Director of Finance, Oldham Council

The Scheme for Financing Schools

Fair Funding Framework

Section 48 of and Schedule 14 to the School Standards and Framework Act 1998

Effective from 2025/26

CONTENTS

1. INTRODUCTION

1.1 The funding framework
1.2 The role of the scheme
1.2.1 The scope of the scheme
1.3 Publication of the scheme
1.4 Revision of the scheme
1.5 Delegation of powers to the headteacher
1.6 Maintenance of schools

2. FINANCIAL CONTROLS

2.1.1 Application of financial controls to schools
2.1.2 Provision of financial information and reports by schools
2.1.3 Payment of salaries and invoices
2.1.4 Control of assets
2.1.5 Accounting policies (including year-end procedures)
2.1.6 Writing off of debts
2.2 Basis of accounting
2.3 Submission of budget plans
2.3.1 Submission of Financial Forecasts
2.4 Efficiency and Value for Money
2.5 Virement
2.6 Audit: General
2.7 Separate external audits
2.8 Audit of voluntary and private funds
2.9 Register of business interests
2.10 Purchasing, tendering and contracting requirements
2.11 Application of contracts to schools
2.12 Central funds and earmarking
2.13 Spending for the purposes of the school
2.14 Capital spending from budget shares
2.15 Schools Financial Value Standard (SFVS)
2.15.1 Retention of financial documents
2.16 Notice of Concern
2.16.1 IT Security
2.17 Data Protection
2.18 Fraud

3. INSTALMENTS OF BUDGET SHARE; BANKING ARRANGEMENTS

3.1 Frequency of instalments
3.2 Proportion of budget share payable monthly
3.3 Interest clawback
3.3.1 Interest on late budget share payments
3.4 Budget shares for closing schools
3.5 Bank and building society accounts

3.5.1 Restrictions on accounts
3.6 Borrowing by schools

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

4.1 Right to carry forward surplus balances
4.2 Reporting on and control of the use of surplus balances
4.3 Interest on surplus balances
4.4 Obligation to carry forward deficit balances
4.5 Planning for deficit balances
4.6 Charging of interest on deficit balances
4.7 Writing off deficits
4.8 Balances of closing and replacement schools and schools converting to academies
4.9 Borrowing for agreed purposes
4.9.1 Licensed Deficits
4.10 Loan Schemes

5. INCOME

5.1 Income from lettings
5.2 Income from fees and charges
5.3 Income from fund raising activities
5.4 Income from the sale of assets
5.5 Administrative procedures for the collection of income
5.6 Purposes for which income may be used

6. THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision
6.2 Circumstances in which charges may be made
6.3 Disputes Procedure

7. TAXATION

7.1 Value Added Tax
7.2 Construction Industry Scheme (CIS)

8. THE PROVISION OF SERVICES AND FACILITIES BY OLDHAM LA

8.1 Provision of services from centrally retained budgets
8.2 Timescales for the provision of services bought back from the LA using delegated budgets
8.2.1 Packaging
8.3 Service level agreements
8.4 The supply of information to Teachers Pensions

9. PUBLIC FINANCE INITIATIVES/PUBLIC PRIVATE PARTNERSHIPS

10. INSURANCE

10.1 Insurance cover

11. MISCELLANEOUS

11.1 Right of access to information
11.2 Liability of governors
11.3 Governors expenses
11.4 Responsibility for legal costs
11.5 Health and Safety
11.6 Right of attendance for Authority's Director of Finance
11.7 SEN
11.8 Computer Systems
11.9 Child Protection
11.10 School Information
11.11 Redundancy / early retirement costs
11.12 Whistleblowing
11.13 Procurement of outsourcing contracts

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Responsibilities for building works - Repairs and Maintenance
12.2 Definition of capital expenditure and de minimus levels
12.3 Illustrative examples of capital
12.4 Retained monies centrally for the repair and maintenance of kitchens and kitchen equipment

13. THE POWER TO PROVIDE COMMUNITY FACILITIES

13.1 Introduction
13.2 Funding agreements – Local Authority powers
13.3 Other prohibitions, restrictions and limitations
13.4 Supply of financial information
13.5 Audit
13.6 Treatment of income and surpluses
13.7 Health and safety matters
13.8 Insurance
13.9 Taxation
13.10 Banking

ANNEX A: Schools to which the scheme applies
ANNEX B: Principles of Best Value Guidance
ANNEX C: Responsibility for Redundancy and Early Retirement Costs
ANNEX D: Capital / Revenue split regarding repairs and maintenance

SECTION 1: INTRODUCTION

1.1 The funding framework

All mainstream schools, regardless of size, were included within Oldham's scheme for Local Management of Schools when it was introduced informally in April 1990. Those schools received full and formal delegation on 1st April 1993.

Local Management of Schools was extended to special schools informally on 1st April 1993. Formula funding and formal delegated responsibility were introduced on 1st April 1994 with any transitional arrangements expiring on 31st March 1996.

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

Under this legislation, Local Authorities determine for themselves the size of their Schools Budget and their non - schools education budget. At a minimum a local authority must appropriate its entire Dedicated Schools Grant to its 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 is all expenditure on an authority's maintained schools, except for capital and certain miscellaneous items.

Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions including gaining the approval of their School Forum or the Secretary of State in certain instances. The balance of the Schools Budget left after deduction of the centrally retained funds 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).

The Local Authority 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. The budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended, in accordance with s.51 of the School Standards and Framework Act 1998.

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

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

under s.50 of the Act.

A Local Authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons as detailed in Section 17 of the School Standards and Framework Act 1998.

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

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 the 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

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

A. The Local Authority

The Local Authority has responsibility for determining the total resources that will be available to schools, establishing the basis for resource allocation to schools (following consultation with schools), giving advice to schools and taking corrective action if necessary and operating sanctions including the withdrawal of delegation where appropriate.

Within the School Standards and Framework Act 1998, there are a specified number of activities that are the responsibility of the Local Authority. These are: Strategic Management, expenditure supported by specific grant, School Improvement and Special Needs.

The Local Authority articulates policy for the Children of Oldham through its Children & Young People's Plans and a range of other statutory plans. It owns the majority of school premises and retains responsibilities in relation to the Education Acts in respect of special needs.

B. The Governing Body

Within the national and local framework, governing bodies control the running of schools with delegated budgets and have the freedom to deploy resources according to their own educational needs and priorities. In administering the delegated budget, the governing body should have regard for the proper accountability and control over expenditure. They should arrange to ensure that the delegated budget is used in an economical manner and that the highest standards of probity are maintained.

The governing body must spend its delegated budget in a manner consistent with the requirements of the National Curriculum and other statutory requirements relating to the curriculum.

The governing body together with the headteacher should execute a development plan for their school taking account of the full range of responsibilities. Headteachers have a key role to play in helping the governing body to formulate the development plan.

Governing bodies of schools have the responsibility of spending money according to the perceived needs of the school. They should make arrangements for setting up clearly defined and documented structures to ensure that financial and non-financial decisions are made effectively.

1.2.1 The scope of the scheme

This scheme applies to all Community, Voluntary, Foundation (including Trust schools), Community Special or Foundation Special Schools and Pupil Referral Units (PRU) maintained by the authority (as listed on Annex A). The scheme will also apply to any new maintained schools. This scheme does not apply to academies.

1.3 Publication of the scheme

The scheme will be published on the authority's website which is accessible to the general public and any revised versions will be published by the date the revisions come into force, together with a statement that the revised schemes comes into force on that date.

1.4 Revision of the scheme

The governing body and the headteacher of every school maintained by the authority will be invited to participate in the consultation to review any proposed revisions to the scheme before they are submitted to the schools forum for their approval.

All proposed revisions must be submitted to the schools forum for their 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.

The Secretary of State is permitted to make directed revisions to schemes after

consultation. Such revisions become part of the LA scheme from the date of the direction.

1.5 Delegation of powers to the headteacher

A governing body can delegate any of its statutory functions to a committee, a governor or the headteacher, subject to prescribed restrictions. The governing body must review the delegation of functions annually. Each governing body will remain accountable for any decision taken, including those relation to functions delegated to a committee or individual.

Under the Statutory Guidance on the School Governance (Procedures)(England) Regulations 2003 the approval of the first formal budget plan of the financial year may be delegated to a committee but cannot be delegated to an individual.

The approval of the budget should be recorded in the minutes of the governing body along with the total budgeted expenditure.

Each governing body should consider the extent to which it wishes to delegate its financial functions and powers to the headteacher, and to record its decision (and any revisions) in the minutes of the full governing body.

The LA has no wish to impose uniformity on schools but has produced a model finance policy which incorporates a suggested level of delegation between headteachers and governors. This is available from the Finance Service.

1.6 Maintenance of schools

Oldham LA is responsible for maintaining the schools covered by the scheme; this includes the duty of providing money for all the expenses of maintaining them (except in the case of a Voluntary Aided School where some of the expenses are, by statute, payable by the Governing Body). Part of the way the LA maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

SECTION 2: FINANCIAL CONTROLS

2.1.1 Application of financial controls to schools

In the management of their delegated budgets, all schools should comply with the Authority's requirements on financial controls and monitoring. Schools should also comply with the financial control requirements of the bank account scheme. Details of the financial controls are contained in the Manual of Guidance for Financial Procedures in Schools.

2.1.2 Provision of financial information and reports by schools

Oldham LA has a statutory duty to monitor school finances. This activity is part of the monitoring of all the budget areas within the Council.

Schools will be required to provide to the Director of Finance a financial statement (referred to as an outturn statement) on, or around the 10th July, 10th December and 10th March. The report will include the figures for the current budget; a profile of the current budget; actual expenditure and income and any variances between the actual spend and profiled budget. The format of the report should be in line with the Consistent Financial Reporting framework. Schools will also be required to provide a brief written commentary of any significant variances, the predicted out-turn for each budget and any action proposed or already taken within 3 weeks of receiving the statement.

The LA would expect that each school would present the above outturn statements to its governing body in a timely manner.

The restriction to provide an outturn statement does not apply to those schools using the LA's financial management system.

Schools operating cheque book management are required to provide the Authority with details of actual expenditure and income, in a form and at times determined by the Finance Service.

The details of these requirements are set out in the following document already sent to schools:

School Bank Accounts - Cheque Book Account Scheme (as amended to take account of necessary revisions to the forms used).

2.1.3 Payment of salaries and invoices

Oldham LA currently offers a bank account for all budgets to all its schools net of rent/rates.

The procedures for payment of invoices and salaries will vary according to the choices schools make about the holding of bank accounts.

The procedures are as follows:

A. Schools not operating cheque book management will use the Authority's Creditor Payment System and may use Payroll Service and must adhere to the procedural instructions provided by the Authority relating to payment of invoices, salaries and wages.

B. Schools operating cheque book management will follow guidance as detailed in the document 'School Bank Accounts - Cheque Book Account Scheme'.

2.1.4 Control of assets

a) Security of assets - inventories

Schools should have adequate arrangements for ensuring that assets owned by the school are securely held so that there is no unnecessary risk of theft. An important tool in the prevention of loss of assets is the use of an inventory and therefore all schools must keep up to date inventories.

Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000, but they must keep a register in some form. For items above the £1,000 threshold Local Authority guidance should be followed. Further guidance and a suggested format is available in the model finance policy inventory guidance.

The Local Authority encourages schools to register anything that is portable and attractive (e.g. a camera or laptop).

b) Security of assets - stocks

Schools hold stocks of consumables such as stationery, school meals provisions and cleaning materials. Generally, these stocks do not warrant a computerised stock system with purchases and issues being recorded. However, schools should set alternative controls that prevent significant losses.

c) Disposal of assets

In order to ensure that the school receives the maximum benefit from assets when they are no longer of use to the school, it is important that proper procedures are in place for dealing with the disposal of assets.

Schools will retain the proceeds from asset sales except where the asset was purchased from non-delegated Local Authority funds (in which case it should be for the Local Authority to decide whether the school should retain the proceeds) or the land concerned is land or buildings forming part of the school premises and is owned by the Local Authority.

d) **Gifts**

Where gifts/benefits in kind of a significant nature are offered by external agencies to school staff, governors as individuals or generally to the school, it is best practice to ensure that a record is kept of the gift and how the gift is to be used for the benefit of the school.

2.1.5 Accounting Policies (including year-end procedures)

Schools must abide by any procedures issued by the Authority in relation to accounting policies and year-end procedures to ensure the Local Authority is able to meet its statutory obligations.

2.1.6 Writing off of debts

Governing bodies are only authorised to write off debts up to a level stipulated by the Authority's Director of Finance. The current limit is set at debts up to and including £1,500. In the case of larger debts the school must seek written approval from the Authority's Director of Finance before being written off.

The Governors are responsible for ensuring that adequate arrangements exist for recovering sums due and that items cannot be overlooked or not recorded. Governors should ensure that there is an effective follow up procedure to make sure that outstanding sums are reviewed regularly and that appropriate action to recover such sums is taken without delay.

2.2 Basis of accounting

Reports and accounts furnished to the Director of Finance must be on an accruals basis. The year end guidance issued to schools gives further information.

2.3 Submission of budget plans

The Governing body of the school, or a committee of the Governing Body, shall determine its budget for each financial year, consistent with the resources available to it, and submit this statement to the Director of Finance by **30th June** each year. This statement should clearly identify the school's intentions for expenditure and income in the current financial year and the assumptions underpinning the budget plan. Schools should establish a formal process and timetable to ensure that this can be achieved. The statement should take account of the Consistent Financial Reporting framework.

Schools should take full account of estimated surpluses/deficits at the previous 31st March in their budget plan.

Tabulations of expenditure and income will be emailed to schools on a monthly basis by the 3rd working day of the following month the reports relate to.

2.3.1 Submission of Financial Forecasts

The authority will require schools to submit a financial forecast for the coming year. This will be required by the 30th June each year.

From the 2021/2022 funding year each school must submit a 3-year budget forecast each year, by 30th June.

The information will be used to ascertain financial viability for each school, assessment of the Schools Financial Value Standard and to review potential school balances

2.4 School Resource Management

Given the level of delegation of funds to schools, the government considers it desirable that schools should demonstrate that they are achieving value for money and are managing their resources effectively in terms of their expenditure as these funds belong to the Council until spent.

Schools must seek to achieve value for money and efficiencies, to optimise the use of their resources and to invest in teaching and learning taking into account the purchasing, tendering and contracting requirements outlined in section 2.10 of this scheme.

It is for heads and governors to determine at school level how to secure better value for money. There are significant variations in efficiency 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. Please contact the school finance team if you require any assistance.

A principle of best value document is attached for information which can help schools to show they are achieving value for money. (Annex B).

2.5 Virement

Schools are free to vire between budget heads in the expenditure of their delegated budget shares but governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required. This will not apply to budgets allocated to schools for earmarked purposes outside the Individual Schools' Budget.

These limits should be set out in the 'Scheme of Delegation' or the school's 'finance policy' that will be approved by the full governing body and a copy provided to the Director of Finance.

2.6 Audit: General

Schools are required to co-operate both with auditors employed by the local authority (internal audit) and auditors appointed by the LA to audit the local authority itself (external audit). Access to school's records should be provided for both internal and

external auditors.

With regard to Internal Audit, all maintained schools come within the audit regime determined by the Director of Finance.

In approaching their work Internal Audit will primarily be concerned that schools install and maintain effective systems of internal control which have due regard for risk management procedures.

When planning that work Internal Audit will consult with the Director of Finance and with schools about the frequency, timing, content and duration of internal audits at schools.

In relation to external audit, all schools come within the LA external audit regime.

2.7 Separate external audits

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

2.8 Audit of voluntary and private funds

In addition to the normal internal and external audits, schools' governing bodies must obtain audit certificates in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school. These must be available to the LA on request. The school should arrange for the audit of these funds to be completed by 3 months after the financial year end.

2.9 Register of business interests

The governing body of each school is required to maintain a register which lists for each member of the governing body and all staff at the School, any business interests they or any member of their immediate family have; to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff, parents, the LA and internal and external audit; and to publish the register, for example on a publicly accessible website.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the Authority's Financial Regulations, Procurement for Schools - Good Practice Guide, Guidance and Contract Procedure Rules in purchasing, tendering and contracting matters. This should include a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures.

However, any section of the Authority's financial regulations and rules shall not apply if it requires schools:

a. to do anything incompatible with any of the provisions of this scheme, or any statutory provision;

b. to seek LA 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; and/or

d. to seek fewer than three quotations in respect of any contract with a value exceeding £10,000 in any one year.

The Council retains the right to bar certain suppliers in order to protect the Council and the school's interest, where there is evidence that they have acted unsatisfactorily.

Schools should be aware that the authority has an approved list of suppliers and although schools are not compelled to use them, the authority would wish to point out that doing so has certain advantages such as assurance on health and safety issues for example.

Schools should aim to use their bulk buying power by negotiating group deals.

Schools may seek advice on a range of DfE compliant deals via Buying for schools

The LA thresholds are:

Value of Order (no contract)	Required Procedure
Less than £1,000	1 verbal quotation
Between £1,000 and £5,000	3 verbal quotations – At least one local supplier is included where possible
Between £5,000 and £50,000	3 written quotations – At least one local supplier is included where possible
Over £50,000	Tender process

The contact details for the Procurement section are:
procurement.GDPR@oldham.gov.uk

2.11 Application of contracts to schools

Schools have the right to opt out of Local Authority arranged contracts except for:

(i) contracts which schools have agreed to be covered by in respect of services

for which funding has been delegated to schools;

(ii) contracts which schools agree to be covered by in respect of services for which funding is delegated by the LA after 1st April 2000 and for certain contracts approved by the Secretary of State for services for which funding is delegated after 1st April 2000, irrespective of the agreement of schools; and

(iii) contracts let by the LA prior to delegation to schools, in these instances schools cannot opt out until the contract is up for renewal.

(iv) Private Finance Initiative (PFI) schemes with the Local Authority as the lead, and subject to a 25 year contract. PFI involves the private sector funding the build and subsequently the maintenance regime, in return for a monthly Unitary Charge over the 25 year life of the contract (which covers the build costs and operation of the school).

Although governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the Local Authority as maintainer of the school and the owner of the funds in the budget share. (This is the main reason for allowing Local Authorities to be the counter signatory of contracts exceeding a certain value).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 schools for the employment of staff.

2.12 Central funds and earmarking

Oldham LA makes sums available to schools from central funds, in the form of allocations which are additional to and separate from the schools' budget shares.

Such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, and is not to be vired into the school's budget share.

In order that schools may demonstrate compliance with this requirement schools may either be given separate main codes to use for earmarked funds (e.g. Day Care Centres) or may be required to provide evidence that the earmarked funds have been spent only for the purposes given.

Earmarked funds must be returned to the authority if not spent within any period stipulated by the authority over which schools are allowed to use the funding.

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

2.13 Spending for the purposes of the school

Section 50 (3) of the School Standards and Framework Act 1998 allows governing bodies to spend budget shares 'for the purposes of the school', subject to the following:

- expenses incurred in connection with staff farewell celebrations and other

social events shall not be funded from the school's delegated budget.

- On no account should schools either mix funds that should be properly accounted for within the mainstream bank account (school budget share) with those in the school fund or any other account, or vice versa nor should they hold any other accounts that are not agreed in advance with the Council.

Section 50(3A) came into force 1st April 2011 and it states 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.

Governing bodies are reminded that the main purpose of the school budget should be the provision of education for the pupils attending the school.

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

2.14 Capital spending from budget shares

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure provided that prior notification has been given to the Director of Education, Skills and Early Years for capital expenditure that is in excess of £10,000. This includes expenditure by the governing body of a Voluntary Aided School on work which is their responsibility under paragraph 3 of Schedule 3 of the School Standards and Framework Act 1998.

If the expected capital expenditure from the budget share in any one financial year will exceed £15,000 the governing body must take into account advice from the Director of Education, Skills and Early Years as to the merits of the proposed expenditure. (See also Section 6 re Charging of School Budget Shares.)

Where the LA owns the premises or the school has voluntary controlled status then the governing body shall seek the consent of the LA to the proposed works but such consent can only be withheld on Health and Safety grounds.

The Council defines capital expenditure as all expenditure on the acquisition, creation or enhancement of fixed assets, which yield benefits to the school for more than one year, but subject to the de minimus level as set by the Council which is £10,000 for Capital Accounting purposes. The current de minimus levels for devolved formula capital are £2,500 for capital building and £0 for Capital ICT.

2.15 Schools Financial Value Standard (SFVS)

The standard is a requirement for local authority maintained schools which is designed to assist them in managing their finances and to give assurance that they

have secure financial management in place.

Governing bodies have formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors. Schools must demonstrate compliance with the standard.

The school must send a copy of the completed signed standard to their local authority's finance department on an annual basis before the end of the financial year.

The role of Local Authorities

The SVFS will not be externally assessed. LAs will use schools' SFVS returns to inform their programme of financial assessment and audit. LA and other auditors will have access to the standard, and when they conduct an audit can check whether the self-assessment is in line with their own judgement. Auditors should make the governing body and the LA aware of any major discrepancies in judgements.

Timetable – key dates

- All maintained schools, must submit the form to the local authority annually before the end of the financial year.

2.15.1 Retention of financial documents

Schools should ensure that financial documents are retained for the required period of time as detailed in the Manual of Guidance for Financial Procedures in Schools. The majority of financial records have to be kept for a minimum of 6 years plus the current year but this depends on where the funding is from.

2.16 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 Director of Finance and The Director of Education, Skills and Early Years the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

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

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;

- insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;

- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the local authority;

- insisting on regular financial monitoring meetings at the school attended by local authority officers;

- requiring a governing body to buy into a local authority's financial management systems; and

- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

2.16.1 IT security

The school is responsible for ensuring that financial systems and records are secure. Where the systems are computerised, appropriate measures must be taken to ensure that information is not corrupted or lost from the system.

2.17 Data protection

Governing Bodies should make arrangements to ensure that the school complies with the requirements of the Data Protection Act 1984.

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

If any fraud is known / suspected the school must contact the Schools Finance Team immediately who will then liaise with the Audit and Counter Fraud team for further investigation.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

3.1 Frequency of instalments

A school not operating cheque book management may draw upon its budget share at any time.

Schools operating cheque book management will receive the total budget share for payment into the bank account on a monthly basis (excludes top up payments/ charges for high needs pupils) net of the following (if applicable i.e. if the school buy back the service from the Local Authority):

- salaries and wages
- rates

3.2 Proportion of budget share payable monthly within a financial year

A. Calculation of advances for April – July, illustration of monthly payment (notional values)

1. **Income due to the school in the current financial year** (this is based on the delegated school budget) excluding rates

	Income Allocations	Annual allocation £	Monthly allocation £
1	Delegated Budget Share	2,000,000	
2	Early Years Allocation	150,000	
3	High Needs allocation	55,000	
4	Pupil Premium	54,000	
5	6th form allocation (if applicable)	750,000	
Total	Total Income Allocations	£3,009,000	£250,750

Less: RATES

	Income Allocations	Annual allocation £	Monthly allocation £
6	**Rates**	**20,000**	

REVISED SCHOOL BUDGET (to use for advance)

Total 1 - 6	Total Income Allocations	£2,989,000	£249,083

2. **Expenditure** for services bought back from the LA (if applicable) (from previous financial year)

Adjust	Budget	Budget (annual) £	Budget (monthly) £
1/12ths Apr - March	Salaries and Wages	1,450,000	120,833
	Total Budgets deducted from advance	1,450,000	

3. **Calculation of actual monthly advance**

Month	Calculation
April	**2/12th** Total Income Allocation less 1/12th Salaries and Wages
May	1/12th Total Income Allocation less 1/12th Salaries and Wages
June	1/12th Total Income Allocation less 1/12th Salaries and Wages
July	1/12th Total Income Allocation less 1/12th Salaries and Wages

B. Calculation of advances for August – December, illustration of monthly payment (notional values).

Adjustments to the monthly advance will be made for the August to December payments based on the approved original 2023/24 budget plan. The adjustments will be backdated to April and any adjustment is reflected in the August advance. The 2022/23 carry forward surplus balance will also be added to the August advance.

1. **Income due to the school in the financial year** (this is based on the delegated school budget share)

	Income Allocations	Annual allocation £	Monthly allocation £
1	Delegated Budget Share	2,000,000	
2	Early Years Allocation	150,000	
3	High Needs allocation	55,000	
4	Pupil Premium	54,000	
5	6th form allocation (if applicable)	750,000	
Total 1 - 5	Total Income Allocations	£3,009,000	£250,750

Less: RATES

	Income Allocations	Annual allocation £	Monthly allocation £
6	**Rates**	**20,000**	

REVISED SCHOOL BUDGET (to use for advance)

Total 1 - 6	Total Income Allocations	£2,989,000	£249,083

2. **Expenditure** for services bought back from the LA (if applicable) (based on current financial year)

Adjust	Budget	Budget (annual) £	Budget (monthly) £
1/12th Apr - March	Salaries and Wages	1,500,000	125,000
	Total Budgets deducted from advance	1,500,000	

3. **Calculation of actual Advance – August – December**

Month	Calculation
	Based on the original budget plan figures (August advance backdated to April)
August	1/12th Total Income Allocation less 1/12th Salaries and Wages plus adjustments for Apr to Jul plus carry forward balance
September	1/12th Total Income Allocation less 1/12th Salaries and Wages
October	1/12th Total Income Allocation less 1/12th Salaries and Wages
November	1/12th Total Income Allocation less 1/12th Salaries and Wages
December	1/12ht Salaries and Wages

C. Calculation of advances for January – March, illustration of monthly payment (notional values).

Adjustments to the monthly advance will be made for the January to March payments based on the **latest** (revised) budget plan. The adjustments will be backdated to April and any adjustment is reflected in the January advance.

1. **Income due to the school in the financial year** (this is based on the delegated school budget share)

	Income Allocations	Annual allocation £	Monthly allocation £
1	Delegated Budget Share	2,000,000	
2	Early Years Allocation	150,000	
3	High Needs allocation	55,000	
4	Pupil Premium	54,000	
5	6th form allocation (if applicable)	750,000	
Total 1-5	Total Income Allocations	£3,009,000	£250,750

Less: RATES

	Income Allocations	Annual allocation £	Monthly allocation £
6	**Rates**	**20,000**	

REVISED SCHOOL BUDGET (to use for advance)

Total 1 - 6	Total Income Allocations	£2,989,000	£249,083

2. **Expenditure** for services bought back from the LA (if applicable) (based on current financial year)

Adjust	Budget	Budget (annual) £	Budget (monthly) £
1/12th Apr - March	Salaries and Wages	1,500,000	125,000
	Total Budgets deducted from advance	1,500,000	

3. **Calculation of actual Advance – January – March**

Month	Calculation
	Based on the revised budget plan figures (January advance backdated to April)
January	1/12th Total Income Allocation less 1/12th Salaries and Wages plus adjustments for Apr to Dec
February	1/12th Total Income Allocation less 1/12th Salaries and Wages
March	Reclaim 1/12th Salaries and Wages (reclaim salary as 2/12ths advanced in April)

Payment of advances

April's advance will be paid on the 1st April. Subsequent advances will be paid at the end of the month prior to the month the advance relates. For example May's advance will be processed on the 30th April, June's advance will be processed on the 31st May.

Supplementary advances and further rephasing of advances may be considered in exceptional circumstances and will be subject to the approval of the Director of Finance.

Other payments/charges to the bank account

Additional top up payments / reductions for pupils with high needs will be processed on a termly basis by the authority.

3.3 Interest clawback

For schools operating a bank account that is a sub account of the Council's banking arrangements the frequency and timing of cash advanced each month provides a cash flow pattern, which is not in advance of existing arrangements, and spending patterns. It will therefore NOT be necessary for the Authority to make a deduction from cash advances to cover any estimated interest lost by the Authority in making available these amounts.

For schools operating a bank account that is independent of the Council's banking arrangements and where the frequency of the advance is monthly, then the LA will deduct from budget shares an amount equal to the estimated interest lost by the LA in making available the budget share in advance. The instalments advanced will take the deduction into account. This will vary dependent on the prevailing Bank Base Rate at 1st March.

3.3.1 Interest on late budget share payments

If the Authority is at fault for late payment of budget shares to an independent bank account, interest at the prevailing bank base rate as at 1st March will be added to the next payment.

3.4 Budget shares for closing schools

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

3.5 Bank and building society accounts

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

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

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

3.5.1 Restrictions on accounts

Accounts may only be held for the purpose of receiving budget share payments, at the following banks or building societies which have been approved by the Director of Finance in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities. Under the Code of Practice, funds may only be deposited in a current or deposit account, of the approved bank or building society, which are clearly shown to provide no risk to the capital sum invested. Investments must not be arranged through any intermediaries.

List of Financial Institutions approved by the Director of Finance

a.	Banks	b. Building Societies
	Barclays Bank PLC	Nationwide
	Lloyds Banking Group – Lloyds Bank, Bank of Scotland, Halifax	
	RBS Group – Natwest, Royal Bank of	

Scotland HSBC PLC Santander UK PLC	

The LA's preferred option would be for the school to use the LA's banking arrangements, currently this is with Barclays Bank PLC. Should the school wish to use one of the other above institutions, the school would be required to check with the LA beforehand, as the above institutions are approved only at the time of writing. This is due to approvals changing based on the credit score of each bank which can change on a regular basis.

Any school closing an account used to receive its budget share and opening another must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list.

Schools are allowed to have accounts for budget share purposes which bear the official title of the school rather than Oldham LA.

Money paid by Oldham LA and held in such accounts remains LA property until spent (Section 49(5) of the School Standards and Framework Act 1998).

The LA will continue to offer to schools who so wish, the arrangement negotiated with Barclays Bank whereby the accounts are in the name of the LA but specific to each school.

Where an independent Bank is used, the account mandate should provide that the LA is owner of the funds in the account; that it is entitled to receive statements and it can take control of the account if the schools right to a delegated budget is suspended.

Schools are not permitted to go overdrawn on their bank accounts, if it is likely that this may occur on request by the school an extra advance may be made to prevent the bank account becoming overdrawn subject to the conditions in the School Bank Account - Cheque Book Account Scheme.

3.6 Borrowing by schools

Governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State.

The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.

The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general

position that schools will only be granted permission for other types of borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives.

The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval.

This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. However, any debts arising from borrowing may not be serviced directly from the delegated budgets. 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 LA when repaying loans.

Schools must not themselves offer any security to a bank or building society and are not permitted to obtain any form of credit including credit cards. However, the use of procurement cards within the authority has been approved for those schools with their own bank accounts due to the security risk of using debit cards. No interest charges should be incurred by the school, with balances fully cleared on a monthly basis.

This provision does not apply to the LA's Loan Scheme, see section 4.10

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

4.1 The right to carry forward surplus balances

Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year. A school's surplus balances as shown at 1st April must be equal to that shown at the preceding 31st March.

Where a school has a new bank account the surplus will be calculated using the budget plan, expenditure to date. The profiled transfer will occur in line with the Cheque Book Scheme and reconciliation will occur at year-end.

4.2 Reporting on and control of the use of surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from **1 April 2013:**

a. the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance is defined and calculated as follows.

Includes:

- Committed and uncommitted cumulative balance of income less expenditure from revenue funding sources during the financial year and any committed and uncommitted revenue balances from previous years.
- Any unspent voluntary income (PTA etc) brought into the public accounts in that financial year.
- Any earmarked public funds.

Excludes:

- Details of balances available in trust funds or other non-public accounts
- Any community focused extended school balances
- Any amount already spent during the financial year
- Any amounts legitimately included on the schools Outstanding Creditor List, Outstanding Debtor List, Payments in Advance List or Receipts in Advance List
- Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the authority.
- PFI commitments may also be reviewed separately.

b. Only under exceptional circumstances will the authority make any further deductions. For example unavoidably late notifications of additions to budget.

c. the authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. See the tables below for permitted use. To count as properly assigned, amounts must not be retained beyond the period stipulated for the

purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

	Permitted use of Surplus Balances	Maximum Duration held*	Mandatory Requirements
1	**As a revenue contribution to capital projects within a time limited maximum 2 year period.**	**2 years**	• Decision recorded in Governing body or sub- committee minutes
2	**To maintain a reserve to fund staffing levels in the short/medium term due to a verified dip in pupil numbers.**	**2 years**	• Decision recorded in Governing body or sub- committee minutes
3	**To provide reasonable and proportionate resources to fund the impact of major changes in Government policy on the curriculum for multiple subject areas. (Any decisions to retain surplus balances for this reason will be subject to review by the Local Authority.)**	**2 years**	• Decision recorded in Governing body or sub- committee minutes
4	**Capital funds set aside for future years capital / lifecycle provision. Schools will be required to provide a summary business case explaining the reasons and this will be subject to review by the Local Authority.**	**No Limit**	• Decision recorded in Governing body or sub- committee minutes

***within each permitted category, the commencement of the time period indicated will be deemed to be the date of the appropriate declaration in the minutes of the governing body.**

Note: Schools embarking on capital schemes should consider making an

application for a loan from the LA under the Asset Purchase Scheme. In recent years, building inflation has been considerably higher than general inflation. This means that balances may lose value against the cost of projects. A better option for schools may therefore be to accelerate projects through this scheme.

If the result of steps a-c is a sum greater than the permitted 12% of the current year's budget share for primary, secondary and special schools, then the authority shall deduct from the current year's budget share an amount equal to the surplus unless these balances have been identified in the utilisation of surplus balances form or allocated in the budget plan due to the authority by 30 June.

The monies clawed back in this way remain within the Schools Budget and would be available to be reallocated to Oldham schools. Surplus balances removed from schools will be redistributed to all maintained schools holding less than the permitted surplus percentages – 12% primary, secondary and special (excluding academies) at the start of the following financial year.

PROCESS FOR SCHOOLS TO INFORM LOCAL AUTHORITY OF UTILISATION OF SURPLUS BALANCES

Prior to the start of the financial year the Local Authority will have informed each school of their initial delegated budget share. Each school is then able to apply the appropriate percentage (see 4.2 (d) above) to it to know how much they will be able to hold as permitted balances and which will not be subject any claw back.

By 30th June the Local Authority will confirm the final permitted / surplus balances to schools.

A new system has been introduced from April 2013. The revised procedure is as follows:

- Schools will complete a Balance Control Mechanism form known as the Utilisation of Balances form and return to the schools finance team by the 30 June. This form must be completed fully and the relevant minutes at the governing body or sub-committee meeting must be attached detailing the decisions agreeing to spend the surplus balances or retain them for a period of two years.

- The Schools finance team will monitor the balances and remove surplus balances as detailed above if the Utilisation of Balances form does not comply with the revised principles of the scheme. The Schools finance team will also ask for a breakdown and evidence of expenditure plans.
- Schools will be monitored closely to make sure spend is realised as per the Utilisation of Balances form, it is the intention that surplus balances will be removed in the summer term of the following financial year if the spend does not materialise within the timescale detailed.

- Schools will have surplus balances accrued for allowable purposes removed if not spent within the planned expenditure profile.
- Any surplus balances removed from schools as above will be redistributed to all maintained schools (excluding academies) holding less than the permitted surplus percentages in the following financial year.

Schools may lose their surplus balances:-

- If they do not inform the LA of the governing body decision before 30 June that there are proposals to use any surplus balances and that those proposals have been approved and minuted by the appropriate Governing Body or Sub-Committee before 30 June.
- If the proposals do not relate to one of the allowable purposes for the use of surplus balances.
- If the Utilisation of Balances Pro-forma is incomplete.
- If the intended use of the balance was on a capital project, which has not materialised at the end of the time limited two year period and detailed on the completed form.
- There will be no exceptions to the deadline date of 30 June so Governing Body meetings will need to be scheduled before the deadline to ensure the appropriate approvals are in place.
- Surplus balances removed from schools will be redistributed to all maintained schools holding less than the permitted surplus percentages – 12% primary, secondary (excluding academies) at the start of the following financial year.
- Schools will only be allowed to hold surplus balances for the lessor of their initial forecast spend profile as detailed on the budget plan or a maximum of two years. The reasons for the end of year balance shown on the current budget plan must be stated on the Utilisation of Balances form. During this period the surplus balance of a school cannot be built up over and above what has initially been agreed in the budget plan. Any increase in the surplus balance above what was approved in the budget plan will be redistributed to schools holding less than the permitted percentage balances. Any balances that schools lose as they become time-expired will also be redistributed using the principles outlined above.

Early submission from a school of the Utilisation of Balances form will be checked wherever possible and schools will receive feedback on any issues with the forms submitted within the specified deadline.

Further details of the scheme can be requested from the Schools Finance Team.

4.3 Interest on surplus balances

Balances held by Oldham LA on behalf of schools will attract no interest payment to the school.

4.4 Obligation to carry forward deficit balances

Any school deficit at the end of a financial year will be carried forward to the following financial year. A school's deficit balance at 1st April is equal to that at the preceding 31 March.

The LA has the power to schedule repayments of deficits that already existed at schools maintained by the LA on 31 March**.**

4.5 Planning for deficit budgets

Schools should act responsibly to avoid deficits and are only allowed to plan for deficits in certain approved circumstances (see 4.9.1).

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2022.

4.6 Charging of interest on deficit balances

The LA reserves the right to charge interest on any deficit balance. The charge will be based on the prevailing bank base rate as at 1st March.

4.7 Writing off deficits

The LA will not write off the deficit balance of any school. If an authority wishes to give assistance towards elimination of a deficit balance this should be through the allocation of a cash sum, from the authority's school budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by schools forum).

4.8 Balances of closing and replacement schools and schools converting to academies

Schools

When a school closes, any balance (whether surplus or deficit), shall revert to the LA. If the balance is a surplus and the replacement school is clearly identifiable then an equivalent amount will be added to the budget share of the replacement school.

If the balance is a deficit and the replacement school receives more than normal funding then the deficit will be reduced from the budget share up to the value of this additional funding.

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.

Academies - Converter

Where a school becomes a Converter Academy under the Academies Act 2010, the surplus balance will be transferred to the academy trust. Where the converter academy has a deficit balance this will be paid to the Local Authority by the Department and the Education Funding Agency will recover it, over time from the converter academy. The academy trust can make alternative arrangements to pay the Local Authority direct if agreed by both parties and they must notify the Department in advance.

Academies – Sponsored

Where a school is to join the Academy Trust of an external sponsor and open as a sponsored Academy, there are two possible routes to closure of the maintained school: the traditional route involving statutory proposals to close the school; or the Academy Order route under the Academies Act 2010. In either case, the deficit remains with the LA. The Department does not apply the deficits policy that it has for converter Academies to sponsored projects.

In relation to surpluses, however, the provisions of the Academies Act mean that there will be a difference in the treatment of certain projects. Where the Secretary of State issues an Academy Order following an application from the maintained school's Governing Body, then the surplus transfers to the Academy Trust. Under the statutory closure proposals, however, any surplus remains with the LA (although in practice some LAs have chosen to transfer the surplus). If the Secretary of State issues an Academy Order without an application from the Governing body, the surplus also remains with the LA. The Academies Act route is administratively simpler but it will be for the parties involved to determine whether or not it would be appropriate in the circumstances of the case and taking account of the above.

4.9 Borrowing for agreed purposes

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

4.9.1 Licensed deficits

Schools may submit budget plans that leave the school in deficit at the end of a financial year only in exceptional circumstances and in accordance with Oldham's Licensed Deficit Scheme. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the authority on behalf of schools.

The LA will not permit schools to plan for a deficit budget other than in exceptional

circumstances.

The main arrangements applying to this Scheme are as follows:

a. the maximum length over which schools may repay the deficit (i.e. reach at least a zero balance) is three years. The school whilst operating a licensed deficit must work closely with the Director of Finance and the Finance team and provide appropriate information, which the LA considers necessary to enable it to monitor the situation and to ensure that the deficits are not simply extended indefinitely;

b. the purpose for the deficit arrangement will be agreed with the Governing Body and the LA;

c. the maximum proportion of the collective balances held by the LA which will be used to back the arrangement is 20%; and

d. the Director of Finance and the Director of Education, Early Years and Skills are to agree any arrangements for individual schools.

Balances held by a school in an external bank account remain the property of the LA (if made available by the authority initially) and therefore may legally be taken into account by the authority in assessing the total level of loans made available to schools. The school will be asked to give a view as to whether these balances should be taken into account.

Full arrangements in operating a Licensed Deficit are available from the Director of Finance. Please refer to the School Funding Financial Management Guidance for further details.

4.10 Loan Schemes

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.

The LA has in place a loan scheme called the Asset Purchase Scheme. The details of the scheme are as follows.

<u>Purpose of the Asset Purchase Scheme</u>

The Authority will make a loan for any purpose it agrees is in the interests of the school, provided it is for the enhancement, replacement or provision of an asset that will have

a life at least as great as the duration of the loan. This is designed to make the scheme as flexible as possible whilst ensuring that the Authority acts in the spirit of the Education Act 2002.

Maximum Amount of Loan advance

This could be calculated as 1½% of the current school budget share times the number of years of the loan, subject to the annual repayment (excluding interest) not exceeding 1½% of the school budget share. Sums less than £10,000 would not normally be considered as suitable for loan finance. This is a very prudent calculation of a school's "credit rating". If a school did experience unexpected changes in its budget it would only need to find a maximum of 1½% of its annual budget to repay the loan and re-negotiation of terms may be considered if undue hardship results.

All loans will be funded from within 10% of the overall balances for all schools.

Duration

The minimum loan period shall be 1 year, spanning 2 financial years and the maximum period 5 years from the first repayment date. Any expenditure less than one year can be accommodated within a school's total resources. Five years is considered to be a school's maximum planning horizon.

Security

A school may wish to undertake more than one project at a time, to allow for this a school may take out as many loans as required, subject to the total not exceeding the maximum outlined above, and each individual loan being in excess of £10,000.

The Authority will require evidence from the Governing Body that the school is able to meet the repayments, that the scheme is in the interests of the school, and that the loan is actually spent on the purpose intended. Schools will be required to complete a loan application form. This provides a number of assurances that the school is not overextending itself and that the agreement with the authority is actually fulfilled.

Interest

Interest will be determined by reference to the Director of Finance and will be notified at the time of application plus an administration fee of £200 per advance. This will ensure all administrative costs are recovered whilst being very simple to operate.

Repayments

A charge will be made for the principal and interest by the end of the summer term in each financial year. This will guarantee payments are actually made to the Authority and are administratively simple.

Early Repayment

A school may repay the loan and any accrued interest in full at any time. A fee equivalent to three months interest would be charged.

Approval

A request for a loan must be made by resolution of the full governing body, and endorsed by the Director of Finance provided all the above criteria have been met.

SECTION 5: INCOME

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

5.1 Income from lettings

Schools may retain income from lettings of the school premises, subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided 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. Income from lettings must be paid into the school's delegated budget. Schools whose premises are owned by Oldham LA shall be required to have regard to directions issued by the LA as to the use of school premises including ensuring hirers enter into the standard hirers agreement, for their own protection as permitted under the School Standards and Framework Act 1998 for various categories of schools. 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.

5.2 Income from fees and charges

Schools may retain income from fees and charges except where a service is provided by the LA from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by Oldham LA. A copy of the 'Charging Policy' document is available from the Finance Service.

5.3 Income from fund-raising activities

Schools may retain income from fund-raising activities.

5.4 Income from the sale of assets

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

Any retention of funds from the sale of land assets is subject to the consent of the Secretary of State, and any conditions the Secretary of State may attach to that consent relating to use of proceeds.

5.5 Administrative procedures for the collection of income

All income related to the schools budget share should be paid directly into the school's bank account operated within the Schools Bank Account Scheme or paid directly to the LA in order to credit the school's budget share. The school will bank all income

intact within a week of its receipt.

Schools administering their own lettings, services which lead to fees and charges or fund raising activities, will be responsible for the declaration and payment of VAT due on those lettings. Schools are responsible for the declaration and administration of any VAT due on the proceeds from the sale of assets.

Where a school has contracted with the Councils school meals service, any income collected for this purpose should be paid directly into the school's bank account operated within the Schools Bank Account Scheme or paid directly to the LA.

The LA will establish administrative procedures for the collection of income, which may vary from time to time in the light of advice from the VAT authorities.

5.6 Purposes for which income may be used

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

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

Oldham LA will consult a school as to the intention to charge a school's budget share, and shall notify a school when it has been done.

Schools are reminded that Oldham LA cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject to a direction under s.496 of the Education Act 1996 and Oldham LA may, in all circumstances where consideration of charging a school budget is being made, only do so where it is able to demonstrate that it has necessarily incurred the expenditure to be charged to the school budget share.

The LA shall make arrangement for a disputes procedure for such charges.

The LA will charge salaries of school based staff to school budget shares at actual cost.

The Authority is allowed to charge to a budget share of a governing body without their prior consent only in the circumstances expressly permitted by the scheme.

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

6.2 Circumstances in which charges may be made

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

Any other expenditure incurred to secure resignations or early retirement/redundancy of staff where there is good reason to charge this to the school.

Awards by courts, employment tribunals etc. against the LA or the governing body directly or out of court settlements arising from action or inaction by the governing body contrary to the LA's advice.

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

Expenditure by the LA incurred in making good defects in capital building work funded by spending from budget shares, where the premises are owned by the LA or the school has Voluntary Controlled status.

Expenditure incurred by the LA 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 LA. See also 10.1.

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

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

Correction of LA errors in calculating charges to a budget share (e.g. National Insurance and superannuation deductions). The authority will consider if the charge is reasonable.

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

Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA (see also section 11.4).

Costs of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not carried out. The onward transmission of any fines imposed on the council by an enforcement body, any civil claims on reserve and any charges via the HSE's fee for fault system in respect of breaches at a particular school - to the school concerned. This would be by way of a proportionate reduction in the relevant devolved budget.

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.

Excess charges arising from leasing or similar financing style arrangements.

The cost of rates.

The cost of work undertaken in respect of teachers pension remittance and records for schools using non LA payroll contractors, the charge to be the minimum needed to meet the costs of the Authority’s compliance with its statutory obligations.

Costs incurred by the LA in securing provision specified in an Education Health and Care Plan EHCP) where the Governing Body fails to make that provision despite the delegation or devolving of such funds in respect of low cost high incidence SEN and / or specific funding for a pupil with High Needs.

Costs incurred by the LA due to the submission by the school of incorrect data. If financial returns are not completed accurately or on time, the Director of Finance reserves the right to obtain the information and charge the school for any cost incurred.

Recovery of amounts spent from Specific Grants on ineligible purposes.

Costs incurred by the LA as a result of a Governing Body being in breach of a contract.

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.

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.

The cost of an undisputed invoice for energy where a school has entered into an agreement with the Secretary of State for the supply of energy and failed to pay such an invoice (Regulation 23 of the regulations).

6.3 Disputes Procedure

Any disputes between a school and a department of the Authority regarding charges to school budget shares will be referred to the Chief Legal Officer for arbitration.

SECTION 7: TAXATION

7.1 Value added tax

Schools which do not operate cheque book management will use the Authority's systems for both paying invoices and the banking of income that relates to the school budget share. It is the school's responsibility to ensure that correct procedures are followed with regard to accounting for VAT. Aided schools are reminded that they should pay particular attention to invoices for capital expenditure.

Any penalties imposed by HM Customs and Excise as a result of incorrect procedures by school will be charged to the school concerned.

Schools operating cheque book management will receive advances from Oldham LA in line with the budgets outlined in their approved school budget plan. All expenditure or income relating to the school budget share will be recorded on returns to the LA. These returns require that VAT on both income and expenditure be identified separately. The VAT will be recovered by Oldham LA and repaid to schools' bank accounts within four weeks from the receipt of the return. All relevant information will be passed to HM Customs and Excise. All relevant invoices must be available for inspection at the school.

It is a statutory duty for the Local Authority to record all VAT on income and expenditure, including schools, on a monthly basis. Therefore, schools operating cheque book management, must send the Long Vat Summary report to the LA by the 12th of each month.

7.2 CIS (Construction Industry Scheme)

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

SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY OLDHAM LA

8.1 Provision of services from centrally retained budgets

The LA shall determine on what basis services from centrally retained funds will be provided to schools, but the LA is debarred from discriminating in its provision of services on the basis of categories of schools except where this would be allowable under the schools and early years finance regulations or the dedicated schools grant (DSG) conditions of grant.

Costs of early retirements or redundancies may only be charged to the central part of the school budget where the expenditure is to be incurred as a result of decisions made before 1 April 2013.

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

The term of any arrangement with a school starting on or after 1 April 2000 to buy services or facilities from the LA shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services except for Catering Services which may be for 5 and 7 years respectively. This provision excludes centrally funded premises and liability insurances.

Services provided by the LA must be provided at a price which would generate income which is no less than the cost of providing those services, even if schools are charged differentially.

8.2.1 Packaging

Where the LA is offering the service on a buyback basis it will do so in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable this will include provision on a service-by-service basis as well as in packages of services.

8.3 Service level agreements

If services or facilities are provided under a service level agreement between the school and the LA (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. Some services may be offered by Oldham LA on a basis which is not related to such an agreement, these may be charged for at a different rate from those charged under the agreement.

Schools must have at least 1 month to consider Service Level Agreements.

Centrally arranged premises and liability insurance are excluded from these requirements to service supply.

8.4 The supply of information to Teachers Pensions

In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions (TP) with information under the Teachers' Pensions 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 and come into effect on 1 April 2014.

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

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

The Local Authority reserves the right to charge schools with penalties imposed by TP. See section 6.2.

SECTION 9: PUBLIC FINANCE INITIATIVES/ PUBLIC PRIVATE PARTNERSHIPS

Where Oldham Council enters into an arrangement with the private sector for the provision of major renovations to a school (or replacement of a school) an agreement will need to be reached with the school governing body.

The agreement will refer to the amount of the delegated schools budget which will need to be transferred to fund the annual payment of the PFI over its life, the basis of such charges and the treatment of monies withheld from contractors due to poor performance.

Such arrangements will be conducted on behalf of the Local Authority by the Director of Finance.

SECTION 10: INSURANCE

10.1 Insurance cover

If funds for insurance are delegated to any school, Oldham LA will require the school to demonstrate that cover relevant to an LA's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by Oldham LA if the LA were to make such arrangements, either paid for from central funds or from contributions from schools' delegated budgets. The LA must have regard to the actual risks that might reasonably be expected to arise at any relevant school rather than applying an arbitrary minimum of cover for all schools.

Oldham LA will continue to arrange insurance cover for schools if required.

If schools arrange their own insurance a copy of the appropriate insurance certificate must be sent to the Director of Finance by 1St February each year. If a copy of the insurance certificate is not received by this date the Authority will take out insurance and charge the cost to the school.

The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.

(see also section 6.2)

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

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

Primary and/or secondary maintained schools also have the option to join the RPA collectively by agreeing through the schools forum to de-delegate funding.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

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

11.2 Liability of governors

The governing body is regarded as a corporate body and as such under the terms of Section 50(7) of the School Standards and Framework Act 1998, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

11.3 Governors' expenses

The LA shall have the power to 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 a discretion in the amounts of such allowances, they would be set by the LA.

Under section 50(5) of the School Standards and Framework Act 1998, 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 school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

11.4 Responsibility for legal costs

Legal costs incurred by the governing body, although the responsibility of the LA as part of the cost of maintaining the school unless they relate to the statutory responsibility of aided school governors for buildings, will be charged to the school's budget share if the governing body do not act in accordance with the advice of the Authority. These costs are those of legal actions including costs awarded against the LA.

The Solicitor to the Council will advise a governing body on how to obtain legal advice where there is a conflict of interest between the LA and the governing body.

In the above context legal costs normally include the costs of legal actions and costs awarded against the LA but not the cost of legal advice provided.

11.5 Health and Safety

The Chief Executive and the Leader of the Council are jointly responsible for the management of health and safety (of Elected Members, staff and those who may be affected by the Council's work activities).

Responsibility for implementation of the policy within service areas / schools is delegated to each Executive Director, and by extension to each Head Teacher.

Head Teachers must ensure that all statutory inspections / maintenance is undertaken in accordance with Council requirements. In addition, they must also ensure that site and activity related significant risks are assessed, and that safety management systems (fire, asbestos, legionella, first aid etc) are implemented and maintained.

Head Teachers are responsible for their schools devolved budget, and must ensure that the work that their staff carry out is safe, and without significant risk to safety or health.

Head Teachers should:

- Delegate authority for health and safety issues where appropriate, ensuring there are clear instructions regarding individual responsibilities;
- Ensure that significant risks associated with any work activity are assessed and controlled prior to the work taking place;
- Ensure that staff have undertaken all appropriate training, and are provided with relevant information, instruction and supervision;
- Ensure that staff are not undertaking tasks involving significant risk, for which they have not been suitably trained:
- Ensure periodic workplace health and safety inspections are carried out;
- Ensure that all accidents / incidents are reported, investigated and follow – up action is identified and taken;
- Ensure hazards are identified and controlled, and that all significant risks are suitably assessed;
- Ensure all statutory or advised maintenance, servicing and inspection procedures for building, mechanical and electrical equipment and other appropriate systems at the school are implemented. Any remedial works to be undertaken as a priority.

<u>Brief outline of schools potential liabilities</u>

Health and Safety at Work etc Act 1974:

Section 7
Employees working in a school can be prosecuted in the event that they do not to take reasonable care of their own health & safety, and that of anyone who could be

adversely affected by their 'acts or omissions at work' or do not co-operate with their employer in steps to meet legal requirements.

Section 8
Employees working in a school can be prosecuted where they are known to have intentionally or recklessly interfered with or misused anything provided in the interests of health, safety or welfare in pursuance of any of the relevant statutory provisions.

Section 37
Head Teachers can be prosecuted if a health and safety offence is committed with their consent or connivance of, or is attributable to any neglect on their part.

Gross Negligence Manslaughter

Under the common law, gross negligence manslaughter is proved when individual officers (e.g. Head Teachers) within a company by their own grossly negligent behaviour cause death.

The onward transmission of any fines imposed on the council by an enforcement body, any civil claims on reserve and any charges via the HSE's fee for fault system in respect of breaches at a particular school - to the school concerned. This would be by way of a proportionate reduction in the relevant devolved budget. (see section 6.2.– the charging of the school budget share).

11.6 Right of attendance for Authority's Director of Finance

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

The Director of Finance's attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine.

Wherever possible the Local Authority would give prior notice to the governing body of such attendance.

11.7 Special Educational Needs (SEN)

Schools should use their best endeavours to secure the most effective provision possible for pupils with SEN, in spending their delegated budget share. This is a statutory requirement. The provision is included within this Framework to allow the Local Authority to suspend delegation where a situation is serious enough to warrant it.

11.8 Computer Systems

The Governing Body must identify individuals with responsibility for ensuring that any

computer based system is registered in accordance with the Data Protection Act 1984. They must also ensure that there is adequate back up and security procedures in place and that any appropriate staff have access to the relevant computer records.

11.9 Child Protection

Oldham Safeguarding Children Board works to ensure that all educational establishments, including schools are fully committed to the safeguarding of children and young people by working in collaboration with their agency partners and releasing relevant staff for the purpose of attending child protection conferences, multi-agency safeguarding forums and appropriate training as per statutory guidance and their individual child protection policy.

11.10 School Information

Schools will be responsible for providing any school information to the LA, which is deemed necessary to calculate Schools budgets.

11.11 Redundancy / early retirement costs

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

11.12 Whistleblowing

Appendix 1 of Oldham Council's Code of Conduct for Employees sets out the procedure for whistleblowing and how the Council will respond. The Code is available in all schools or through Oldham Council's website.

Advice on a scheme for Governors is available from the Governors Support Service

11.13 Procurement of outsourcing contracts

When schools enter into the procurement of outsourcing contracts (i.e. for kitchen / cleaning staff) they should ensure that the contract states the requirement under TUPE that the transferred public sector employees have access to GMPF or an equivalent pension. This applies to the initial outsourcing and any subsequent procurement of the service. Schools need to ensure the organisation is an admitted body for the Pensions Fund otherwise the staff won't continue to be enrolled in the Pension Fund.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Responsibilities for building works – repairs and maintenance

Funding for all repairs and maintenance was delegated to Secondary Schools under this scheme from 1 April 1999. Funding for all repairs and maintenance **excluding** the Kitchen area was delegated to Primary and Special Schools under this scheme from 1 April 1999.

Governing bodies of Secondary Schools must expect to finance all categories of work that do not fall within the definition of capital expenditure in Annex D.

Governing bodies of Primary and Special Schools must expect to finance all categories of work that do not fall within the definition of capital expenditure in Annex D and which are not in the School Kitchen area.

Budgets for capital expenditure on schools will be retained by the Local Authority. The Authority may choose, as a result of the value of individual jobs, not to treat this expenditure as capital within its accounts. Expenditure defined as schools expenditure will not become capital (and therefore the Local Authority's responsibility) simply because of the value of the work.

Where rules of grant approval (e.g. formula capital) allow for a different definition than Annex D, then the grant rules will override that Annex.

12.2 Definition of capital expenditure and de minimus levels

The Council defines capital expenditure as all expenditure on the acquisition, creation or enhancement of fixed assets that yield benefits to the school for more than one year, but subject to the Council's de minimus level of £10,000 for Building Work / ICT. The de minimus level for Devolved Formula Capital (DFC) Grant expenditure is £2,500 for Building work and £0 for ICT.

12.3 Illustrative examples of capital

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

12.4 Retained monies centrally for the repair and maintenance of kitchens and kitchen equipment

The LA has retained monies centrally for primary and special schools for the repair and maintenance of kitchens and kitchen equipment in these schools.

SECTION 13: THE POWER TO PROVIDE COMMUNITY FACILITIES

13.1 Introduction

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

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

a) those contained in schools' own instruments of government, if any; and

b) Any prohibitions, restrictions and limitations made elsewhere in the Oldham Scheme for Financing Schools.

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

Section 50(3A) of the School Standards and Framework Act 1998 came into force 1st April 2011 and it states 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.

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

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

13.2 Funding agreements – Local Authority powers

If a school enters into an arrangement with a third party, which will either be supplying funding or supplying funding and taking part in the provision, the proposed agreement must be submitted to the Local Authority for comment at least 3 months before any agreement is to be signed.

The Local Authority will not have right of veto to such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires Local Authority consent to the agreement for it to proceed, such a requirement and the method by which Local Authority consent is to be signified is a matter for that third party.

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

13.3 Other prohibitions, restrictions and limitations

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

The Authority does not propose further scheme prohibitions, restrictions and limitations beyond those identified in the previous paragraph.

13.4 Supply of financial information

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

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

Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework. These returns will be the main source of information for the financial aspects of community facilities. However, the CFR timetable is such that the Authority will require supplementary information in order to ensure that schools are not at financial risk. (Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share).

13.5 Audit

Any school exercising the community power must grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

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

13.6 Treatment of income and surpluses

Schools can retain all net income derived from community facilities except where

otherwise agreed with a funding provider, whether that be the Local Authority or some other person.

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

If the school is a community or community special school, and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority unless otherwise agreed with a funding provider.

13.7 Health and safety matters

Any health and safety provisions of this scheme are extended to the community facilities power.

The governing body is responsible for the costs of securing Disclosure and Barring Service (DBS) previously Criminal Records Bureau (CRB) clearance for all adults involved in community activities taking place during the school day. Governing bodies are able to pass on such costs to a funding partner as part of an agreement with that partner.

13.8 Insurance

It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. The school should seek the Authority's advice before finalising any insurance arrangement for community facilities.

In principle, the insurance issues arising from use of the community facilities power are the same as those which already arise from non-school use of school premises. However, a school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary.

The Local Authority will undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such a provision is necessary in order for the LA to protect itself against possible third party claims.

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

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

Primary and/or secondary maintained schools also have the option to join the RPA collectively by agreeing through the schools forum to de-delegate funding.

13.9 Taxation

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

If any member of staff employed by the school or the Local Authority in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see paragraph 13.11 below), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

Schools must follow advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power. (See paragraph 7.2)

13.10 Banking

As a minimum the school should either maintain separate bank accounts for budget share and community facilities, or have one account but with adequate internal accounting controls to maintain separation of funds.

The banking arrangements made in connection with the exercise of community facilities must be established within the general framework of this scheme for the financing of maintained schools. The banking requirements are identified in section 3 at paragraph 3.5 and 3.5.1.

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.

ANNEX A

LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

Primary Schools

Bare Trees Primary	South Failsworth Primary
Beever Primary	Springhead Infant and Nursery
Buckstones County Primary	SS Aidan & Oswald RC Primary
Burnley Brow Primary	St Agnes CE Primary
Christ Church CE Primary, Chadderton	St Anne's CE Primary, Royton
Christ Church CE Primary, Denshaw	St Anne's RC Primary, Greenacres
Corpus Christi RC Primary	St Hilda's Primary
Crompton Primary	St Joseph's RC Primary
Delph Primary	St Luke's CE Primary
Diggle Primary	St Margaret's CE Primary
East Crompton St James' CE Primary	St Martin's CE Primary
Friezland Primary	St Mary's CE High Crompton Primary
Glodwick Infant/Nursery	St Mary's CE Primary, Greenfield
Greenfield Primary	St Theresa's RC Primary
Higher Failsworth Primary	St Thomas CE Leesfield Primary
Hodge Clough Primary	St Thomas CE Moorside Primary
Holy Cross CE Primary	Stanley Road Primary
Holy Trinity CE Primary, Dobcross	Whitegate End Primary
Horton Mill Primary	Woodhouses Voluntary
Knowsley Junior	Yew Tree Primary
Limehurst Primary	
Mather Street Primary	
Mills Hill Primary	
Propps Hall Primary	
Royton Hall Primary	
Rushcroft Primary	

Special Schools

Pupil Referral Unit (PRU)

ANNEX B

PRINCIPLE OF BEST VALUE

A principle of best value document is shown for information which can help schools to show they are achieving value for money if you wish to use this outline**.**

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 LA 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. LA 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.

BEST VALUE STATEMENT - GUIDANCE NOTES

The Best Value approach does not apply statutorily to governing bodies in their use of delegated and devolved budgets. However, governing bodies are required to set targets to raise standards, are expected to provide a good quality public service and spend public money wisely. Schools are accountable for balancing **costs** (in terms of economy and efficiency) and **effectiveness** (in terms of their performance and the quality of what they provide) as required by the Best Value framework. To achieve this, schools need to demonstrate that they apply Best Value principles in arriving at decisions about all their activities, especially how the financial resources delegated to them are managed.

Applying Best Value principles in schools

The Best Value framework is based on four principles (often summarised as the four 'Cs'):

- challenge
- compare
- consult
- compete.

Challenge

This is about whether the school challenges itself about the services it provides. Does the school take steps to find out whether what it provides is what is needed? Clearly, the school must operate within the statutory framework of the National Curriculum. However, schools still have considerable discretion about what is taught, the way it is taught and the way in which the teaching and learning process is managed.

The evidence of challenge will lie in the extent to which the school's aims are sufficiently challenging, in particular in terms of the standards agenda and that planning and practice clearly supports these aims. The school will constantly challenge the effectiveness of its current practice and will be able to demonstrate how it has made changes to raise standards, increase cost effectiveness and improve the quality of education provision.

The school will not be afraid to consider radical courses of action to raise standards and to take risks in the interests of improving pupil performance. However, the school will need to demonstrate that decisions to change current practice are based

on evidence of need and sound analysis and are subject to rigorous, ongoing evaluation in particular in terms of their impact on standards.

Compare

When setting targets**,** the school will use a range of benchmarking data to compare its performance with all schools and with similar schools. The school can demonstrate that teachers, senior management and governors use the PANDA reports, the Autumn Package and locally provided analyses to compare pupil performance with external benchmarks and to set appropriately challenging targets.

Hitherto, most benchmarking activity in schools has, rightly, focused on pupil performance. However, schools also should be encouraged to consider a wider range of benchmarking data, in particular financial data. The Authority has informed schools about the financial benchmarking web-site for schools that will help schools compare costs per pupil and consider whether current provision is cost effective. The Authority is also committed to developing a wider range of local benchmarking data that should help schools to continue to develop this practice.

Consult

This is about the extent to which the school's head teacher and governors have a clear understanding about what the school community wants and whether the school can demonstrate that it regularly seeks the views of those most concerned and how it responds to these views. This means asking for feedback from staff, parents, pupils and others when considering major changes or spending decisions involving the curriculum provided and other significant developments. Increasingly, schools use questionnaires to survey parents. More is now being done to seek the views of pupils, in particular through the development of School Councils.

Compete

Competition is concerned with whether the school is doing anything that could be better provided by someone else, with the strategic decision making about resource management and with getting the best value for money when making decisions about expenditure. The school needs to demonstrate that it has proper financial administrative procedures including competitive tendering for significant expenditure. Is purchasing on a fair and open basis or through personal connection? Is one supplier used regardless of price?

The Fair Funding Framework has required local authorities to delegate funding for a wide range of services. The school needs to be able to demonstrate that decisions about entering service level agreements with the Authority or with other providers are based on a sound analysis of comparative costs and quality specifications. If the school is providing services such as cleaning, personnel and payroll in-house, it needs to be able to produce clear evidence that this approach is cost-effective and is helping to promote the core purpose of raising standards.

The advent of Fair Funding and the development of the PFI approach to managed services in schools means that schools have many more opportunities to make their

own decisions about the balance of cost effectiveness and quality when determining how support services will be provided in the school. How often can the rationale for these decisions demonstrate a clear link to raising standards and improving the quality of education provision?

Best Value and school self-evaluation

Schools that are adopting a Best Value approach to ensuring continuous improvement will be using the Best Value framework to ask critical questions of their own performance. The school will be able to demonstrate rigorous self-evaluation that does not wait for an external inspection. The school may not explicitly use the Best Value terminology of the four Cs but it is clear from the questions it asks itself and the rigour of the self-evaluation process that the commitment to continuous improvement is challenging and real.
Schools can use the principles of the four Cs to help them to frame appropriate questions to evaluate costs and effectiveness. Questions a school might ask include:

Challenge

- what is our core purpose?
- why are we doing this?
- what is the evidence of the need for this activity/development?
- is it what people want?
- could someone else do it differently and/or better?
- what do we need to do to improve?
- is this the best approach to raise standards?

Compare

- how do our standards compare with similar schools and national benchmarks?
- is our performance consistent in all areas?
- what are our strengths and weaknesses in comparison with similar schools/nationally?
- are we a relatively high performer in comparison with similar schools/nationally?
- how does our progress at each key stage compare with similar schools?
- do we cost more or less than others?
- why?

Consult

- what to pupils, parents, staff, governors and the wider community want the school to do?
- what do they think of proposed changes or major expenditure?
- are they happy with the school?
- what do they think should be the future direction of the school?
- how do we know?

Compete

- are we providing the service at the right price?
- could we or others provide services at a better price?
- what do the users of the service want?
- how does the school ensure it receives the most economic, efficient and effective service from those who provide services to pupils and staff?

Best Value and school inspection

The revised OFSTED Framework instructs inspectors that they will need to determine whether the school manages its decision making effectively. Inspectors are also required to assess the impact on standards of its spending and other decisions in ways that reflect the Best Value framework.
Schools need to be able demonstrate how they balance **costs**, in terms of economy and efficiency, and **effectiveness**, in terms of school performance and the quality of provision and that they can justify spending priorities in terms of the impact on standards.

Inspectors are exhorted to bear in mind that working to these principles is an expectation of schools, not a requirement. However, all inspection reports should indicate the extent to which the work of schools reflects Best Value principles, summarising areas of strength and weakness.

If, on the evidence of the inspection, inspectors judge that the performance of the school is not high enough, the reasons for these concerns must be highlighted in the report. This may include the extent to which the school does or does not apply Best Value principles effectively.

Best Value and school management

Currently, some schools are more familiar with the principles of Best Value than others. Some elements, such as consultation and comparison are commonplace in well-managed schools. Schools have been familiar with the value for money judgements made by inspectors for years and have themselves applied value for money judgements when making spending decisions.

However, Best Value goes far beyond value for money. It is about an attitude to management that is clear about the core purpose of the enterprise and is not afraid to ask searching and challenging questions about current practice.

If the core business of school improvement is to raise standards and improve pupil performance, schools must be able to demonstrate explicitly how all major management decisions support this core commitment. This includes a clear school improvement rationale for financial decision-making and proposals about structures and organisation that clearly support the commitment to raise standards.

The extent to which the school is espousing Best Value principles effectively is likely to be evidenced by:

- a costed School Improvement Plan that clearly demonstrates how financial expenditure and resource allocation is intended to

raise standards;

- effective management of the range of funding streams to which the school has access, in particular the development of a coherent approach to financial management that integrates all grants, and any devolved funding with the school's delegated budget with the sole aim of raising standards;

- decisions about staffing structures and class organisation are based on evidence of need and clearly support the standards agenda;

- decisions about service level agreements and in-school service provision that are based on sound evidence of cost effectiveness and quality and clearly support the school's rationale for school improvement and raising standards;

- a planned strategy for school self-review that asks challenging questions about current standards of achievement, the quality of provision and the extent to which the leadership and management of the school is ensuring the highest possible standards;

- an inclusive and responsive consultation process.

All senior managers and governing bodies need to be aware of the principles of the Best Value agenda and of the growing expectations of central Government of the extent to which schools should also be developing a similar approach to service review, planning and provision.

ANNEX C

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, or the de delegated contingency funding.

Section 37 of the 2002 Education Act says:

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

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

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

The default position, In line with the Education Act 2002 therefore, is that premature retirement costs must be charged to the school's delegated budget share, while redundancy costs will only be charged to the local authority's budget where there is no good reason to deduct these from the school's budget share. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded. Ultimately, it would be for the courts to decide what a good reason was, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to school's delegated school budget share:

- 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.
- Non-compliance of the authority's Managing Change Policy
- Curriculum changes

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

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

Costs of early retirements or redundancies may only be charged to the central part of the school block in the Dedicated Schools Grant where the expenditure is to be incurred as a result of decisions made before 1 April 2013. Cost may not exceed the amount budgeted in the previous financial year.

It may be reasonable to share costs in some cases.

It is important that the local authority discusses its policy with its Schools Forum.

A de-delegated contingency can be provided, if School Forum agree, to support individual schools where a 'governing body has incurred expenditure which it would be unreasonable to expect them to meet form the school budget share'. Each case should be considered on its merits within an agreed framework.

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 schools delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

(7) Where a local education authority incur costs—

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

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

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

(8) Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local education 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 8 is met.

(9) The condition is that the Governing Body are satisfied that meeting the amount out of the schools 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.

(10) 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.

ANNEX D

Capital/Revenue Split

LA CAPITAL/REVENUE SPLIT AND ITEMS WHICH ARE THE SEPARATE RESPONSIBILITY OF GOVERNORS IN VA SCHOOLS.

Illustrative examples in line with DFE interpretation of the CIPFA code of practice.

NB Actual interpretation of CIPFA code of practice for these purposes will be for each local authority.

Element	Capital: as CIPFA Code of Practice	Revenue: repairs and 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. Rooflights on new build. Replacement of	Repair/replacement/Cleaning of individual items.

	all/ substantially all on existing roof.	
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.
	Bargeboards/Fascias in a new building/extension, replacement of all/substantially all on existing roof.	Repairs/replacement/repainting.
	Drainage in a new building/ extension.	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters.
	Drainage. Replacement of all/ substantially all on existing roof.	
	Other e.g. Flashings. Roof windows in a new building/ extension, replacement of all/ substantially all on existing roof.	Repair/replacement/cleaning.
Other	Provide new covered link etc between existing buildings.	Minor repairs, maintenance to existing covered link.
	Rebuild or substantially repair structure of existing covered link. Add porch etc to existing building.	Minor repairs, maintenance to existing.
	Rebuild or substantially repair structure of existing porch.	
Floors		
Ground Floor	Structure and dpc in new building.	Repair/replacement of small parts of an existing structure.

	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. re-varnishing 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 including from water damage and 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. External finish on new build.	Repairs. Preventative measures e.g. tree removal. Repair/replacement of small parts of an existing structure, e.g. repointing/recladding a proportion of a wall where failure has occurred.
	External finish on existing build where needed to prevent imminent or correct actual major failure of the structure, e.g. repointing/recladding work affecting most of a building/ replacement build.	

Windows and Doors	Framing – new build.	Repair/replacement of individual frames. Repainting frames.
	Framing – structural replacement programme.	Repair/replacement of individual windows. Repainting frames.
	Glazing – new build.	Replacing broken glass.
	Glazing. Upgrading existing glazing.	
	Ironmongery. Improved security.	Repair/replacement, upgrading locks etc.
	Jointing including mastic joints.	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
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 and 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 and Safety requirements.	Replacement of broken glass.
Sanitary Services		
Lavatories	In new buildings, provision of all toilet fittings, waste plumbing and internal drainage.	Repair/replacement of damaged sanitary ware, fittings, waste plumbing etc.
	Large-scale toilet refurbishment.	Small areas of refurbishment.

	Provision of disabled facilities and specialist facilities related to pupils with statements.	Repair/replacement of damaged fittings, waste plumbing etc.
Kitchens	Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.	Maintain kitchen to requirements of LA. Cleaning out drainage systems. Redecoration.
	General refurbishment.	Repairs.
	Large and costly items of equipment.	Repairs/replacement parts.
Mechanical Services		
Heating/Hot Water	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler-house plant, including replacement of defective parts. Regular cleaning. Energy saving projects.
	Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring systems. Health and 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 of new and major refurbishments, 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 and 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 luminaries, all testing, adjustments and improvements to emergency
Other	Lightning protection in new build. 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 of the above.	Annual servicing.

Notes

This illustrative list is the DFE interpretation of the CIPFA Code of Practice and local authorities should refer to the Code when defining capital and revenue.
Where local authorities use de minimus limits for defining capital and revenue in their financial accounts, the same de minimus limits must be used in defining what is delegated. The application of a de minimus limit may change the examples given in the first two columns of the illustrative list.