school meals eligibility	1.1.4	6,570	6,570	0
Staff costs – supply cover excluding cover for facility time	1.1.8	24,710	24,710	0
Staff costs – supply cover for facility time	1.1.9	19,460	19,460	0
<b>Total De-Delegated</b>		<b>243,330</b>	<b>243,330</b>	<b>0</b>
<b><u>Education Functions - Maintained Schools</u></b>				
Central support services	1.6.1	85,800	85,800	0
Asset management	1.6.3	22,720	22,720	0
Statutory/Regulatory duties	1.6.4	159,795	159,795	0
<b>Total Education Functions</b>		<b>268,315</b>	<b>268,315</b>	<b>0</b>
<b>Total Schools Block</b>		<b>101,164,521</b>	<b>101,164,521</b>	<b>0</b>
<b><u>High Needs Block</u></b>				
High needs place funding - Mainstream Units	1.0.2	794,400	794,400	0
High needs place funding - Special	1.0.2	3,650,000	3,650,000	0
High needs place funding - PRU	1.0.2	600,000	600,000	0
Top-up funding – maintained Mainstream Schools	1.2.1	1,944,676	1,973,300	-28,624
Top-up funding – maintained Special	1.2.1	2,335,491	2,330,744	4,747
Top-up funding – maintained PRU	1.2.1	1,473,562	1,495,024	-21,462
Top-up funding – academies, free schools and colleges	1.2.2	1,072,600	1,242,269	-169,669
Top-up funding – academies Special	1.2.2	2,293,027	2,324,606	-31,579
Top-up and other funding – non-maintained and independent providers	1.2.3	5,759,220	6,604,788	-845,568
Top-up and other funding – Post-16 FE	1.2.3	969,000	1,033,148	-64,148
SEN support services	1.2.5	3,089,550	3,017,738	71,812
Support for inclusion	1.2.8	44,600	124,528	-79,928
Direct payments (SEN and disability)	1.2.11	0	8,229	-8,229
Therapies and other health related services	1.2.13	20,000	16,802	3,198
<b>Total High Needs</b>		<b>24,046,126</b>	<b>25,215,577</b>	<b>-1,169,451</b>
Final DSG High Needs Allocation notified March 2023		777,263		
FE / AP recoupment			930,000	-152,737
<b>Final High Needs Outturn 22-23</b>		<b>24,823,389</b>	<b>26,145,577</b>	<b>-1,322,188</b>

**Early Years Block**

EYSFF (3 &amp; 4 year olds):

Base rate

1. Base Rate(s) per hour, per provider type	6,659,449	6,520,448	139,002
(a) Deprivation	388,125	388,125	0
(b) Quality	246,394	246,394	0
3. Maintained nursery school (MNS) lump sums (if applicable)	88,225	88,225	-0
<b>TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (3 &amp; 4 YEAR OLDS):</b>	<b>7,382,193</b>	<b>7,243,191</b>	<b>139,002</b>

EYSFF (2 year olds)

<b>EYSFF (2 year olds)</b>	<b>1,455,667</b>	<b>1,330,595</b>	<b>125,072</b>
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7. SEN Inclusion Fund

<b>7. SEN Inclusion Fund</b>	<b>40,000</b>	<b>41,137</b>	<b>-1,137</b>
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8. Early years contingency funding

(a) 2, 3 & 4 Year Olds	9,947	9,947	0
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9. Early years centrally retained funding

(a) 3 & 4 Year Olds	200,458	161,929	38,529
(b) 2 Year Olds	45,908	45,908	0

**TOTAL FUNDING FOR EARLY YEARS CENTRAL**

<b>EXPENDITURE:</b>	<b>256,313</b>	<b>217,784</b>	<b>38,529</b>
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10. Early years pupil premium

**TOTAL FUNDING FOR EARLY YEARS PUPIL**

<b>PREMIUM:</b>	<b>167,180</b>	<b>142,273</b>	<b>24,907</b>
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11. Disability access fund

**TOTAL FUNDING FOR EARLY YEARS DISABILITY**

<b>ACCESS FUND:</b>	<b>54,400</b>	<b>54,400</b>	<b>0</b>
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**Total Early Years Pro-Forma Allocation 2022-23**

<b>9,355,753</b>	<b>9,029,380</b>	<b>326,373</b>
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Final DSG Early Years Allocation notified March 2023

-79,075

**Final Early Years Outturn 22-23**

<b>9,276,678</b>	<b>9,029,380</b>	<b>247,298</b>
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**Central Schools Services Block (CSSB)**

Contribution to combined budgets	1.4.1	50,000	50,000	0
School admissions	1.4.2	9,440	9,440	0
Other Items - Copyright Licencing Agency	1.4.14	109,210	109,206	4

**Central Schools Services Block (CSSB) (FORMER ESG RETAINED DUTIES)**

Statutory/Regulatory duties	1.5.3	559,539	521,015	38,524
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**Final Central School Services Block Outturn 22-23**

<b>728,189</b>	<b>689,661</b>	<b>38,528</b>
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<b>Dedicated Schools Grant (DSG) Block 2022-23</b>	<b>Original Budget S251</b>	<b>Final DSG Allocation</b>	<b>Final Expenditure</b>	<b>In-Year Variance to Budget</b>
<b>Total Schools Block</b>	<b>101,164,521</b>	<b>101,164,521</b>	<b>101,164,521</b>	<b>-0</b>
<b>Total High Needs</b>	<b>24,046,126</b>	<b>24,823,389</b>	<b>26,145,577</b>	<b>-1,322,188</b>
<b>Total Early Years</b>	<b>9,355,753</b>	<b>9,276,678</b>	<b>9,029,380</b>	<b>247,298</b>
<b>Total Central School Services Block</b>	<b>728,189</b>	<b>728,189</b>	<b>689,661</b>	<b>38,528</b>
<b>Total DSG 2022-23</b>	<b>135,294,589</b>	<b>135,992,777</b>	<b>137,029,140</b>	<b>-1,036,363</b>
		698,188		
<b>Deficit brought forward from 2021-22</b>				<b>-1,856,222</b>
<b>Deficit carry forward to 2023-24</b>				<b>-2,892,585</b>

**REPORT TO:** Schools' Forum

**DATE:** 14<sup>th</sup> June 2023

**REPORTING OFFICER:** Operational Director - Finance

**SUBJECT:** School Balances 2022-23

**WARDS:** Borough wide

### **1.0 PURPOSE OF THE REPORT**

- 1.1 To report to the Schools' Forum the level of Revenue and Devolved Formula Capital (DFC) funding brought forward from 2022-23 by Halton Maintained Schools.

### **2.0 RECOMMENDATION: That**

- 2.1 The report is noted.
- 2.2 That the Schools' Forum decides if any schools are to provide further information regarding their high Revenue Surplus balance.

### **3.0 SUPPORTING INFORMATION**

- 3.1 While balances are still required to be reported to the Schools' Forum, no excess surplus balance limits are currently in place. However, the Schools' Forum retains the right to require schools to provide further information as to how their balance will be spent should they so decide.
- 3.2 In accordance with statutory requirements, including the Schools Financial Value Standard (SFVS), schools are expected to sustain 'reasonable' levels of surplus balances and demonstrate 'Value for Money' through effective plans for spending their budgets.
- 3.3 Despite the excess surplus thresholds no longer being a mandatory consideration to the Controls on Surplus Balances provision, the original maximum recommended thresholds are still commonly referred to, including by Ofsted, at 5% for Secondary and 8% for Nursery, Primary, and Special schools.
- 3.4 **Appendix A** shows the Revenue balances for each Maintained school, along with their 2021-22 balance for comparison.
- 3.5 The overall net surplus School Budget balances position for Halton maintained schools at the end of 2022-23 is **£7,206,885**. This is a decrease of £226,306 (3%) when compared to 2021-22.
- 3.6 Out of 48 Maintained schools, there are 43 (90%) with Surplus balances and 5 (10%) with a Deficit position at the end of 2022-23.

- 3.7 Of the 48 with surplus balances, 34 (representing 79% of all Maintained schools) have accumulated surplus balances above the original maximum thresholds of 5% and 8%. The schools above the maximum thresholds are highlighted in blue at Appendix A.
- 3.8 When compared to 2021-22 there are 18 (38%) Maintained schools that have increased their Surplus balance, and 30 (62%) that have decreased their balance from the previous financial year.
- 3.9 Of the 5 schools that ended 2022-23 in Deficit, 2 have set balanced budgets for 2023-24 and 3 are currently working with the Local Authority to develop and agree their Deficit Recovery Plans.
- 3.10 **Appendix B** shows the Devolved Formula Capital (DFC) balances for each Maintained school, along with their 2021-22 balance for comparison.
- 3.11 The balance of DFC for Maintained schools has increased by £449,471 to **£657,380** at the end of 2022-23. This increase is due in the main to the in-year allocation of additional capital funding to support schools with energy efficiency initiatives and developments.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 It is pleasing to note that, despite the many costs pressures being faced by schools, the overall school balances have been sustained at over £7.2m.
- 4.2 The increased Devolved Formula Capital balance, from the additional funding referred to above, will greatly assist schools in developing and installing energy efficiency measures which should help them sustain longer-term cost efficiencies and financial benefits to their Revenue budget positions.

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 5.1 **Children & Young People in Halton**  
It is essential that schools receive sufficient funding to allow them to support all children and young people.
- 5.2 **Employment, Learning & Skills in Halton**  
None.
- 5.3 **A Healthy Halton**  
None.

5.4 **A Safer Halton**

None.

5.5 **Halton's Urban Renewal**

None.

**6.0 RISK ANALYSIS**

6.1 Schools continue to face increasing cost pressures and there is a risk that potentially schools will face financial difficulties going forwards due to an upward trend of rising costs evident within key budget areas. Controlled fiscal management of budgets will have to be prioritised by schools.

**7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None.

**8.0 CLIMATE CHANGE IMPLICATIONS**

8.1 None identified.



**Maintained Schools Final Outturn Balances 2022-23**

Costc	School	Balance 2022-23	% Balance
5001	Ditton Nursery School	-44,219	-17.1%
5002	Birchfield Nursery School	3,842	0.9%
5003	Warrington Road Nursery School	26,074	6.0%
<b>Total Nursery Schools</b>		<b>-14,303</b>	

**APPENDIX A**

2021/22 Balance	Variance to 2022/23	% Variance to 2022/23
882	-45,101	-5,111.7%
11,115	-7,273	-65.4%
80,140	-54,066	-67.5%
<b>92,137</b>	<b>-106,440</b>	<b>-115.5%</b>

**Primary Schools**

5100	St Mary's CE Primary	420,005	26.1%
5101	St Edwards Catholic Primary	74,305	7.9%
5102	Weston Point Community Primary	-29,445	-2.1%
5105	Victoria Road Primary School	140,232	9.9%
5106	Weston Primary School	35,352	2.8%
5107	St Clements Catholic Primary School	65,741	5.7%
5108	Westfield Primary School	-4,737	-0.6%
5109	Halton Lodge Primary School	191,556	11.9%
5110	Castle View Primary School	104,322	8.2%
5111	Astmoor Primary School	44,639	4.1%
5112	The Brow Community Primary	248,588	15.3%
5113	Woodside Primary School	64,144	5.3%
5114	The Holy Spirit Catholic Primary	3,750	0.4%
5116	Pewithall Primary School	20,238	1.6%
5118	Hallwood Park Primary School	60,810	6.0%
5120	Runcorn All Saints Ce Primary	107,113	11.2%
5121	Our Lady Mother of the Saviour Catholic Primary	221,114	15.0%
5122	Hillview Primary School	108,059	9.4%
5123	Beechwood Primary School	55,637	5.0%
5125	Brookvale Primary School	417,762	19.7%
5126	St Martins Cath Primary School	-42,536	-3.5%
5127	Murdishaw West Comm Primary School	107,207	8.4%
5128	Gorsewood Primary School	403,440	25.2%
5129	St Berteline's CE Primary	46,739	3.0%

420,230	-226	-0.1%
140,130	-65,825	-47.0%
236,761	-266,206	-112.4%
165,568	-25,336	-15.3%
84,484	-49,131	-58.2%
63,817	1,924	3.0%
38,874	-43,611	-112.2%
82,027	109,529	133.5%
173,895	-69,573	-40.0%
17,392	27,247	156.7%
290,711	-42,123	-14.5%
126,108	-61,964	-49.1%
38,852	-35,102	-90.3%
68,492	-48,254	-70.5%
131,461	-70,651	-53.7%
80,423	26,690	33.2%
263,432	-42,319	-16.1%
106,231	1,828	1.7%
66,684	-11,047	-16.6%
432,051	-14,289	-3.3%
1,859	-44,395	-2,387.5%
138,649	-31,441	-22.7%
299,762	103,678	34.6%
79,917	-33,179	-41.5%

Costc	School	Balance 2022-23	% Balance	2021/22 Balance	Variance to 2022/23	% Variance to 2022/23
5130	Windmill Hill Primary School	223,033	14.4%	292,761	-69,728	-23.8%
5132	Moore Primary School	168,327	14.0%	144,648	23,679	16.4%
5133	Hale CE Vol Contr Primary	32,766	2.9%	54,137	-21,371	-39.5%
5134	St Bedes Catholic Junior School	215,492	12.2%	125,124	90,368	72.2%
5135	St Bedes Catholic Infant School	80,069	5.9%	91,263	-11,193	-12.3%
5137	St Michael's Catholic Primary School	89,712	5.5%	148,716	-59,004	-39.7%
5138	Farnworth CE Controlled Primary	207,455	9.3%	190,148	17,306	9.1%
5139	Halebank CE Voluntary Controlled Primary	120,529	14.4%	141,030	-20,501	-14.5%
5140	St Gerard's Catholic Primary & Nursery	342,028	19.5%	269,719	72,309	26.8%
5144	Oakfield Primary School	299,700	12.9%	198,092	101,608	51.3%
5146	Moorfield Primary School	37,194	2.6%	49,485	-12,291	-24.8%
5148	Our Lady Of Perpetual Succour Primary	110,992	8.2%	142,113	-31,121	-21.9%
5149	St Basils Catholic Primary	378,029	17.6%	367,911	10,118	2.8%
5150	All Saints Upton CE Voluntary Controlled Primary	83,239	6.0%	73,040	10,198	14.0%
5151	Fairfield Primary	231,645	6.5%	252,673	-21,028	-8.3%
5153	Lunts Heath Primary School	274,856	12.3%	217,499	57,356	26.4%
5154	St John Fisher Catholic Primary	77,948	5.6%	189,948	-112,000	-59.0%
<b>Total Primary Schools</b>		<b>5,837,048</b>		<b>6,496,117</b>	<b>-659,069</b>	<b>-10.1%</b>
<b>Secondary Schools</b>						
5312	St Peter & Paul Catholic High	532,342	5.5%	470,531	61,811	13.1%
5313	The Bridge School PRU	-41,441	-1.6%	-173,740	132,299	-76.1%
5315	The Bridge - Astmoor Skill Centre					
<b>Total Secondary Schools</b>		<b>490,901</b>		<b>296,791</b>	<b>194,110</b>	<b>65.4%</b>
<b>Special Schools</b>						
5401	Ashley School	526,438	18.9%	234,924	291,514	124.1%
5402	Chesnut Lodge Special School	366,802	14.6%	313,222	53,579	17.1%
<b>Total Special Schools</b>		<b>893,239</b>		<b>548,147</b>	<b>345,093</b>	<b>63.0%</b>

<b>TOTAL ALL SCHOOLS</b>	<b>7,206,885</b>	<b>9.2%</b>	<b>7,433,192</b>	<b>-226,306</b>	<b>-3.0%</b>
Surplus Balance	43	90%	Increased	18	38%
<i>of which Surplus is above Ofsted recommended thresholds of 5% or 8%</i>	34	79%	Decreased	30	63%
<b>Deficit Balance</b>	<b>5</b>	<b>10%</b>	<b>Total</b>	<b>48</b>	

**Devolved Formula Capital (DFC) Balances 2022-23**

Costc	School	Balance 2022-23	2021/22 Balance	Variance to 2022/23
5502	Weston Point Non LMS	<b>13,330</b>	4,670	8,660
5505	Victoria Road Non LMS	<b>13,866</b>	1,842	12,024
5506	Weston Non LMS	<b>24,247</b>	4,856	19,391
5508	Westfield Non LMS	<b>17,857</b>	650	17,207
5509	Halton Lodge Non LMS	<b>21,822</b>	8,636	13,186
5510	Castle View Non LMS	<b>30,932</b>	12,167	18,765
5511	Astmoor Non LMS	<b>34,493</b>	16,460	18,033
5512	The Brow Non LMS	<b>21,309</b>	10,328	10,981
5513	Woodside Non LMS	<b>9,817</b>	-5,419	15,236
5516	Pewithall Non LMS	<b>13,221</b>	1,024	12,197
5518	Hallwood Park Non LMS	<b>22,785</b>	5,059	17,726
5522	Hillview Non LMS	<b>23,189</b>	6,078	17,111
5523	Beechwood Non LMS	<b>13,219</b>	6,383	6,836
5525	Brookvale Primary Non LMS	<b>15,328</b>	5,676	9,652
5527	Murdishaw West Non LMS	<b>18,631</b>	3,110	15,521
5528	Murdishaw Gorsewood Non LMS	<b>29,249</b>	11,334	17,915
5530	Windmill Hill Non LMS	<b>21,478</b>	17,259	4,219
5532	Moore Non LMS	<b>14,303</b>	13,006	1,297
5533	Hale Non LMS	<b>16,855</b>	0	16,855
5538	Farnworth Non LMS	<b>28,238</b>	9,904	18,334
5539	Halebank Non LMS	<b>18,292</b>	10,180	8,112
5544	Oakfield Primary Non LMS	<b>21,018</b>	4	21,014
5546	Moorfield Non LMS	<b>5,327</b>	-1	5,328
5550	All Saints Upton Non LMS	<b>25,376</b>	12,402	12,974
5551	Fairfield Primary School Non LMS	<b>42,967</b>	14,754	28,213
5553	Lunts Heath Non LMS	<b>19,098</b>	17,000	2,098
5581	Ashley School Non LMS	<b>29,133</b>	7,454	21,679
5582	Chesnut Lodge Non LMS	<b>17,983</b>	2,416	15,567
5591	Ditton Nursery Non LMS	<b>15,127</b>	56	15,071
5592	Birchfield Nursery Non LMS	<b>11,793</b>	0	11,793
5593	Warrington Road Non LMS	<b>14,245</b>	-2,103	16,348
5595	The Bridge School PRU Non-LMS	<b>32,853</b>	12,724	20,129
<b>Total DFC</b>		<b>657,380</b>	<b>207,909</b>	<b>449,471</b>

**REPORT TO:** Schools' Forum

**DATE:** 14th June 2023

**REPORTING OFFICER:** Operational Director - Finance

**SUBJECT:** Halton Scheme For Financing Schools update

**WARDS:** Borough wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To report to the Schools' Forum of the latest version of Halton Scheme For Financing Schools (SFFS), applicable to Maintained schools only, as updated for 2023.

## **2.0 RECOMMENDATION: That**

- 2.1 The report is noted and any updates approved with immediate effect
- 2.2 Schools' Forum agree to the latest version being made available, as statutorily required, to all Maintained schools and on a website accessible for public inspection.

## **3.0 SUPPORTING INFORMATION**

### **3.1 Background information**

The Department for Education issues updates as 'Directed Revisions' to Schemes For Financing Schools on a regular basis which local authorities are required to consider or implement. We are required to consult with all maintained schools on the proposed changes prior to requesting Schools Forum approval.

The DfE have not issued any Directed Revisions since Schools' Forum last approved the Scheme for Financing Schools for 2021

### **3.2 Consultation with Maintained schools**

There are no Directed Revisions or material updates to the 2023 version that require consultation with schools

### **3.3 Schools Covered by the Scheme – Annex A**

Annex A has been updated to ensure the list of schools that are covered by the Scheme does not include any Academies

### **3.4 Operation of Local Bank Accounts - Annex E**

Section 3.1 of Annex E has been updated to increase the Petty Cash threshold from £25 to £50 to be in line with Internal Audit requirements

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The updated SFFS will ensure that all Maintained schools have clearly set out financial regulations and provision that they must adhere to.

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **5.1 Children & Young People in Halton**

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

##### **5.2 Employment, Learning & Skills in Halton**

None.

##### **5.3 A Healthy Halton**

None.

##### **5.4 A Safer Halton**

None.

##### **5.5 Halton's Urban Renewal**

None.

#### **6.0 RISK ANALYSIS**

- 6.1 The local authority must ensure the SFFS meets the requirements set by the DfE to ensure compliance with all school-related financial regulations.

#### **7.0 EQUALITY AND DIVERSITY ISSUES**

- 7.1 The local authority must discharge its statutory responsibilities in relation to all schools and settings.



**SCHEME FOR  
FINANCING  
SCHOOLS**

**April 2023**

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## **Halton Scheme For Financing Schools**

### **1 INTRODUCTION**

#### **1.1 THE FUNDING FRAMEWORK**

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

Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect on an authority's maintained schools except for capital and certain miscellaneous items.

Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools budget left after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with section 51 of the Act.

The financial controls within which delegation works are set out in a scheme made by the authority in accordance with section 48 of the Act and regulations made under that section. All proposals to revise the scheme must be approved by the Schools Forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

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

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

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

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State. A copy of each year's budget and outturn statement should be made easily accessible to all schools.

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

## **1.2 THE ROLE OF THE SCHEME**

The Scheme For Financing Schools sets out the financial relationship between the local authority and the maintained schools which it funds. The requirements within the scheme relate to financial management and associated issues, and are binding on both the local authority and on schools.

### **1.2.1 APPLICATION OF THE SCHEME TO THE LOCAL AUTHORITY AND MAINTAINED SCHOOLS**

This Scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and pupil referral units maintained by the authority as listed in **Annex A**. It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to academies.

## **1.3 PUBLICATION OF THE SCHEME**

A copy of the scheme will be supplied to the Executive Head Teacher / Head Teacher and the governing body of each school covered by the scheme and listed in Annex A, and any approved revisions will be notified to each such school.

The scheme will be published on the Halton Borough Council website and any revised version will be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date.

## **1.4 REVISION OF THE SCHEME**

Any proposed revisions to the scheme will be the subject of consultation with the governing body and the Executive Head Teacher / Head Teacher of every school maintained by the authority before they are submitted to the Schools Forum for their approval.

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

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

### **1.5 DELEGATION OF POWERS TO THE EXECUTIVE HEAD TEACHER / HEAD TEACHER**

Full or partial management of the school's budget may be delegated to the Executive Head Teacher / Head Teacher and other members of the school's staff, where this is considered appropriate and enhances control over the budget. In such circumstances, references in this scheme to "governing bodies" or "governors" also apply to these staff. However, the extent of such delegation, and the limits of financial authorisation, should be documented in a formal Scheme of Delegation for the school, approved and minuted by the full governing body. This should be reviewed on an annual basis by the governing body. Revisions to the Scheme of Delegation should be recorded in the minutes of the governing body.

The first formal budget plan of each financial year must be approved by the Governing body or by a committee of the governing body.

### **1.6 MAINTENANCE OF SCHOOLS**

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

### **1.7 DUTIES AND RESPONSIBILITIES**

The Strategic Director for Policy and Resources has statutory responsibility to ensure the proper administration of the local authority's financial affairs, including those of schools. To fulfil this responsibility governing bodies will provide the Strategic Director for Policy and Resources with all necessary access to information, documents and records. In addition, the Strategic Director for Policy and Resources, or a representative, has the right to attend governor's meetings to give advice or information on financial matters, which may affect these statutory responsibilities.

The Strategic Director for Children and Enterprise is responsible for the management of the Halton Scheme, for monitoring the effectiveness of the Scheme and for recommending to the local authority withdrawal of delegation where appropriate.

Governing bodies have a statutory responsibility to ensure the proper administration of their school's financial affairs and management of their delegated budget within the terms of the Scheme. They are responsible for ensuring that these financial regulations are observed in schools and that a system of internal controls is established, which ensures all activities under their control are conducted in a proper, efficient and well-ordered manner. These internal controls should be formalised within a Manual of Internal Procedures, detailing the roles and responsibilities of the governing body and staff involved in the finances and administration of the school. Legal costs and other costs e.g. fines, which are incurred by the local authority, because the governing body did not accept the advice of the local authority, may be recharged to the school's budget share. The governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share providing they act in good faith, since the governing body is a corporate body and such liability is excluded under the terms of s.50(7) of the SSAF Act.

## **2 FINANCIAL CONTROLS**

### **2.1 GENERAL PROCEDURES**

#### **2.1.1 APPLICATION OF FINANCIAL CONTROLS TO SCHOOLS**

Governing bodies have a statutory responsibility to ensure the proper administration of their school's financial affairs within the terms of the Scheme. In the management of their delegated budgets, schools must comply with the local authority's requirements on financial controls and monitoring, not only those in the scheme but those requirements contained in more detailed publications referred to in the scheme but outside and compatible with it. These include but are not limited to the Procurement Guidance, Standing Orders, Employers Guide for Managers and the Employee Handbook. However, if these are inconsistent with the provisions of this scheme, then the provisions of the scheme will prevail.

Governing bodies are responsible for ensuring that the Scheme is observed in schools and that a system of internal controls is established, which ensures all activities under their control are conducted in a proper, efficient and well-ordered manner.

In the management of their delegated budgets schools must comply with Halton's requirements on financial controls and monitoring. These requirements relate not only to those in the scheme but also those requirements in more detailed publications referred to in the scheme.

#### **2.1.2 PROVISION OF FINANCIAL INFORMATION AND REPORTS**

Financial records and accounts kept by schools and governing bodies must be in a form compatible with those of the local authority, as it is the latter which form the statutory records and accounts of each school.

The local authority has a responsibility to ensure governing bodies are exercising effective financial control over the school's delegated budget, and may therefore at any time request details of actual and anticipated expenditure and income to be produced and for a full explanation of any figures therein to be given. These details may be requested in a form and at times determined by the authority.

The request for submission of such details will not be made more often than every three months except those connected with tax or banking reconciliation, or unless the local 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. This provision does not apply to schools which are part of an on-line financial accounting system operated by the local authority.

All accounting codes used shall conform to the approved standard code list; copies are available from the Children and Enterprise Team, Financial Management Division. Schools are also required to abide by the general accounting principles recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). More detailed guidance on these principles will be issued by the local authority as appropriate.

All financial transactions which affect the school's budget must be processed through the local authority's bank account, the school's bank account or imprest bank account, as approved by the Strategic Director of Policy and Resources under an appropriate local financial processing scheme.

#### **2.1.3 PAYMENT OF SALARIES; PAYMENT OF BILLS**

Governing Bodies are required to follow the local authority's financial procedures for payment of salaries, expenses and creditors. These procedures will vary according to the different buy back arrangements of each school and whether a school has opted for a local bank account.

#### **2.1.4 CONTROL OF ASSETS**

Recording assets, ensuring their safe custody and their proper management, is the responsibility of the governing body who should maintain proper security for all furniture, equipment, plant, stores and other assets. Any assets worth over £1,000 must be recorded in accordance with the local authority guidance. Schools may determine the form of the asset register they maintain for assets worth less than £1,000 but a register of some form should be kept.

The governing body is also responsible for the security of the school's buildings and land, and should ensure that procedures are operated to control access to the buildings and land at all times. Keys should be held by a responsible officer who should ensure that buildings are securely locked when not in use. A list of key holders should be kept.

Governing bodies should ensure that procedures are operated within the school to check the inventory at least annually and certify it as correct. This check should be undertaken by someone independent of the person who maintains the inventory. Any major discrepancies in the inventory should be investigated and reported to the Internal Audit Team. Assets should only be disposed of in accordance with the Authority's guidance.

Items should be clearly and permanently marked as being Borough Council property and should be included in the inventory as soon as they are received. A copy of the inventory should be kept away from the school site.

Any surplus furniture, equipment, vehicles and plant, may be disposed of by the governing body in order to obtain the best return for the item. The maximum values of stock and equipment which the Head Teacher may write-off or dispose of without reference to the governing body must be resolved by the governing body and this should be formally recorded in the Scheme of Delegation. Such disposals should be recorded within the inventory. Above these values, governing body approval is required.

No Borough Council property should be removed from the school except in the ordinary course of school business and no items can be used for other than school business without specific written permission from the governing body, when the items' removal should be fully documented including signature of the person removing the item and full documentation of its subsequent return.

All sales to a third party and write-offs must be approved by the Governing body or a nominated sub-committee. VAT must be recovered where applicable. The Authority's write off procedures should be followed in such cases. No leased item is to be disposed of in any way without the express permission of the leasing company (via the Operational Director for Finance). This includes: sale, part exchange, scrapping, writing off, donating, re-leasing, sub-letting or any other form of "give away".

#### Stocks

The governing body is responsible for the control of all school stocks and for ensuring that these do not exceed reasonable requirements. Where the governing body considers the level of stocks held to be significant, they should ensure that full stock records are maintained and that an independent annual stock take is performed, with any significant discrepancies being reported to the governing body.

#### Cash

The amount of cash held on school premises shall be minimized by at least weekly banking, shall be held securely and shall not exceed the limits of the school's insurance cover. Any loss resulting from unauthorized entry, burglary or theft must be reported immediately to the police to comply with insurance requirements.

Circumstances which suggest the possibility of financial irregularity or loss should be immediately reported to the Chief Internal Auditor. Keys for safes, alarm systems etc. should be held by a responsible officer and shall never be left on the premises overnight.

#### **2.1.5 ACCOUNTING POLICIES (including year-end procedure)**

Schools are required to abide by the accounting policies and year-end procedures as issued by Halton BC.

At the year-end, governing bodies will submit any information requested as part of the process to close the local authority's accounts and to comply with those requirements of the SSAF Act which relate to the publication of financial information. Information supplied at year-end should be on an accruals basis. Accounting records and associated documents must be retained in accordance with the local authority Records Retention Policy which is available on Halton's Intranet.



### **2.1.6 WRITING OFF OF DEBTS**

The governing body should establish which named members of the school's staff are authorised to cancel, replace or write-off invoices, and their respective financial limits for such action. Requests to write off invoices raised through the local authority's Sundry Debtor system should be referred to the Strategic Director of Policy and Resources. The write-off of bad debts should be reported to the governing body with full explanation of the reasons for the write-off. Debts relating to school meal income cannot be written off without consultation with the School Meals Service.

### **2.2 BASIS OF ACCOUNTING**

Reports and accounts furnished to the local authority must be on an accruals basis. Separate guidance as to the level of detail and frequency of submission will be issued. Schools may operate their internal systems on either a cash or an accruals basis.

### **2.3 SUBMISSION OF BUDGET PLANS**

Each school will receive notification of its budget for the following financial year by 31<sup>st</sup> March each year.

The full governing body must prepare and formally approve a budget plan and a detailed allocation of its budget and the assumptions underpinning the budget plan. These should reflect all anticipated expenditure and income during the forthcoming financial year, and should facilitate the achievement of the schools' educational objectives in line with the School Development Plan.

Schools are permitted to take full account of estimated balances in submitting the annual budget plan. The budget allocation shall be prepared in the format specified by the Strategic Director of Policy and Resources and sent to the Children and Enterprise Team in Financial Management Division no later than 30th June each year following approval by the board of Governors or a committee of the governing body. Schools with a local bank account facility may be required to submit a budget plan before 31st May. This budget plan will be provisional and marked accordingly.

Governing Bodies must formally consider and approve any variation from their spending plan which results from significant policy changes.

Under the SSAF Act 1988, the budget delegated to schools may only be used to meet expenditure incurred for the educational benefit of pupils.

The local authority will supply schools with all income and expenditure data it holds which is necessary to efficient planning by schools.

### **BUDGETARY CONTROL**

The governing body is responsible for the management and direction of the delegated school budget, so as to achieve their objectives for the school. This involves monitoring and control of expenditure and income and the regular review of performance. The local authority will provide the school with regular reports of income and expenditure to aid this process.

This responsibility may be delegated to the Executive Head Teacher / Head Teacher and other members of the school's staff via a written Scheme of Delegation approved by the full governing body, which details the extent of each person's financial authorisation.

The Executive Head Teacher / Head Teacher should seek approval of the governing body, before any expenditure commitment is made which is likely to have a material effect upon the school's finances in the current or future years, or which constitutes a new or significantly different policy.

The Head Teacher (assisted by the Financial Management Division if purchased via an SLA) should provide the governing body with regular reports, in a suitable format, of the school's financial position. The report should present as a minimum level of detail, actual and committed expenditure, comparison with the budget and an explanation of any variances.

Governing bodies may plan to carry resources forward for projects such as the replacement of equipment.

Provided they can continue to meet future commitments, governing bodies may use their delegated budget to meet 'excepted' revenue items, when they wish to secure a service over and above that provided by the local authority.

Prior to entering into a commitment which affects spending in a subsequent year the governing body must be satisfied that any such expenditure can be met from its likely budget for that year.

Where a governing body wishes to enter into an agreement to lease or hire goods or services for a period of more than 12 months, approval must be sought from the Financial Management Division before any contract is signed. Only the Chief Finance Officer of the local authority or their designated deputy is allowed to sign finance leases. Staff employed by a school are not authorised to sign as a finance lease is deemed to be a form of borrowing which is expressly forbidden by schools unless with the written permission of the Secretary of State.

In coding and recording any expenditure and income schools must ensure they use the appropriate local authority code for Consistent Financial Reporting returns.

### **SUBMISSION OF MULTIPLE-YEAR FINANCIAL FORECASTS**

From the 2021-22 funding year each school must submit a three-year budget forecast each year, at a date determined by the local authority between 1st May and 30th June. The local authority must inform schools of the purposes for which they intend to use these three-year budget forecasts, such a forecast may be used in conjunction with an authority's balance control mechanism.

### **2.4 SCHOOL RESOURCE MANAGEMENT**

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

It is for heads and governors to determine at school level how to optimise the use of resources and maximise value for money. There are significant variations in the effective management of resources between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements. Refer to **Annex C** for more information

## 2.5 VIREMENT

Providing overall spending is contained within the total delegated budget, the governing body may approve transfers of budget between account codes to facilitate a more effective deployment of resources and thereby aid their budget management.

Budget virements should not however be undertaken merely to match budgets to actual expenditure and income.

The governing body should establish and approve a written policy in terms of budget virements. This should state which members of the school's staff have authority to undertake virements and at what financial level, and that the governing body's approval is necessary for any virements in excess of a specified amount or which relates to a significant change of policy.

The governing body must formally consider and approve any variations from spending plans which result from significant policy changes. Where such a significant change is approved by the governing body, a virement should be requested to effect the change to the detailed allocation, along with a revised budget plan to support the change.

Schools with a local bank account choosing to change the levels of pay and non-pay budgets must do so through a virement submitted to the Children and Enterprise team in the Financial Management Division in order that a cash adjustment can be made in the next advance. No budget virements can be accepted from local bank account schools after the 15th February each financial year, as it is not possible to process the cash adjustment before the final cash advance is made to schools.

## 2.6 AUDIT: GENERAL

The audit regime for schools will be determined by the local authority as regards internal audit and by the Council's appointed external auditor as determined by the Local Audit and Accountability Act 2014. Schools are required to co-operate with this regime.

An independent internal audit of the school's activities will be provided by the Operational Director for Finance as part of the Section 151 Officer's statutory obligations to ensure the correct use of public funds. The main purpose of the audit is to review, assure, alert and advise the governing body on the control and systems employed by them in carrying out the schools activities, and to assist the school in achieving optimum economy, efficiency and effectiveness as well as to assist schools in managing the risks that they face.

The local authority's internal auditors shall have full access to school's assets, records and transactions. They are entitled to ask for any information and explanations from any staff member to help them complete their research.

The Head Teacher will be provided with a report following every internal audit review of the school's activities, which the Head Teacher shall present to the next meeting of the full governing body. A copy of the final audit report will be distributed to Strategic and Operational Directors in both the Policy & Resources and Children & Enterprise Directorates as well as being presented at the Council's Business Efficiency Board (Audit Committee).

Any matters which involve, or are thought to involve irregularities affecting cash, stores, other school property or the unofficial fund, shall be notified by the Head Teacher to the Chair of Governors and to the Council's internal auditors. The latter will then advise as to the best course of action to be followed.

The governing body shall ensure that the staff of the local authority's External Auditors are also granted full access to schools' assets, records and transactions. They are entitled to ask for any information and explanations from any staff member to help them complete their research.

## **2.7 SEPARATE EXTERNAL AUDITS**

The governing body may spend funds from its budget share to obtain independent external audit certification of its accounts for its own purposes. This certification would be separate from any Council internal or external audit process and would not in any way replace the Council's processes.

## **2.8 AUDIT OF VOLUNTARY AND PRIVATE FUNDS**

The end of year audited accounts for voluntary and private school funds, and of the accounts of any trading organisations controlled by the school, comprising an income and expenditure account, balance sheet and audit certificate (complying with any relevant Charity Commission requirements) shall be presented annually to a meeting of the full governing body. A copy of the audit certificate must be sent to Internal Audit ([internal.audit@halton.gov.uk](mailto:internal.audit@halton.gov.uk)). The purpose of this is to allow the local authority to satisfy itself that public funds are not being misused.

A voluntary or private (unofficial) school fund is defined as any fund established to support school activities but generated by funds which are independent of school's official resources. It is controlled partly or wholly by a person appointed by the governors, and therefore parents, students and supporters of such funds are entitled to expect the fund to be well-managed and controlled with the school demonstrating prudent stewardship of the funds in the same way as public funds. The common example of such a fund is the School Fund.

The unofficial fund monies shall at all times be kept completely separate from the school's delegated budget. Payments relating to the school's delegated budget should not be made via unofficial funds and vice versa. Under no circumstances shall payments in respect of salaries, wages, travelling or other employee related expenses be made out of an unofficial fund.

Should a school refuse to provide audit certificates to the local authority as required by this scheme it is in breach of the scheme and the local authority can take action on that basis. Access to the accounts of such funds by other agencies is a matter for the school. Any other requirement as to audit of such funds is a matter for those making the funds available, and any Charity Commission requirements.

## 2.9 REGISTER OF BUSINESS INTERESTS

It is important that governors and staff not only act impartially, but are also seen to act impartially. The governing body and school staff have a responsibility to avoid any conflict between their business and personal interests and affairs and those of the school. There is a legal duty on the Head Teacher and all governors to declare an interest likely to lead to questions of bias when considering any item of business at a meeting and for the individual concerned to withdraw, if necessary, whilst the matter is considered.

To help put this duty into practice, the governing body of each maintained schools is required to have a register which lists for each member of the governing body and the head teacher:

- Any business interests that they or any member of their immediate family have;
- Details of any other educational establishments that they govern;
- Any relationships between school staff and members of the governing body; and
- To keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff and parents, and the authority, and to publish the register, for example on a publicly accessible website.

There is no comprehensive definition of what constitutes a business interest, but declarations should include any links with individuals, businesses, contractors, directorships, shareholdings or other appointments where the school may purchase goods or services from or who are directly employed by the school. It should also include interests of related persons such as parent, spouse, co-habitee, child or business partners where influence could be exerted by that person over a governor or a member of staff.

Completed individual declarations should be maintained together in a register of interests. The register will enable governors to demonstrate that in spending public money they do not benefit personally from decisions that they make.

Governing bodies should ensure the register is up to date, complete and includes the Head Teacher and all governors as a minimum. Dated nil returns are, therefore, required. There should be notification of changes from governors, as appropriate, and through an annual review of entries. To ensure evidence of completeness the register should be signed off annually by the Chair of Governors.

The completed register should be retained in school and made available on request to members of the governing body, the Head Teacher, staff, parents and the Director Children's Services.

It is the responsibility of each individual governor to declare their interest. The register is not a substitute for declaring an interest at meetings. Any governor, Head Teacher or other member of staff who has a personal or material interest in any contract affecting the school shall declare that interest to the governing body, or its relevant committee, and not vote when a decision is being made. If there is uncertainty as to whether or not to disclose an interest, the safest course is to disclose.

## **2.10 PURCHASING, TENDERING AND CONTRACTING REQUIREMENTS**

Governing bodies are required to abide by the local authority's financial rules including standing orders in purchasing, tendering and contracting matters. Schools should assess in advance the professional competence of any contractors in areas such as compliance with health and safety regulations, safeguarding practices etc, taking account of the authority's policies and procedures.

Any sections of the local authority's financial regulations and standing orders will be disapplied which would require schools:-

- (a) to do anything incompatible with any of the provisions of the scheme, or any statutory provision;
- (b) to seek local authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- (c) to select suppliers only from an approved list; or
- (d) would permit schools to seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

Prior to contracting with a provider of labour, schools are required to carry due diligence checks expected by HMRC. A questionnaire (Form HMRC LP1) must be completed for each supplier of labour and returned to HMRC directly. Further information can be obtained from the Purchase to Pay Team.

The governing body is responsible for all orders raised in relation to the school budget. Authority to sign such orders up to given financial limits should be restricted to a small number of persons approved by the governing body.

In order to ensure that the school obtains value for money, except where a school opts to retain services provided by the Local Authority, the governing body must formally agree and document the value above which written quotations should be obtained. For purchases of less than the agreed amount, quotations are advisable where appropriate. These should be retained as evidence that the school has achieved value for money.

Where the lowest quotation is not accepted the reasons should be reported to governors. Where it is impractical to obtain three written quotations (e.g. due to the specialist nature of the goods or services required) this should also be reported to governors.

The governing body shall ensure that before an order is placed sufficient budgetary provision exists to meet all the costs associated with that order.

Only official, pre-numbered local authority order forms and order forms produced by Agresso or FMS shall be used to place all orders for goods and services. The main exceptions are those relating to public utilities, periodic payments, rent, rates, petty cash purchases, formal contracts and contracts made under framework agreements and exceptions approved by the Strategic Director for Policy and Resources. Governing bodies are responsible for the secure storage of orders and their proper use within the school.

Each order must clearly state the nature of the goods or services, the quantity supplied, the agreed charge or estimated cost, together with the delivery address and any other relevant details. Copy orders should be securely retained in numerical order.

Official local authority order forms shall not be used to obtain goods and services for individuals.

Only in cases of extreme urgency can an order be issued verbally, which shall then be confirmed with a written order as soon as possible afterwards, marked "CONFIRMATION ORDER ONLY".

It is permissible to transmit orders electronically but the reverse side of the order form should also be transmitted to ensure the supplier is in receipt of the local authority's terms and conditions.

We are not able to process invoices on the Council ledger in a foreign currency, GBP only. Therefore, we would always recommend making the purchase from a foreign country by HBC credit card as this provides greater security in terms of any risk of fraud or insurance issues. The credit card method is also one of the most cost effective methods to make a purchase from abroad. If your provider is unwilling to accept payment by credit card (which is unusual in today's market) then the only other facility we can offer is to make an International Payment which we have to coordinate through Nat West.

Such transactions are not cost effective as Halton incurs a bank charge with Nat West for each international payment. In addition to this cost there is also an administrative cost of staff time in preparing, authorising and processing an International Payment on Nat West's Bankline system. To cover these costs, schools will be charged an administration fee of £50 (subject to annual review) for each International Payment that we process on the school's behalf.

Prior to making any purchases from abroad it would be prudent and good practice for the school to confirm the method of payment with the supplier in advance of making the purchase. Depending on the type of goods being purchased, the other issue to consider is that the overall cost of the transaction from abroad could actually work out to be more expensive than making the purchase from UK.

See **Annex D** for details on Procurement.

Schools may seek advice on a range of compliantly procured deals via [Buying for schools](#).

### **2.11 APPLICATION OF CONTRACTS TO SCHOOLS**

Schools may opt out of a local authority arranged contract. Any costs incurred by a governing body as a result of breaking the terms of a contract will be charged to the school's delegated budget.

Governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the authority as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

Contracts referred to in this Section means any agreement entered into for the supply of goods or services, but does not include contracts of employment. Examples of such contracts include window cleaning, equipment purchase maintenance and support, and construction work.

Before entering into a contract for the supply of goods, materials or services, the governing body are required to consider the procurement guidance contained within the Schools Financial Regulations.

### **2.12 CENTRAL FUNDS AND EARMARKING**

The local authority will make sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares. Such allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used. Any virement between these funds must not be carried out to the point of assimilating the allocations into the schools' budget share. An example of this includes funding for SEN.

Funding earmarked from centrally retained funds must be spent within the same financial year, or within the period over which schools are allowed to use the funding if different. It should be spent only on the purpose for which it is given, or on other budget heads for which earmarked funding is given and not vired into the budget share. Schools should be able to demonstrate that this requirement has been complied with. Any unspent earmarked funding not spent within the designated period must be returned to the local authority.

The local authority will not make any deductions, in respect of interest costs to the local authority, from payments to schools of devolved specific or special grant.

### **2.13 SPENDING FOR THE PURPOSES OF THE SCHOOL**

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



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

#### **2.14 CAPITAL SPENDING FROM BUDGET SHARES**

Capital expenditure will in the main be determined and financed by the local authority and this expenditure will not form part of schools' budgets. However, a governing body considering undertaking a capital scheme can fund such a scheme from its delegated budget, taking into account any carry forward built up for this purpose or its devolved formula capital allocation on work which is their responsibility under paragraph 3 of Schedule 3 of the act.

Schools must take the advice of the local authority on any capital spending from their school budget share. Governing bodies must notify the local authority of any expected capital expenditure from the school budget share. Governors need to take into account any advice from the local authority on the merits of any proposed capital expenditure if it exceeds £15,000. This includes schools seeking to bid for specialist schools status. Consent will only be withheld on health and safety grounds.

The reason for these provisions is to help meet responsibilities with the Schools Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010. These provisions would not affect expenditure from any capital allocation made available by the Authority outside the delegated budget share.

#### **APPROVAL TO INCUR CAPITAL EXPENDITURE**

The governing body shall formally approve any proposal to incur capital expenditure having first been presented with a detailed report of the proposal, which clearly states all the one off and ongoing financial implications of the proposal and the method of financing such costs. The report should also relate the proposal to the objectives and action plan contained within the school's development plan. The governing body must also have regard to the provisions of this scheme, in particular the requirements concerning tendering procedures.

Any additions to or changes from the original proposal, shall be approved by the governing body before any commitment is entered into.

Approval for all capital expenditure on local authority owned premises shall be considered gross of any income, capital receipts, grant income, donations, reimbursements etc. even if the net cost is nil. A governing body of a school where the local authority owns the premises may approve gross capital expenditure up to a limit of £100,000. Gross capital expenditure of greater than £100,000 requires the approval of the local authority's Executive Board before any commitment is entered into.

## **PURCHASE OR LEASE OF LAND OR BUILDINGS**

The purchase or lease for longer than three years, of land and buildings which are not included in the local authority's Capital Programme, must be approved by the local authority's Executive Board before any commitment may be entered into.

Where a governing body wishes to enter into an agreement to lease or hire goods or services for a period of more than 12 months, approval must be sought from the Financial Management Division before any contract is signed.

## **MONITORING CAPITAL EXPENDITURE**

All capital expenditure must be separately coded in the school's accounts, in order that it can be clearly identified by the local authority when considering the Authority's overall capital expenditure allocation (contact the Financial Management Division for advice).

Each meeting of the full governing body shall receive a report of all capital expenditure, which shall include details of actual expenditure incurred compared to that originally approved, with reasons for any variance and proposals for financing any projected overspending.

## **VOLUNTARY AIDED AND SPECIAL AGREEMENT SCHOOLS**

The SSAF Act empowers the governors of voluntary aided schools to use their school budget share to meet their element of the trustees' expenditure on capital works, which is not reimbursed through the DFE grant aid. A school's budget may also supplement the grant funding available to Voluntary Aided Schools, to permit building projects to go ahead. Use of budget resources to fund any expenditure which is not the statutory responsibility of the local authority will incur Value Added Tax at the standard rate and cannot be reclaimed. This includes all the proposals outlined here.

### **2.15 NOTICE OF CONCERN**

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

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

These may include:

- Insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- Insisting that an appropriately trained or qualified person chairs the finance committee of the governing body;

- Placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the authority;
- Insisting on regular financial monitoring meetings at the school attended by authority officers;
- Requiring a governing body to buy into an authority's financial management systems; and
- Imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

The purpose of this provision is to enable a local authority to set out formally any concerns it has regarding the financial management of a school it maintains and require a governing body to comply with any requirements it deems necessary.

The principal criterion for issuing a notice, and determining the requirements included within it, must be to safeguard the financial position of the authority or school.

It should not be used in place of withdrawal of financial delegation where that is the appropriate action to take; however, it may provide a way of making a governing body aware of the authority's concerns short of withdrawing delegation and identifying the actions a governing body should take in order to improve their financial management to avoid withdrawal.

## 2.16 SCHOOLS FINANCIAL VALUE STANDARD (SFVS)

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

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

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

Local authorities should submit their assurance statement to the Department for Education within six weeks, no later than 31st May.

## **2.17 FRAUD**

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

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

Schools shall immediately report to the Local Authority's Internal Audit Team any circumstances which suggest the possibility of financial irregularity or loss within the school. The circumstances will be reviewed and the necessary action will be taken by way of investigation, report, sanction and recovery.

## **3. INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS**

### **3.1 FREQUENCY OF INSTALMENTS**

Schools opting for a non-pay bank account may choose to have instalments paid into a bank account on a termly or monthly basis. Schools opting for their gross budget share, i.e. pay and non-pay budgets, will have instalments paid into a bank account on a monthly basis.

Schools with local bank accounts for non-pay budgets who wish to alter their frequency of instalments must place this request in writing to the Children and Enterprise Team within the Financial Management Division at least two months prior to the start of the relevant financial year.

### **3.2 PROPORTION OF BUDGET SHARE PAYABLE AT EACH INSTALMENT**

Schools choosing to take pay budgets will receive monthly cash advances of equal weightings on the first working day of each month based on their Individual School Budget allocation. Schools choosing to take non-pay budgets can opt to receive monthly cash advances of equal weighting or termly advances. Monthly advances for schools with non-pay bank accounts will be paid on the first working day of each month. Termly advances will be payable on the first working day of April, September and January. The proportion of these advances will be 40% in April, 35% in September and 25% in January.

Unless otherwise agreed with a school, the estimated advances until completion of the school budget upload will be based on a nominal split between pay and non-pay previous year budgets or expenditure. Subsequent advances will be based on the schools approved budget plan, to be agreed by Governors and submitted to the local authority by 30<sup>th</sup> June.

### **3.3 INTEREST CLAW BACK**

The local authority will not deduct any claw back for schools opting to take non-pay budgets on a monthly basis payable on the first working day of each month. A deduction of 1% of the non-pay budget will be made to the instalments of schools opting to take non-pay budgets on a termly basis.

For schools opting to take their total budget share on the first working day of each month claw back will be deducted on all the elements as these sums will be paid to the school in advance of the teachers and non-teaching staff pay dates and staffing on-costs. Interest will be calculated at the seven day money market rate as published in the “Local Government Chronicle” each Friday and will only be deducted for the dates affected.

### **3.3.1 INTEREST ON LATE BUDGET SHARE PAYMENTS**

The local authority will add interest to late payments of budget share instalments where such late payment is the result of local authority error. The interest rate used will be the same calculation as used in the claw back calculation.

### **3.4 BUDGET SHARE FOR CLOSING SCHOOLS**

For schools for which approval for discontinuation has been secured, budget shares may be made available until closure.

### **3.5 BANK AND BUILDING SOCIETY ACCOUNTS**

The request for a school to operate a local bank account for the first time must be made following the agreement of the full Governing Body.

Any school funded under LMS which wishes to either opt for its own bank account for the first time or to opt to take their gross budget share may only do by seeking approval from the Operational Director for Finance at least four months prior to the start of the financial year. This request should be made in writing to the Operational Director for Finance and should be accompanied by a copy of the full Governing Body minutes from the meeting at which the decision was made.

Schools without a bank account at the start of the scheme cannot opt to hold one until any deficit balance has been cleared. Any school requesting a bank account at a later date will not be able to do so until any deficit has been cleared.

Bank accounts will only take effect from the beginning of the financial year.

Schools opening new external bank accounts, will have a transfer to the account of an amount agreed by both school and local authority as the estimated surplus balance held by the local authority in respect of the school’s budget share in the April cash advance, if the school desires and on the basis that there is then a subsequent correction when accounts for the relevant year are closed.

Where schools have an external bank account they can retain all interest payable on the account unless they choose to have an account within the Halton local authority contract which may make other provision.

See **Annex E** for details of the operation of a Local Bank Account.

## **IMPREST ACCOUNTS**

Imprest accounts (in the form of a bank account or petty cash) will be provided to governing bodies as considered appropriate by the Operational Director for Finance, to meet "minor" expenses only.

The governing body should ensure that the amount of the imprest account provided is appropriate for making minor payments locally, and that where petty cash is held on the premises, the amount is such that it is acceptable with regard to the school's insurance cover, and is held securely.

Access to the imprest account should be restricted by the governing body, to one or two authorised members of staff. These shall be the only persons authorised to make purchases using the imprest account, having first ensured there are sufficient funds available in the account.

Only "minor" items should be purchased through the imprest account, therefore the governing body should determine the maximum value of any single transaction which may be purchased using a bank imprest account.

### **3.5.1 RESTRICTIONS ON ACCOUNTS**

Maintained schools can opt to have an external bank account, from a designated list produced by the Financial Management Division of Halton BC, into which their budget share instalments are paid. The approved list will be consistent with the local authority's treasury management policy. Schools having bank accounts with other banks prior to 1 April 2001 will be allowed to retain those accounts. Should they choose to close this account and propose to open a new account, this must be chosen from the Halton local authority designated list.

Schools may have accounts for budget share purposes, which are in the name of the school rather than the local authority. However the account mandate must provide that the local authority is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the local authority. Arrangements may be negotiated with certain banks whereby the accounts are in the name of the local authority but specific to each school, such arrangements will be offered to schools.

Budget share funds paid by the local authority and held in school accounts remains the local authority property until spent (section 49(5) of the act).

Signatories to the external bank account may only be local authority employees and school employees. Governors who are not members of staff at the school may not be signatories.

Schools are not permitted to hold a credit card unless it is a Halton BC Corporate credit card which is managed by the local authority, with no interest charges incurred by the school and with balances fully cleared on a monthly basis. Schools must not obtain any other credit card, as this constitutes borrowing and is not permitted.

Direct Debits and Standing Orders are permissible where a school operates a local bank account.

Schools may not operate debit cards.

Schools are permitted to make payments via BACS subject to the approval of the Operational Director for Finance. In making such payments schools do so at their own risk and any loss would not be covered under the local authority's insurance arrangements.

Online banking may be used for the purpose of viewing and downloading up to date statement information.

### **3.6 BORROWING BY SCHOOLS**

Schools are reminded that governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances.

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

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

If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.

From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Schools are therefore allowed to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.

The restrictions do 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 budget, 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 authority when repaying loans.

This provision does not apply to loan schemes run by the authority (see section 4.9).

### **3.7 OTHER PROVISIONS**

The governing body is responsible for ensuring that procedures are operated within the school to permit only bona fide transactions to be made via the local bank account. Any losses or costs arising in respect of a local bank account, due to error, negligence or irregularity are the responsibility of the governing body and will be charged against the school's budget.

The Governing body shall determine a true and fair assessment of the school's proposed pay and non-pay budgets for the purposes of the calculation of their local bank account advances. Where the Operational Director for Finance considers such an assessment has not been made, cash flow charges may be made against the school's budget.

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

##### **4.1 THE RIGHT TO CARRY FORWARD SURPLUS BALANCES**

Schools can carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year. The balance each school will carry forward will be detailed in their Section 251 outturn statement.

The Strategic Director for Policy and Resources will provide the governing body with details of the school's accounts as soon as possible after the conclusion of each financial year, including the carry forward balance.

Section 3.5 details the arrangements for the carry forward of surplus balances to new bank account schools. The provisional balance will be calculated by taking the schools spend to date on the ledger plus current commitments from the school's revised budget. A full reconciliation of the balance will be completed at the next financial year end and an adjustment, plus or minus, will be made to the provisional balance.

##### **4.2 CONTROLS ON SURPLUS BALANCES**

The governing body, in considering its budget allocation for the new financial year, should give consideration to the level of carry-forward from the previous year. In particular, they should consider whether the amount was as expected and if not why not, whether the amount is considered reasonable in comparison to the total school budget and the level of contingency provision thought necessary, and, by reference to the school's development plan, what proposals have been earmarked for the use of the carried forward balance.

The local authority will report to Schools Forum during the summer term each year on both LMS and NON LMS balances for each school. Following a change in regulations it is now at the discretion of Schools Forum how balances are dealt with in current and future years. Schools Forum reserves the right to re-introduce an excess surplus balance limit and also to call upon any school to explain the balance they have and proposals for its use.

The level of carried forward balance should be reported by the governing body to parents in the annual governors' report, with detailed proposals for the use of the balance.



#### **4.3 INTEREST ON SURPLUS BALANCES**

Governing bodies of non-local bank account schools may request the Strategic Director for Policy and Resources (via Financial Management Division) to place monies from their delegated budget, including carried forward balances, on deposit with the local authority, in order to earn interest. The Strategic Director for Policy and Resources will decide upon the appropriate interest rate in line with the seven day money market rate, as published in the "Local Government Chronicle" each Friday. Money which is surplus to immediate requirements can be placed on long-term deposit (to be spent in a subsequent financial year). Interest will also be paid on a "cash flow" basis where a schools' monthly expenditure is less than the average profile.

Alternatively, funds may be invested with the financial institutions named on the list of authorised institutions drawn up by the Strategic Director for Policy and Resources, but only in accounts which provide immediate access to the whole of the sum invested.

Local authority monies shall not be deposited in private funds, unofficial funds, personal accounts, or any other account not approved by the Strategic Director for Policy and Resources.

#### **4.4 OBLIGATION TO CARRY FORWARD DEFICIT BALANCES**

Any overspending on a schools' budget remaining at year-end, will be the first call on any monies invested in the Deposit Savings Scheme, and any overspending remaining thereafter will be deducted from the schools' budget for the following year. Such a deficit balance will be shown on the Section 251 Outturn statement.

Arrangements for the repayment of deficits over a period of more than one year should be made following special agreement with the Strategic Director for Policy and Resources. Where a school has a deficit balance at the beginning, or end, of any financial year as detailed above the local authority reserve the right to charge interest (see 4.6).

#### **4.5 PLANNING FOR DEFICIT BUDGETS**

Governing bodies should not plan a deficit budget, after taking into account carried forward balances. Schools with a surplus carry forward are expected to be able to achieve a balanced budget in the following financial year. However, exceptionally where schools can demonstrate that achieving such a balance within the next financial year will prove to be severely detrimental to the functioning of the school, the Strategic Director for Children and Enterprise may consider allowing a licensed deficit for a strictly limited number of years (see section 4.9).

Schools must submit a recovery plan and request consideration to a licenced deficit to the local authority when any revenue deficit carry forward, as at 31 March from the previous year, cannot be recovered in full by the end of the immediately subsequent financial year.

#### **4.6 CHARGING OF INTEREST ON DEFICIT BALANCES**

The local authority may charge interest on deficit balances. Interest will be charged by using the seven day money market rate, as published in the “Local Government Chronicle” each Friday and using the calculation below.

Where a school has a deficit balance at the beginning or end of any financial year (ie a deficit balance at 1<sup>st</sup> April equal to the deficit balance on 31<sup>st</sup> March), the local authority reserves the right to charge interest on the following basis:-

If the school is in deficit at the beginning of a financial year, and ends the financial year in deficit, interest will be calculated by adding together the opening balance of the school to the closing balance at the end of the financial year, then dividing this sum by two. Interest will be charged on this average deficit using the annualised seven day money market rate, as published in the “Local Government Chronicle”.

If the schools is in deficit at the beginning of a financial year but is in surplus at the end of the financial year, or in surplus at the beginning of the financial year but in deficit at the end of the financial year, the estimated number of weeks the school has been in deficit will be calculated by profiling the movement between the opening and closing balance evenly throughout the 52 weeks of the financial year.

#### **4.7 WRITING OFF OF DEFICITS**

The local authority cannot write off the deficit balance of any school. Schools in financial difficulty may wish to apply via Schools Forum for additional funding, subject to the need for such additional funding meeting the criteria set out in the funding regulations. Such funding would be from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by schools forum.

#### **4.8 BALANCES OF CLOSING AND REPLACEMENT SCHOOLS**

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

#### **4.9 LICENSED DEFICITS**

Under exceptional circumstances, where schools can demonstrate that achieving a balanced budget within the next financial year will prove to be severely detrimental to the functioning of the school, the Strategic Director for Children and Enterprise may consider plans for a school to have a licensed deficit, for one year initially, and exceptionally up to a maximum of three academic years. In such instance the Governing Body must provide in writing to the Strategic Director for Children and Enterprise:

- A full explanation of the situation, demonstrating that attempting to balance the budget in the next financial year would prove to be severely detrimental to the functioning of the school
- A detailed action plan with proposed timescales, designed to achieve a balanced budget within an agreed timescale

The case submitted must be approved by the Strategic Director for Children and Enterprise, in consultation with the Strategic Director for Policy and Resources. Termly reports to the Strategic Director for Children and Enterprise must be submitted until the approved action plan is fully implemented.

Deficits will only be agreed for amounts up to a maximum of 10% of the school budget share.

Approval of licensed deficits will be subject to the availability of sufficient resources within the local authority reserves. A maximum of 25% of the collective school balances held by the Authority will be available to back such arrangements.

Under a licensed deficit scheme the only effect on budget and outturn statements is that in the latter, the balance goes into deficit because expenditure is at a higher level than the budget share, but this deficit reduces to zero by the end of the repayment period because the school has to constrain its expenditure to effect the repayment. No 'payment' to the school is recorded.

In circumstances where a school requires a budget share advance in order not to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements.

#### **4.10 LOAN SCHEME**

Halton Borough Council no longer operates a school loans scheme

##### **4.10.1 CREDIT UNION APPROACH**

Schools opting to adopt a credit union approach to loans are required to provide audit certification to the local authority, unless the local authority acts as administrator of the arrangement.

## **5 INCOME**

### **5.1 INCOME FROM LETTINGS**

Schools may generate and retain income from letting the school premises, unless the income is subject to alternative provisions arising from any joint-use or PFI/PPP agreements. The level of charge to be levied for each type of letting should be reviewed and approved annually by the governing body. Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the education acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.

Schools must have regard to directions issued by the local authority as to the appropriate use of school premises, as permitted under the act for various categories of schools.

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

Lettings of school premises not owned by the local authority are not affected by this provision.

Governing bodies are responsible for all costs that may arise from letting school premises. If letting results in costs being incurred by the local authority on repairs or the replacement of buildings, grounds or equipment, the local authority reserves the right to charge the costs to the schools' delegated budget.

The governing body shall ensure that where appropriate, VAT is charged on lettings and properly accounted for in accordance with the appropriate VAT regulations. Further advice may be obtained from the Financial Management Division.

## **5.2 INCOME FROM FEES AND CHARGES**

Schools may generate and retain income from fees and charges, except where a service is provided by the authority from centrally retained funds. The level of charge to be levied for each activity should be reviewed and approved annually by the governing body. Schools must have regard to any policy statements on charging issued by the authority.

## **5.3 INCOME FROM FUND-RAISING ACTIVITIES**

Schools may retain income from fund-raising activities within the voluntary or school fund where these have been earned at no cost to the school's official budget.

## **5.4 INCOME FROM THE SALE OF ASSETS**

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

## **5.5 ADMINISTRATIVE PROCEDURES FOR THE COLLECTION OF INCOME**

The governing body shall ensure procedures are operated within the school for the safe and efficient collection, receipt and accounting of all money due to the local authority. Unless otherwise stated in this Scheme, all income retained must only be used for the purposes of the school.

Invoices for income due in respect of charges for work done, goods supplied or services rendered should be raised promptly using a method approved by the Strategic Director for Policy and Resources. All payments in settlement of an account should be paid into the local authority bank account or approved local bank account as appropriate.

All income should be promptly paid over, at least weekly, to the Strategic Director for Policy and Resources or deposited in the Council's name using banking arrangements approved by the Strategic Director for Policy and Resources. No deductions will be made from the sum received.

#### **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.

### **6. THE CHARGING OF SCHOOL BUDGET SHARES**

#### **6.1 GENERAL PROVISION**

The authority may charge the budget share of a school without the consent of the governing body only in circumstances expressly permitted by the scheme, and requires authorities to consult schools as to the intention to so charge, and notify schools when the charge has been done.

Although the right of authorities to protect their financial position from liabilities caused by the action or inaction of governing bodies by charging budget shares is well established, the government is anxious to ensure that schools are clearly aware of the circumstances in which this may happen. The main circumstances in which charging are permitted is listed in 6.2.

For each of these circumstances the authority would have to be able to demonstrate that the authority had necessarily incurred the expenditure now charged to the budget share. This means that where the authority cannot incur a liability because the statutory responsibility rests elsewhere, no charging is possible. Therefore the position on charging will vary between categories of school.

In some cases the ability to charge budget shares depends on the authority having given prior advice to the governing body. Authorities need to ensure that they have taken steps that enable them to give advice whenever possible, and will wish to remind schools of this.

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

#### **6.1.2 CHARGING OF SALARIES AT ACTUAL COST**

Salaries of school-based staff will be charged to school budget shares at actual cost.

## 6.2 CIRCUMSTANCES IN WHICH CHARGES MAY BE MADE

Charges may be made in the following circumstances:

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

6.2.2 Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see 11.1).

6.2.3 Awards by courts and employment tribunals against the authority, or out of court settlements, arising from action or inaction by the governing body contrary to the local authority advice, may be awarded against the governing body directly and would fall to be met from the budget share.

Where the authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking authority advice, the charging of the budget share with the authority expenditure protects the authority's position.

Authorities should ensure in framing any such advice that they have taken proper account of the role of aided school governing bodies.

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

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

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

See also 10.1. The authority itself needs to consider whether it has an insurable interest in any particular case.

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

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

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

Before applying any such provision the authority should consider whether it is reasonable to do so. If the error dates back several years it may be questionable whether such charging is reasonable.

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

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

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

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

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

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

6.2.16 With the exception of any losses occasioned as a result of error, negligence or irregularity by the local authority, all other losses or costs arising in respect of a local bank account, due to error, negligence or irregularity.

6.2.17 Any loss arising from the failure to notify the Strategic Director for Children and Enterprise of an Education, Health and Care Plan for a child / pupil attending the school who is not resident within the Borough.

6.2.18 Any "betterment" costs incurred when for example, replacing educational equipment and materials following damage by fire, if the appropriate insurance cover has been arranged by the local authority.

6.2.19 Any overspending on earmarked funding (i.e. the allocation of funds to schools from a centrally held fund for specific purposes) will be charged to the school budget.

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

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

6.2.22 Costs incurred by the authority due to submission by the school of incorrect data.

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

6.2.24 Amounts agreed under PFI / PPP agreements entered into by the Governing Body. This will include any funds distributed to relevant PFI schools through a specific formula factor for this purpose.

6.2.25 Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

Any dispute arising from charges against a school budget by the local authority will be resolved by the local authority's Executive Board.

## **7 TAXATION**

### **7.1 VALUE ADDED TAX**

Where a payment is subject to VAT, a VAT invoice shall be obtained, and the VAT element shall be properly identified within the coding of the invoice. VAT on expenditure relating to non-business activity will be reclaimed by the local authority and not met from the school budget. Failure to ensure that VAT is properly reclaimed will result in costs being met out of school budgets unnecessarily.

Certain types of income generated by schools attract VAT e.g. certain sports lettings, payphone income etc. Schools should ensure that VAT regulations regarding the treatment of income are complied with. Any penalties imposed by HMRC upon the local authority as a result of a school's non-compliance may be recharged to the school.

HM Revenues and Customs has agreed that VAT incurred by schools when spending any funding made available by the local authority is treated as being incurred by the local authority and qualifies for reclaim by the local authority. This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings.

Advice regarding VAT matters may be obtained from the Purchase to Pay Team, Financial Services Division.

### **7.2 CITS (CONSTRUCTION INDUSTRY TAXATION SCHEME)**

Schools must abide by procedures issued by the Authority in connection with CITS.

There is a legal obligation placed on local authorities to make deductions of income tax from contractor's invoices which fall within the scope of the CITS scheme.



This includes any payments made to contractors who carry out any type of building work for the school as they are effectively sub-contractors to Halton local authority.

The types of work included in the scheme are such things as painting and decorating, joinery, plumbing, etc.

In order to ensure that the information given on tax returns is accurate, no work involving CITS should be paid for from voluntary or unofficial funds or from imprest accounts or local bank accounts.

Schools must therefore send the invoice and where applicable a cheque from their local bank account made payable to Halton local authority for the net amount excluding VAT. The authority will make the appropriate deductions and be responsible for the payment to the contractor together with the accounting of such transactions to the HMRC.

If a school makes a payment in full to a sub-contractor when the invoice should have been processed through the CITS mechanism above, then the school will be liable to pay any penalty deductions the HMRC may decide to impose.

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

### **8.1 PROVISION OF SERVICES FROM CENTRALLY RETAINED BUDGETS**

The authority will determine on what basis services from centrally retained funds, including existing premature retirement costs and redundancy payments which may not ordinarily be thought of as services, will be provided to the schools.

The authority will not discriminate in its provision of services on the basis of categories of schools except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant.

### **8.2 TIMESCALES FOR THE PROVISION OF SERVICES BOUGHT BACK FROM THE LOCAL AUTHORITY USING DELEGATED BUDGETS**

The term of any arrangement with a school to buy services or facilities from the local authority is limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later. Any subsequent agreement relating to the same services will be limited to a maximum of five years. However, for contracts for supply of catering services an extension to five and seven years is allowable.

There is no minimum period although arrangements lasting less than two years may well be uneconomic.

Services provided by the local authority where the funding is not retained centrally under the Regulations made under section 45A of the Act, will be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service will be met by the total income, even if schools are charged differentially.

This provision complements the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or profit is not always achievable over fixed financial years; it is for the authority to show during audit tests that the charging policy can be reasonably expected to avoid central subsidy of services.

#### **8.2.1 PACKAGING**

The authority will provide any services for which funding has been delegated and the Council is offering the service on a buyback basis, in a way in which does not unreasonably restrict schools' freedom of choice among the services available. Where practicable services will be offered on a service-by-service basis as well as in packages of services.

However, the Council may consider offering packages of services which offer a discount for schools taking up a wider range of services.

#### **8.3 SERVICE LEVEL AGREEMENTS**

Service Level Agreements must be in place by the last date in February each year to be effective for the following financial year. Schools will have at least one month's notice to consider the terms of the 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 by the local authority will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements. Where services are provided on an ad-hoc basis, they may be charged for at a different rate than if provided on the basis of an extended agreement. Centrally arranged premises and liability insurance are excluded from the requirements on service supply covered under 8.2 and 8.3, as the limitations envisaged may be impracticable for insurance purposes.

#### **8.4 TEACHERS PENSIONS**

In order to ensure that the performance of the duty on the Authority to supply Teachers Pension with the information under the Teachers' Pension Scheme Regulations 2014, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.

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

A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate.

The authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

## **9 PFI / PPP**

9.1 The authority 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.

9.2 The authority is empowered to charge to the schools' budget share, amounts agreed under a PFI / PPP agreement entered into by the governing body of a school.

9.3 In the absence of an agreement on charging the school for PFI service provision, the authority may, at its discretion, charge the schools' delegated budget to reflect changes to service provision under a PFI agreement.

## **10 INSURANCE**

### **10.1 INSURANCE COVER**

Where funds for insurance are held centrally (or where cover is arranged centrally), the Strategic Director for Policy and Resources will arrange, administer and review insurance cover for any risks against which the local authority considers the school and governing body should be indemnified and in which the local authority has an insurable interest.

If funds for insurance are delegated to any school and the governing body of that school arranges its own insurance cover relevant to the local authority's insurable interests, it must demonstrate that cover is at least equivalent to that which would otherwise have been arranged by the local authority, if the local authority itself were to make such arrangements. If cover is deemed to be insufficient, any expenditure incurred by the local authority in insuring its own interests may be charged to the school budget.

The local authority will insure schools against fire damage (unless the school has arranged its own insurance cover), including any consequential losses arising from making good the situation, e.g. temporary accommodation. Claims are subject to negotiation and agreement with a loss adjuster who may require savings to be taken into account in arriving at a net position. Such savings could include the running costs that would have been incurred on premises had there not been a fire.

In dealing with the consequences of a fire, each incident is considered on its merits with the local authority applying the following principles:

- any consequential loss not covered by insurance will be set against the savings to the school budget from having accommodation out of use.
- such consequential costs could include meeting any extra costs incurred by another school acting as temporary host for pupils displaced by fire.
- any school providing temporary accommodation may be reimbursed with those costs arising from the provision that are not covered by insurance.
- where items such as educational equipment and materials are replaced by schools, any "betterment" will be charged against the school budget.

A record of all insurance cover taken out by the local authority will be maintained by the Divisional Manager for Audit and Operational Finance. The governing body shall notify the Strategic Director for Policy and Resources of any new risks or new assets which need to be insured, or any alterations to existing insurances, and of any occurrence which may lead to a claim.

Schools should not give any indemnity to a third party without the written consent of their insurers.

No remedial work may be commissioned where a claim for damage to property is involved until approved by the insurer.

If a school's activities take it outside the areas covered by their insurance cover arranged by the local authority the governing body shall extend the insurance cover following consultation with the Strategic Director for Policy and Resources. Any resulting costs shall be paid from the school's budget.

The handling of any claims on insurance policies which have been taken out without the involvement of the Strategic Director for Policy and Resources is the responsibility of the governing body.

Appropriate insurance to cover the potential liability of the governing body towards staff or third parties for any negligence in the exercise of their responsibilities as governors will be arranged by the Strategic Director for Policy and Resources under the following policies, unless schools make their own arrangements:

- Employer's Liability
- Public Liability
- Official's Indemnity
- Libel and Slander
- Money
- Fidelity Guarantee
- Personal Accident
- Motor Policy (Special Schools).

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

From 1 April 2020 schools may join the RPA individually when any insurance contract of which they are part expires. All primary and/or all secondary maintained schools may join the RPA collectively by agreeing through the Schools Forum to de-delegate funding. Either way, schools must ensure that the cover received through the RPA is sufficient for their needs.

## **11 MISCELLANEOUS**

### **11.1 RIGHT OF ACCESS TO INFORMATION**

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

### **11.2 LIABILITY OF GOVERNORS**

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

An example of behaviour which is not in good faith is the carrying out of fraudulent acts. Breaches of the scheme are not in themselves failures to act in good faith; neither is rejection of local authority advice as to financial management.

### **11.3 GOVERNORS' EXPENSES**

#### **11.3.1 Schools without delegated budgets**

The local authority will delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses. Governing bodies would not normally have discretion in the amounts of such allowances, which would be set by the local authority.

Under section 50 (5) of the Act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a schools' delegated budget share. No other allowances may be paid. Schools may not pay expenses duplicating those paid by the Secretary of State to additional governors appointed by him/her to schools under special measures.

Governing bodies may only pay themselves travelling and subsistence allowances for the purposes of their role in respect of the school. This must be in accordance with the policy and rates previously resolved by the governing body. In addition, the total amount of travelling and subsistence allowances paid to governors must be separately reported in the financial statement of the annual report to parents.

#### **11.3.2 Schools with delegated budgets**

For schools with delegated budgets, local authorities may publish separate from the scheme a guide to what it considers to be reasonable expenses.

#### **11.4 RESPONSIBILITY FOR LEGAL COSTS**

Legal costs incurred by the governing body may be charged to the school's budget share, unless the governing body acts in accordance with the advice of the authority; although the responsibility of the authority, as part of the cost of maintaining the school unless they relate to the statutory responsibility of voluntary aided school governors for buildings,

Also see section 6. The effect of this is that a school cannot expect to be reimbursed with the cost of legal action against the authority itself (although there is nothing to stop an authority making such reimbursement if it believes this to be desirable or necessary in the circumstances).

The costs referred to are those of legal actions, including costs awarded against an authority, not the cost of legal advice provided.

Governing bodies may wish to seek independent legal advice, at a cost to their school budget share, where there is a conflict of interest between the local authority and the governing body.

#### **11.5 HEALTH AND SAFETY**

Governing bodies must have due regard to duties placed on the local authority in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share.

Under Section 39 (3) of the School Standards and Framework Act the local authority may issue directions to the governing body and the Head Teacher of a community, community special or voluntary controlled school on health and safety matters. These directions are enforceable, so far as governing bodies are concerned under Section 497 of the Education Act 1996 if not complied with.

#### **11.6 RIGHT OF ATTENDANCE FOR CHIEF FINANCE OFFICER**

Governing bodies are required to permit the Chief Finance Officer of the authority, or any officer of the authority nominated by the Chief Finance Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of their responsibilities.

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

#### **11.7 SPECIAL EDUCATIONAL NEEDS**

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

Should a situation arise which is serious enough to warrant it, (not normally relating to an individual pupil) the authority can suspend delegation of budget share.

### **11.8 INTEREST ON LATE PAYMENTS**

Governing bodies are reminded to be mindful of the statutory requirements in relation to interest on late payments.

### **11.9 “WHISTLEBLOWING”**

Any person working at a school or school governor who suspects, with good reason, that financial irregularity or any other wrong-doing has occurred should immediately inform the Divisional Manager – Audit & Operational Finance of his/her concerns. This course of action gives the employee/governor an early opportunity to express his/her views in full. To wait and report this matter at a committee meeting could cause delay which may be detrimental to any necessary enquiries.

### **11.10 CHILD PROTECTION**

In cases where a child is at risk schools will be expected to release staff to attend child protection case conferences and other related events.

### **11.11 REDUNDANCY / EARLY RETIREMENT COSTS**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. The guidance note summarizes the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual schools' budget, the central Schools Budget or the local authority's non-schools budget.

Section 37 of the 2002 Education Act says:

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

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

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

The default position, therefore, is that premature retirement costs must be charged to the schools' delegated budget, while redundancy costs must be charged to the local authority's budget.

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

Charge of dismissal or resignation costs to delegated school budget:

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

Charge of premature retirement costs to local authority non-school's budget or central schools budget:

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

Costs of early retirements or redundancies may only be charged to the central schools services block of the schools budget, as a historic commitment, where the expenditure is to be incurred as a result of retirement and redundancy charges agreed before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

The local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets, excluding nursery schools, only where the relevant maintained school members of the schools forum agree.



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

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

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

Section 37 now states:

(7) Where a local education authority incur costs –

- (a) In respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or
- (b) In respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes they shall recover those costs from the governing body except in so far as the authority agrees with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

(7a) Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection 7(b) is met.

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

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

## 12 RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

Governing bodies will be responsible for all, non-capital building repairs and maintenance. The attached **Annex B** gives details of the split between capital and repairs and maintenance work. Reference in Annex B to substantial / substantially shall be defined as, an area in excess of 50 percent of the whole element under consideration, subject to the integrity of the building not being threatened prior to this

percentage being reached. For these purposes, expenditure may be treated as capital only if it fits with the definition of capital used by the local authority for financial accounting purposes in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on local authority accounting.

In all matters of dispute, the professional view of the Consultants will take precedence.

The authority will accept no responsibility for work occasioned by neglect of regular maintenance.

All work undertaken must comply fully with Health and Safety requirements, buildings regulations and all current legislation. Work adjudged to be required under Health and Safety, must take priority, with work instigated as a matter of urgency.

Governors must be able to demonstrate that work undertaken has been subject to the Principles of 'Best Value' and shows active and effective stewardship of school property. School compliance with this process will be monitored by Halton BC (see Section 2.4 of the Scheme)

Halton Borough Council has a statutory duty to monitor all work undertaken and to institute work where Governors have failed in their responsibilities or duty. The full cost of this remedial work will be charged to the school's budget. (see Section 6.2.4 of the Scheme).

For voluntary aided schools, the liability of the Authority for repairs and maintenance (met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. Eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis applied by the Department for Education to categorise such work, not the de minimis limit used by the local authority. For voluntary aided schools, all repairs and maintenance up to £2,000 (excluding fees and VAT) should be paid from the delegated budget. The exceptions to this are playing fields and changing rooms, which remain the responsibility of the Local Authority. The boundaries of playing fields however are the responsibility of the Governors.

### **13 COMMUNITY FACILITIES**

13.1 Schools which choose to exercise the power conferred by section 27 (1) of the Education Act 2002 to provide community facilities will be subject to controls. Regulations made under section 28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Section 88 of the Children and Families Act 2014, has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its authority and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their local authority when offering this type of provision.

Under section 28 (1), the main limitations and restrictions on the power will be those contained in the maintaining authority's Scheme For Financing Schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002.

This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the Scheme For Financing Schools. This part of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the authority and schools to secure the provision of adult and community learning.

- 13.2 The budget share of a school may not be used to fund community facilities – either start-up costs or ongoing expenditure – or to meet deficits arising from such activities.
- 13.3 Mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget. This provision is discretionary because the power to suspend delegation, and the procedure to be used, arise from primary legislation, not the scheme itself.
- 13.4 As public bodies, schools are expected to act reasonably and this includes consulting those affected by decisions that they make.
- 13.5 The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations are potentially involved.
- 13.6 Any proposed funding agreements should be submitted to the local authority for comment. The local authority must receive at least two months' notice to comment.
- 13.7 The local authority reserves the right, where it believes a project carries significant financial risk, to require a 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 the risk associated with the said project.

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

- 13.8 Every six months, schools exercising the community facilities power will be required to provide a summary statement in a form to be determined by the local authority. This form will show the income and expenditure arising from the previous six months.
- 13.9 The local authority after giving notice to a school that it believes there to be a cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, may require financial statements to be submitted every three months. It may also require the submission of a recovery plan.

- 13.10 Schools must allow internal and external audit access to their records connected with the community facilities power.
- 13.11 Schools must ensure that any funding agreement allows adequate provision for access by the authority to the records and other property of those persons held on the schools premises, or held elsewhere if they relate to the provision of the community facility. This information is needed for the local authority to satisfy itself as to the propriety of expenditure on the facilities in question.
- 13.12 Schools may retain income derived from community facilities except where otherwise agreed with a funding provider, whether that be the local authority or some other person.
- 13.13 Schools may carry forward from one financial year to the next any surplus income as a separate community facility surplus or subject to the agreement at the end of each financial year, transfer all or part of it to the budget share balance.
- 13.14 Any accumulated retained income obtained from the exercise of the community facilities power in a community school or community special school will revert to the authority unless otherwise agreed with the funding provider.
- 13.15 All health and safety provisions within the main scheme will extend to the community facilities power.
- 13.16 The governing body will be responsible for the costs of securing Disclosure and Barring Service (DBS) clearance where appropriate for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to funding partners as part of an agreement with that partner.
- 13.17 It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risk arising from the exercise of the community power. Governing bodies should take professional advice where necessary. Such insurance should not be funded from the school budget share.
- 13.18 The local authority may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities. If they are judged to be inadequate, the local authority may make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the School's budget share.
- 13.19 Schools should seek advice of the local authority and the local VAT office on any issues relating to the possible imposition of VAT on expenditure in connection with community facilities; including the use of the local authority VAT reclaim facility.

- 13.20 If any member of the staff employed by the school or local authority in connection with the community facilities at the school is paid from funds held in a school's own bank account, the school is likely to be held liable for the payment of income tax and national insurance, in line with Inland Revenue rules.
- 13.21 Schools should follow local authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.
- 13.22 Schools should set up separate bank accounts for community facilities funds.
- 13.23 Schools will be required to select a bank account from the designated list produced by the Resources and Corporate Services Directorate. The provisions under the restriction of accounts in the scheme shall apply except where the budget share and community facilities fund are kept in the same account the mandate which shows the local authority as owner should exclude the community facilities funds. However, in the case of a bank account which is used by the school in connection with community facilities (whether or not the account also contains funds from the schools' budget share), the account mandate should not show the local authority as the owner of the community facilities fund in the account, except insofar as these funds have been provided by the local authority itself.

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

## LIST OF SCHOOLS COVERED BY THE SCHEME

## Annex A

DfE	School	DfE	School
7202	Ashley	3648	St Basil's Catholic Primary
7200	Chesnut Lodge Special	3615	St Bede's Catholic Infant
3179	All Saint's Upton CE Voluntary Controlled Primary	3614	St Bede's Catholic Junior
2700	Astmoor Primary	3640	St Berteline's CE Primary
2382	Beechwood Primary	3510	St Clement's Catholic Primary
2725	Brookvale Primary	3509	St Edward's Catholic Primary
2283	Castle View Primary	3649	St Gerard's Catholic Primary & Nursery
2425	Fairfield Primary	3650	St John Fisher Catholic Primary
3177	Farnworth CE Controlled Primary	3637	St Martin's Catholic Primary
2383	Gorsewood Primary	3506	St Mary's CE Primary
3176	Hale CE Voluntary Controlled Primary	3651	St Michael's Catholic Primary
3050	Halebank CE Voluntary Controlled Primary	2295	The Brow Community Primary
2689	Hallwood Park Primary & Nursery	3511	The Holy Spirit Catholic Primary
2712	Halton Lodge Primary	2107	Victoria Road Primary
2376	Hill View Primary	2723	Westfield Primary
2428	Lunts Heath Primary	2281	Weston Primary
2104	Moore Primary	2118	Weston Point Community Primary
2415	Moorfield Primary	2387	Windmill Hill Primary
2381	Murdishaw West Community Primary	2297	Woodside Primary
2727	Oakfield Community Primary	4625	Saints Peter & Paul Catholic High
3632	Our Lady Mother of the Saviour Catholic Primary	1005	Ditton Nursery School
2726	Our Lady of Perpetual Succour Catholic Primary	1007	Warrington Road Nursery School
2325	Pewithall Primary	1006	Birchfield Nursery School
3502	Runcorn All Saints CE Primary	1100	The Bridge PRU

## Annex B

## CAPITAL /REVENUE SPLIT

Illustrative examples in line with DfE interpretation of the CIPFA Code of Practice.

NB Actual interpretation of the CIPFA Code of Practice for these purposes will be for each local authority.

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
Roofs (Flat)	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, Roof lights on new build Replacement of all/substantially all on existing roof	Repair/ Replacement/ cleaning of individual items
Roofs (Pitched)	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 small parts
	Bargeboards/ Fascia's 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
Roofs (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 structure
	Rebuild or substantially repair structure of existing porch	
Ground Floor	Structure and dpc in new building	Repair/replacement of small parts of an existing structure
	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.
Upper Floor	Structure - as ground floor	As ground floor



	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor
Ceilings - Top/ only storey	Suspension	Repair/ replacement incl. From water damage, & necessary decoration
	Membrane	
	Fixed	Repair/ replacement inc. from water damage
	Access panels	Repair/ replacement
Lower storeys	Suspension	Repair/ replacement
	Membrane	
	Fixed	Repair/ replacement
All	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	Repairs Preventive measures e.g. tree removal
	External Finish on new build	Repair/replacement of small parts of an existing structure e.g. repointing/ recladding a proportion of a wall where failure has occurred.
	External Finish on 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.

Masonry chimneys	Structure	
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing
Internal Walls - Solid	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
	Refurbishment and alterations	Minor alterations
Partitions	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
	Refurbishment and alterations	Minor alterations
Doors & Screens	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens
All	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
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 Education, Health and Care Plans.	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 local authority Cleaning out drainage systems Redecoration
	General refurbishment	Repairs
	Large and costly items of equipment	Repairs/ replacement parts
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 old boiler/ controls systems past the end of their useful life	Replacement of defective parts

	Emergency replacement of boiler plant/ systems	
Cold water	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.
Gas	Distribution on new and major refurbishment's, terminal units	Repairs, maintenance and gas safety All servicing
Ventilation	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units
Other	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 - General	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.
Power	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
Lighting	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
Other	Lightning protection in new build	Repair/ replacement
	Alarm systems, CCTV, lifts/ hoists etc.	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 - Pavings	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.
Miscellaneous	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.
Drainage	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.
Open air pools	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

#### Notes

This illustrative list is the DfES interpretation of the CIPFA Code of Practice and local

Authorities should refer to the Code when defining capital and revenue.

## School Resource Management

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 exercised by the governing bodies of local authority 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. Local authority 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.

## PROCUREMENT / PURCHASING GUIDANCE FOR SCHOOLS

### Introduction

The aim of this guidance is to support Governing Bodies and Head Teachers in meeting their responsibilities for school improvement by:

- identifying and evaluating options for delivering a service (in-house/Council provision/external provider)
- effectively carrying out their purchasing responsibilities;
- ensuring value for money decision-making; and
- becoming better-informed purchasers of services.

Governing Bodies must meet any statutory requirements in the area of service provision, including those required by the local authority to enable its statutory responsibilities to be met.

This guidance is given against the background that for maintained schools a contract signed by an authorised member of staff or governor of the school will be binding on the Council as well as the Governing Body of the school.

Schools should seek legal advice when procuring goods / services and in the event of any difficulties being experienced during the period of a contract.

### Role of the Local Authority

The Council promotes school autonomy through effective services to support school management, including promoting good purchasing practices.

Schools should have real choice over how they meet their delegated responsibilities (within school resources, Council support services, other providers), including the level, volume and amount spent. This choice must ensure compliance with their statutory duties. The Council should ensure that schools have sufficient information to exercise that choice, including information on statutory requirements which will need to be reflected in service specifications developed by schools.

The Council continues to have some statutory responsibilities and retains funding for aspects of a number of service areas for which general responsibility has been delegated to schools (e.g. Payroll – link to the Teacher Pension Agency).

### Accountability

Schools are accountable through their governing bodies to the Council as the local authority and to the parents of children at the school for the efficiency and effectiveness with which they carry out their functions. The Council has a duty to satisfy itself that funds delegated to schools are managed properly. The Council will ensure that the necessary systems are in place to check that functions are being carried out in an effective and efficient way.

## **Principles of Good Procurement**

### **1. Value for Money**

To achieve Value for Money (VfM) there should be recognition that 'price' is not the only consideration. Consideration has to be given to 'cost' which includes price, delivery costs, insurance, invoice processing, etc. Other factors will include:

- Economy, efficiency and effectiveness
- Quality
- Qualifications and experience
- Range of provision
- Capacity of the supplier to be responsive to the current and future needs of the school
- Financial viability of the supplier
- Compatibility with the School's ethos and culture

### **2. Best Value**

Schools are not covered directly by Best Value legislation but are responsible for a large proportion of local authority expenditure and are required to adhere to the Best Value principles. In recognition of Governing Bodies' responsibilities the statutory guidance on local authority schemes for financing schools makes provision that schools should demonstrate that they are following Best Value principles in expenditure. OfSTED will inspect this area of responsibility as part of their inspection of a school's financial management. Governing Bodies are required to submit with their annual budget plan, a statement setting out the steps they will take to ensure that expenditure reflects the principles of good practice.

Best Value involves testing purchasing decisions against 'the four Cs'

- Challenge why, how and by whom a service is provided
- Compare performance with other providers
- Consult service users, the community, etc as appropriate
- Compete – use fair competition to ensure economic, efficient and effective services.

Governing Bodies and Head Teachers should consider the following main features of Best Value in schools:

- The existence of a programme of performance review which will aim for continual improvement in the cost-effectiveness of bought-in services. School development plans and post-inspection action plans can be developed to satisfy the requirements for review
- Reviews should follow the principles of the 'four Cs'
- Documenting how Best Value requirements have been met

### **3. Purchasing**

Governing Bodies should already have in place written procedures which have regard to the following purchasing issues:

- Agreed financial limits on purchasing decisions which can be made by the Head Teacher or by other members of staff (if appropriate) without reference to the Governing Body or Head Teacher respectively (known as the Scheme of Delegation);
- Agreed purchasing limit above which quotations and tenders must be sought;
- Separation of duties so that no one person is independently responsible for the entire purchasing process (ordering, receiving and authorising payment);
- Ensuring that legal advice is taken before contracts are entered into;
- Audit trails so that purchasing decisions can be tracked and evidenced; and
- Requirement that all involved in making purchasing decisions sign a declaration of interest statement so as to minimise potential conflicts of interest.

### **4. Quotations and Tendering**

Key features underpinning quotation and tendering processes include:

- A clear statement of the school's requirements;
- A clear statement of the statutory responsibilities (School and, where applicable, local authority) which must be met;
- A format with which suppliers' bids must comply;
- A timetable for submitting, opening and evaluating quotations and tenders; and
- Written processes for opening and evaluating the submitted quotations and tenders.

EU Procurement Rules of Tendering may apply for large purchases, likely significant building works or services provided by schools grouped together. The TUPE regulations may also apply.

Entering into contracts creates significant and sometimes surprising legal implications and liabilities for the school and the Council which is why taking legal advice is a must. Specific care should be taken where the contract is a standard document produced by the supplier of goods or services.

Areas of particular issue can arise with contracts for the supply of agency staff and for equipment leases. There is evidence of cost and time resource repercussions to schools where activities in these areas have been inappropriate.



## **5. School's Requirements**

Schools need to identify clearly both their requirements and the way in which they will measure performance. These need to be contained in a written document which can be checked against submitted quotations, tenders etc to ascertain which best meets the school's needs and which provides the basis for evaluating the effectiveness of the service delivered.

A school's purchasing procedures should comply with the contract Standing Orders for Schools as incorporated in the Authority's Scheme for Financing Schools.

A school should write its own detailed specification or require that a supplier's specification be tailored to more closely match school's needs.

A specification should include:

- Required frequency of delivery;
- Deadlines for service delivery;
- The price and structure / conditions for payment;
- The range of service to be provided, including statutory requirements;
- Desired outputs and outcomes;
- The required level of performance;
- Liquidated damages for non-performance;
- Health and Safety requirements;
- How contractor's employees will be identified on site (proof of identify / uniform, etc); and
- Contract conditions (as given in section 7)

Where a service features staff employed working in close contact with pupils, schools should satisfy themselves that all appropriate background checks are being or can be carried out (e.g. agency staff).

## **6. Measuring Performance**

Performance measures should be identified at the time of defining requirements so that they are known and understood by all parties and underpin any monitoring processes in place. Application of the SMART (Specific, Measurable, Achievable, Realistic and Time-Related) approach will support this but it is important that measures are:

- Unambiguous and not open to misinterpretation by either party;
- Attributable so that responsibility for achieving good performance is clear;
- Written in such a way as to facilitate easy monitoring;
- Limited in number; and
- Reflect the school's culture, aims and objectives.

## **7. Contracts and Service Level Agreements (SLAs)**

These are written agreements between two parties for the supply of goods or services. Contracts are normally between school and private suppliers and SLAs between schools or between a school and the LEA.

Contracts and SLAs should include:

- details of all parties involved;
- duration of the agreement;
- the goods and services to be provided including level and frequency;
- the obligations of both parties;
- the location of service delivery;
- the names, qualifications and other relevant factors of those providing the service;
- the performance measures;
- the price of the service and the payment mechanism;
- complaints and dispute resolution procedures;
- provision to exclude undesirable employees from school sites;
- anti-corruption conditions;
- the exclusion of third party rights; and
- a section for the agreement to be signed and dated by all parties.

Agreements must be signed only by those with appropriate authorisation.

Before entering into an agreement schools should assure themselves of:

- the financial viability of the supplier (the Council's Internal Audit Division can undertake financial reference checks on request);
- the method of service delivery;
- the quality of their work;
- the suitability of their insurance cover;
- the existence and application of health and safety policies and practice;
- the mechanisms for dealing with complaints;
- the arrangements for recompensing schools where the supplier has failed to deliver to the agreed specification; and
- English Courts jurisdiction.

Written references should be requested and taken up.

## **8. Purchasing Options**

The full range of purchasing options should be considered. As the range of private suppliers is increasing and the Council may reduce the range of services on offer, options may include:

- purchasing consortia where schools come together to increase their purchasing power
- use of a brokerage service to arrange the purchase of goods and services on behalf of schools

- development of e-commerce for purchasing in accordance with any future guidance issued by the Council under its Implementation of Electronic Government Strategy (IEG)

#### Purchasing Consortia

Many of the services used by schools are common to most types and sizes of school. It may therefore be useful to consider whether forming a purchasing consortium can offer economic or organisational advantages. Clear statements of requirements of each member of the consortium must be identified and must form the basis of a legal agreement between the schools in the consortium. It is important that legal advice is taken before the agreement is signed.

#### Brokerage

This would be an arrangement by which an organisation procures goods or services on behalf of schools. This service might be provided by the local authority or an independent provider. A written contract is needed in the case of an independent provider and legal advice sought before it is signed.

### **9. Monitoring and Evaluation**

Effective monitoring and evaluation is an integral part of the purchasing process and is underpinned by clear statements of requirements, specifications, contracts and SLAs.

Monitoring will focus on regular, routine checking that goods / services are delivered as specified and any shortcomings are reported and responded to within specified timescales.

Evaluation will be concerned with whether the quality of goods / services is meeting the needs of the school as effectively, efficiently and economically as possible.

Effective monitoring and evaluation both involve:

- the allocation of responsibility for ensuring that the process takes place;
- clarity of desired outcomes, outputs and performance measures;
- the collection of evidence (qualitative and quantitative);
- early reporting of faults and follow up until satisfaction is achieved; and
- making judgements and decisions about future service provision

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#### Acknowledgements

the Purchasing section of the DfES A – Z website.

the Purchasing guide for Schools – VFM Unit website

Code of Practice on Local Education Authority and Schools Relations

## OPERATION OF LOCAL BANK ACCOUNTS

### 1 General

1.1 In order to maintain separation of duties, all cheques should be signed by two signatories who are first provided with appropriate supporting documentation relating to the payment. The governing body should nominate a small number of senior members of staff, as authorised signatories for the local bank account. Each should be given a limit of financial authorisation; appropriate to their needs, above which further authorisation is required.

1.2 The governing body shall ensure that blank cheque books and records relating to the local bank account, shall be stored securely and access to such is restricted to authorised members of staff at all times.

1.3 Although abatement charges are deducted from cash advances prior to payment to a school, the school must ensure that the gross cash advance is shown on their Local Bank Account return and that the abatement charge is entered as an expenditure item on FMS and appears on the VAT return.

1.4 Schools shall not arrange any overdraft or credit facilities in relation to their local bank account. The governing body should ensure that procedures exist within the school, to confirm that there are sufficient funds available in the local bank account, before any expenditure commitment is entered into.

1.5 The governing body should be presented with a cash flow budget at the beginning of each financial year, and progress statements during the year, to enable to governing body to monitor the local bank account and ensure that it is correctly managed so as to avoid becoming overdrawn.

1.6 Funds which are surplus to immediate requirements may be invested in the Borough Council's Deposit Savings Scheme. Alternatively they may be invested with the financial institutions named on the list of authorised institutions drawn up by the Strategic Director for Policy and Resources, but only in accounts which provide immediate access to the whole of the sum invested.

1.7 All year end procedures, as provided by the Strategic Director for Policy and Resources, in respect of local bank accounts, shall be complied with.

1.8 The financial year on FMS should not be fully closed until after the Period 13 Central Reports have been reconciled, to ensure that the total income and expenditure shown on the Central Reports is an accurate reflection of the same on FMS for the financial year.

## **2 Monthly reconciliations**

2.1 Monthly reconciliations of transactions made via the local bank account of the approved format, shall be undertaken and forwarded to the Financial Management Division by the 10<sup>th</sup> of the following month, in order to ensure that the appropriate accounting analysis is entered into the school's accounts with the Borough Council. Failure to provide the monthly reconciliation analysis by the due date may result in delays in cash advances being made to schools.

2.2 The final reconciliation of the financial year should be completed and submitted to the Financial Management Division by the last day of the Spring Term. Due to the tight deadlines for closing the council accounts, failure to submit by this date will result in the March expenditure not being included within the correct financial year. If the submitted return is in any way incorrect it will be processed as it is received and any corrections will be required on the April return. Therefore, incorrect or late submissions will impact on schools' end of year balance and Consistent Financial Reporting return.

2.3 Schools should undertake reconciliations for their own benefit at least twice monthly, in order to avoid difficulties in balancing the local bank account and to permit discrepancies to be identified, investigated and resolved as soon as possible. If any discrepancies do occur, it is the individual School's responsibility to resolve and rectify them. However, even if the reconciliation at school level balances it does not guarantee reconciliation with the Council's ledger. Any discrepancies between the school and Council ledger should be investigated and if found to be an error with the school, the school must rectify the error on the next return.

2.4 The governing body shall ensure that a separate reconciliation is performed at least monthly by the school, between the school's bank reconciliation and the Borough Council's accounts as provided via Central Reports from the Financial Management Division.

2.5 The reconciliations detailed in 2.3 and 2.4 above should be certified by the person undertaking it and should then be checked and certified by a second member of staff who is familiar with the operation of the local bank account. Wherever possible the person who reconciles the local bank account should not be in a position to process invoices for payment, or receive or process income.

2.6 Monthly reconciliations should be performed (by the Financial Management Division, if purchased via an SLA) of the amounts shown as credited on the Central Reports provided by the Strategic Director for Policy and Resources. Any discrepancies should be investigated promptly.

2.7 Due to the impact of the changes required for HM Revenue and Custom's Making Tax Digital, the processes, formats and dates for the monthly reconciliations are likely to be amended over the coming months. Such amendments will be notified to the relevant schools in advance and must be adhered to without exception. Full training and support will be given by Schools Funding staff within the Financial Management Division and the SIMS Team.

2.8 A school should not under any circumstances change the amount of VAT when inputting an invoice for payment, with the exception of a small adjustment for the rounding of fractions. On the FMS VAT reports care should be taken to ensure the VAT actual totals and VAT memo totals match, again with the exception of small adjustments for the rounding of fractions. If the VAT amount on an invoice is unclear, payment should not be made until clarification is received from the supplier.

### **3 Expenditure**

3.1 Payments for goods and services shall always be made through the school's official bank account and not through an officer's or governors personal bank account. An exception to this is for the purchase of minor items under £50, where a member of the school's staff may pay for items in the first instance, obtain a receipt, and then be reimbursed from the school's petty cash facilities. Care shall be taken to ensure that this facility is not abused.

3.2 Schools must never handwrite on pre-printed cheque stationery issued for use with FMS.

3.3 Any circumstances affecting the salaries, wages or other payments to any school employee, including appointments, promotions, re-grading, secondments, suspensions, dismissals, retirements and absences from duty (other than normal leave), shall be notified to the HR Division in the appropriate manner. Governing bodies are advised to consult the HR Division on any matters relating to conditions of service, salary and wage scales. Any School who opts out of the payroll and personnel SLA no longer use the services previously provided. Despite this, contact does remain between the new providers and HBC payroll relating to payments of pensions and to the General Teaching Council.

All Local Government Pension, Teacher's pension and Prudential AVC contributions deducted by the alternative providers are paid to HBC payroll, who in turn forward the payments to the three organisations. This procedure has been undertaken as HBC as employer remains responsible for the end of year pension returns. Payroll also undertake the notification of appointments, changes and terminations to Teacher's pensions, as the TPA will not accept notifications from an agency and HBC remain responsible for the completion of the Annual Service Return.

3.4 Governing bodies are responsible for providing the Strategic Director for Policy and Resources with any information required to calculate and pay salaries and wages. They shall also provide any information necessary to enable the Strategic Director for Policy and Resources to maintain records of service and make deductions for superannuation, income tax, national insurance and statutory sick pay.

3.5 Time sheets and other pay documents in a form approved by the Strategic Director for Policy and Resources shall be checked and certified by an officer authorised by the governing body, who shall be a different person to that who has completed the documents. The names and specimen signatures of all authorised officers shall be submitted to the Strategic Director for Policy and Resources, along with notification of any subsequent changes. Claims by any member of the school's staff for expenses incurred in carrying out official duties, shall also be certified by an authorised officer and produced in a form approved by the Strategic Director for Policy and Resources.

3.6 In authorising such documents, authorised officers should particularly ensure that the payment was necessary, has been coded to the appropriate code, is within the sum available in the appropriate school budget, and that the school's records have been updated to record that the document has been passed for payment.

3.7 Governing bodies should ensure that the duties of authorising or terminating the appointment of staff, are performed by different staff to those responsible for undertaking the processing of salaries, wages, travelling and other employee related payments.

3.8 Unless a school operates a local bank account for pay budgets, all payments to school staff for work done, and travelling and subsistence claims (see below) shall be paid through the Borough Council's payroll system, to ensure that the school complies with income tax regulations. No employee related payments shall be processed through the central payment system, local bank account, and imprest account or school fund, except where a school has a local bank account for pay and non-pay budgets.

3.9 School staff shall conform to the terms and conditions for the use of a car on official business as printed on car allowance claim forms, issued by the Strategic Director for Policy and Resources unless the school has agreed its own procedures.

3.10 The correct accounting detail, including the separate analysis of VAT, should be made on the appropriate part of the school income paying-in slip in order that VAT is accurately identified in the Borough Council's accounts. The paying-in slip should indicate the relevant school receipt numbers and amounts to be paid in alongside the income description and account code.

## **4 Assets**

4.1 An inventory should be maintained of all permanent, valuable and transportable items with a value above £100, including vehicles, visual aid equipment, computer equipment, power tools, camping and sports equipment.

4.2 Whenever an item is disposed of, the inventory entry should be deleted with a reference to the reason or circumstances. The inventory should specify the following details for each item: location, cost; date of acquisition; source of funding; description (including serial numbers where applicable), order number and disposal details.

## **5 Income**

5.1 The collection of all income should be immediately acknowledged by the issue of an official, pre-numbered receipt, or in a form approved by the Strategic Director for Policy and Resources and a record should be made immediately in the accounting system of the income received, including an analysis of VAT where appropriate.

5.2 The governing body should separate, as far as is practicable, the responsibility for identifying sums due to the school from the responsibility for collecting and banking such sums.

5.3 In order to ensure compliance with the 1992 Cheques Act, all cheques, which represent official Borough Council income must be, made payable to 'Halton Borough Council' and not the individual school. This is necessary in order to comply with VAT regulations.

5.4 Personal cheques must not be cashed from money held on behalf of the Borough Council.

5.5 Goods or materials sold for cash, or paid for by cheque, cannot be released until the cash has been received by the school or the cheque cleared in to the Borough Council's bank account or approved local bank account. Cheques offered with a valid guarantee card may be treated as cash, subject to the conditions under which the card has been issued.

5.6 The governing body should ensure that cash or cheques are placed in a locked safe or locked drawer, as soon as possible after receipt, and that access to safes and locked drawers is strictly controlled. The governing body should ensure that insurance cover is sufficient in respect of the amounts of cash and cheques held in the school. Further advice is available from the Insurance Manager or Internal Audit Division.

5.7 All documentation and records in relation to income due to, or received by the school, shall be retained securely.



**Flowchart for the recovery of VAT**

**Annex F**

