



FINANCIAL MANAGEMENT SCHEME

**FOR SCHOOLS MAINTAINED BY
SOMERSET COUNTY COUNCIL**

April 2009

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FINANCIAL MANAGEMENT SCHEME

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1. INTRODUCTION

1.1 The Funding Framework

This framework replaces Local Management of Schools and is based on the legislative provisions in Sections 45 - 53 of the School Standards and Framework Act 1998 (the 1998 Act). The terminology used is in the same sense as in the 1998 Act.

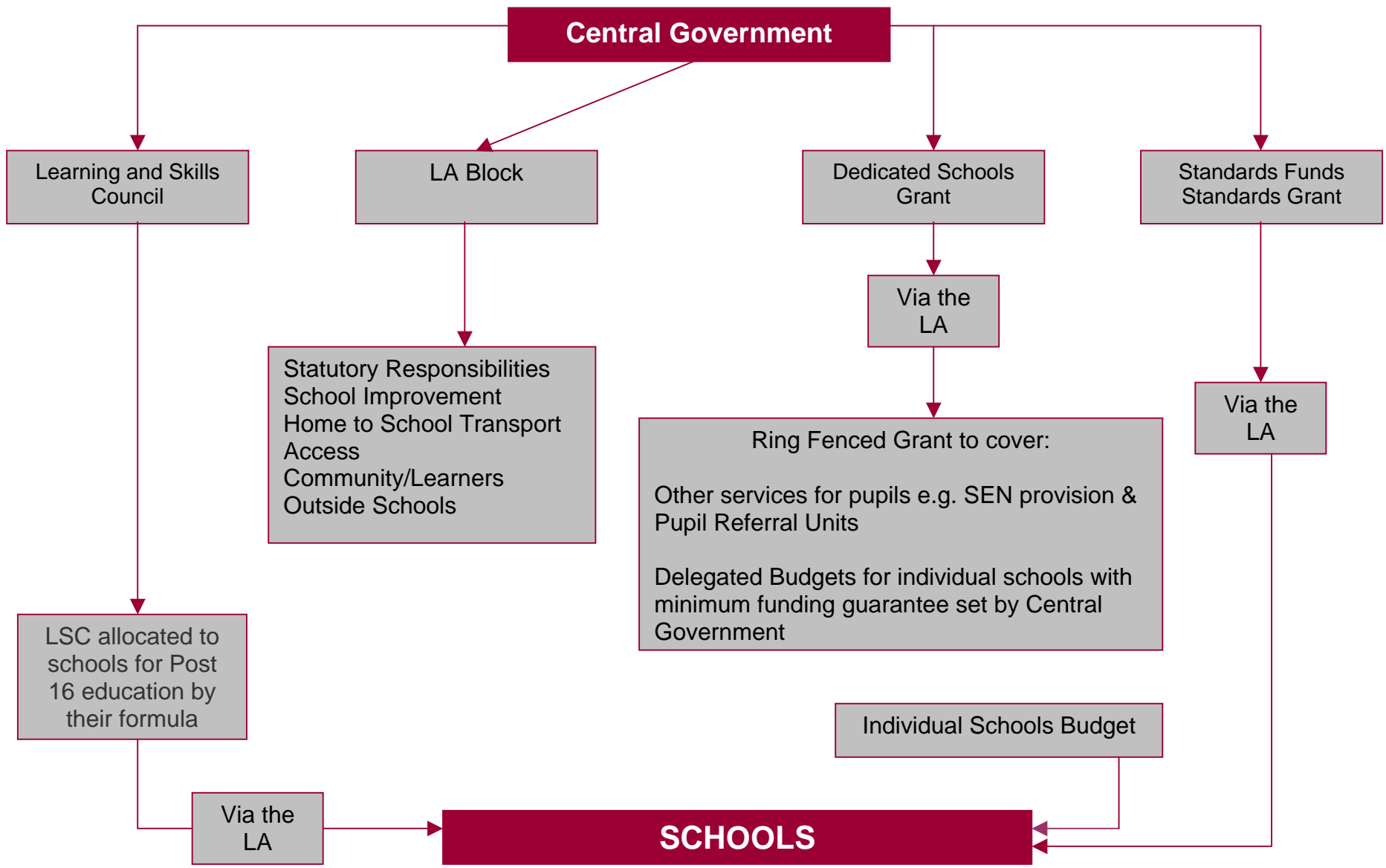
Categories of expenditure falling within the LA's and Schools Budgets are prescribed under Regulations made by the Secretary of State and are set out in the diagram on the following page.

Under this legislation, LA's determine for themselves the size of their Schools Budget and LA Budget, although at a minimum a local authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct or indirect, 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, subject to any limits or conditions (including gaining the approval of their School Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the LA budget must be retained centrally, although earmarked allocations may be made to schools.

LAs may retain an unallocated reserve within the Individual Schools Budget (ISB) but must otherwise distribute the ISB amongst their maintained schools using a formula that complies with the regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the Governing Body of each school, unless the school is new and has not yet received a delegated budget (Paragraph 11.7 refers), or the right to delegation has been suspended in accordance with Section 51 of the Act (see Section 14).

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1.2 **The Role of this Scheme**

This Scheme sets out the financial relationship between Somerset County Council and the maintained schools that it funds. Somerset County Council is the Local Authority (LA). The Scheme contains requirements relating to financial management and associated issues and is binding on both the LA and on schools through their respective Governing Bodies. In the event of a dispute concerning non-statutory requirements that cannot be satisfactorily resolved between the parties, an independent arbiter would be asked to resolve the situation.

This Scheme sets out the requirements on schools in some detail. However, some areas require further guidance that will be published separately. Any separate information should be compatible with this Scheme. In any case, this Scheme takes precedence over any separate document.

1.2.1 **Schools within the Scope of this Scheme**

This Scheme applies to all Community, Voluntary, Foundation, Community Special or Foundation Special schools maintained by the LA. (See Appendix A for the full list).

Unless specifically stated otherwise, the provisions of this scheme apply to any nursery school maintained by the LA.

1.3 **Publication of the Scheme**

A copy of this Scheme will be supplied to the Headteacher and to the Governing Body of each school covered by the Scheme, and placed on the Somerset Information Exchange (SIX). Any subsequent approved revisions will also be notified to the same.

1.4 **Revision of the Scheme**

The LA has consulted all Headteachers and Governing Bodies on this Scheme which has been approved by the Schools Forum. Any proposed revisions to this Scheme (whether proposed by the LA or by schools) will be the subject of consultation with all Governing Bodies and will require approval by the Schools Forum. The Secretary of State also has the power to modify or impose a Scheme.

1.5 **Financial Duties and Responsibilities of the Head of Finance**

The Chief Finance Officer is the Head of Finance and all references in this Scheme to the Head of Finance can include an authorised representative.

The Head of Finance is responsible for the proper administration of the Council's financial affairs. This includes the responsibility for ensuring an adequate and effective internal audit of maintained schools in Somerset.

The Head of Finance is responsible for preparing and publishing the County Council's financial accounts.

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The detailed format and content of all financial returns and procedures will be subject to approval by the Head of Finance.

The Head of Finance will regularly furnish every school with information relating to all of the school's transactions that have been processed by central financial systems.

In order to fulfil his responsibilities, the Head of Finance has the right of access to any relevant information or data relating to a school's delegated budget, including information held within the school and the right to attend any relevant meeting of a Governing Body and to speak on financial issues (see paragraph 11.6).

1.6 **Financial Duties and Responsibilities of the Corporate Director – Children and Young People**

All references in this Scheme to the Corporate Director – Children and Young People can include an authorised representative, such as the Group Manager (Finance - Children and Young People).

The Corporate Director – Children and Young People is responsible for ensuring that adequate advice, information and support is available to Governing Bodies to enable them to fulfil their responsibilities under paragraph 1.7 below.

The Corporate Director – Children and Young People reports to the Executive Board on the cost effective use of resources in schools for the purposes of raising educational achievement.

The Corporate Director – Children and Young People is responsible for submitting an annual budget for the forward year to the Executive Board each year. The County Council must then approve this. The proposed Schools Budget must be notified to the Secretary of State by 31 January preceding the financial year to which it relates.

Following approval, the Corporate Director – Children and Young People will provide details of the delegated budget share that will be allocated to each school in the following year by applying the relevant distribution formula to the Individual Schools Budget.

The Corporate Director – Children and Young People will publish the information required by the 1998 Act in accordance with the regulations and timetables laid down by the Secretary of State for Education (see paragraph 1.9).

In order to fulfil his responsibilities, the Corporate Director – Children and Young People has the right of access to any relevant information or data relating to a school's delegated budget, including information held within the school.

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1.7 **Financial Duties and Responsibilities of the Governing Body**

In any financial year, once a school's delegated budget share has been confirmed in writing by the Corporate Director – Children and Young People, the Governing Body may incur expenditure up to the total of the delegated budget share, after allowing for any accumulated surplus or deficit carried forward, for the purposes specified in paragraph 2.13. In the absence of any such notification for a given financial year, the Governing Body is authorised to spend in that year up to 40% of its delegated budget share for the preceding financial year, pending the receipt of its current year figures.

The Governing Body has a responsibility to ensure that adequate financial procedures and controls exist within the school to minimise the risk of loss, wastage or misappropriation and also to fulfil the County Council's statutory responsibilities relating to VAT, income tax, National Insurance, Construction Industry Scheme and any other aspect of the school's finances.

All the powers and responsibilities set out in this Scheme are vested in the full Governing Body. However, subject to the Education Acts and Regulations made under those Acts, the Governors may delegate any power granted to them by this Scheme to a committee of the Governing Body or to the Headteacher (see paragraph 1.8 below). Where this Scheme attributes authority or responsibility to the Headteacher, this indicates recommended practice so as to achieve efficient and effective day to day management and control. The Governing Body does have the power to limit the delegated powers of the Headteacher if this is considered to be necessary. Prior consultation with the Corporate Director – Children and Young People is strongly recommended if such action is under consideration. Fuller guidance on responsibilities of Governing Bodies will be issued separately.

1.8 **Delegation of Powers to the Headteacher**

The introduction of Local Management of Schools (LMS) and subsequent Regulations have brought about significant changes in roles and responsibilities. As a consequence, it is essential that the Governing Body considers to what extent it wishes to delegate its powers to the Headteacher.

Governing Bodies ought to consider the following key areas of headship when determining the level of responsibility which should be delegated to Headteachers:

- the strategic direction and development of the school
- the teaching and learning of the school
- leading and managing staff to secure improvement
- the efficient and effective deployment of staff and resources
- accountability to Governors and others, such as parents, pupils, staff and the local community.

The level of such delegation must be decided by the Governing Body and recorded in the Minutes of the Governing Body meeting and the school's Finance Policy. Further advice and guidance is available from Finance – Children and Young People and the Education Development Service.

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1.9 **Reporting and Publication Requirements**

The LA will supply each school with income and expenditure data held centrally within one week of the close of accounts for each month.

By 31 March preceding each financial year, the LA will publish a statement which sets out details of its planned Schools Budget and LA Budget, showing the amounts to be retained centrally, the budget share for each school, the formula used to calculate those budget shares and the detailed calculation for each school.

After the end of each financial year, and by a date to be prescribed in Regulations by the Secretary of State, the LA will publish a statement showing outturn expenditure at both central level and for each school and the balances (surplus or deficit) held in respect of each school.

The outturn statement is subject to audit certification by the Audit Commission and information in it may be collated and published by the Secretary of State.

Each school will receive, or have available, a copy of each year's budget and outturn statements as long as they relate to that school or central expenditure.

1.10 **Maintenance of Schools**

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

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2. FINANCIAL CONTROLS

2.1.1 Application of Financial Controls to Schools

Schools are required to follow Somerset County Council's requirements on financial controls and budget monitoring in the management of their delegated and devolved budgets.

Some of these requirements are set out in this Scheme but schools are also required to follow the County Council's Standing Orders and have regard to advice and circulars from the Head of Finance and the LA to the extent that they are compatible with the Scheme. The County Council will produce and modify these as necessary and provide copies to schools.

There are additional requirements for schools that operate their own bank accounts.

Each school should have its own Finance Policy detailing the operation of all financial procedures in the school.

2.1.2 Provision of Financial Information and Reports

All Schools must provide the Finance Group (Children and Young People) with details of anticipated and actual expenditure and income as required, but will not be requested to submit such details more often than once every three months, except for those connected with tax or banking reconciliation.

However, if the LA has notified the school in writing that in its view the school's financial position requires more frequent submission or the school is in its first year of operation then such details will be requested more frequently, probably monthly.

Those schools not using the County Council's financial system to pay staff, creditors or record income are required to make a regular return to Finance – Children and Young People detailing the spending and income in a suitable format specified by the LA to fulfil its accounting and budgetary control obligations.

A written report must be submitted to the Governing Body or its Finance Committee at least twice each year on the progress of the budget. Copies of all reports for the current financial year and the two previous financial years must be available for inspection by the Corporate Director – Children and Young People or the Head of Finance.

2.1.3 Payment of Salaries, Wages, Expenses and Pensions

If the payment of any salaries, wages, pensions, compensation and other emoluments (including expenses) to any employee or former employee of the Council, or of the Governing Body of an Aided or Foundation school, is not made by the Head of Finance, the school's procedures must be ratified in [Back to Contents](#)

advance by the Head of Finance to ensure that they comply with his requirements.

Where the LA is the employer (ie Community and Controlled schools) and the payroll service is undertaken by an external agency, the LA will require returns to fulfil its statutory obligations with regard to tax, National Insurance and pensions. Where the LA is not the employer and a payroll provider other than the Head of Finance is used, the school is responsible for these returns.

Where the County Council's payroll system is used, the Headteacher is responsible for ensuring that the Head of Finance is notified as soon as possible and in the form prescribed by him of all matters affecting the payment of such emoluments and in particular:

- (a) appointments, resignations, dismissals, suspensions, secondments and transfers;
- (b) absences from duty for sickness or other reason, apart from approved leave;
- (c) changes in remuneration, other than normal increments and pay awards and agreements of general application; and
- (d) information necessary to maintain records of service for pensions, income tax, National Insurance and such additional information as the Head of Finance may request.

Where the County Council's payroll system is used, all time records or other pay documents must be in a form prescribed or approved by the Head of Finance and are to be certified by or on behalf of the Headteacher. The names of officers authorised to sign such records must be approved by the Governing Body. Specimen signatures of all authorised officers are to be supplied to the Head of Finance through Finance – Children and Young People and any changes must be notified without delay.

No employee of the County Council or of the Governing Body of an Aided/Foundation school may certify expenditure or personnel documentation from which they might personally benefit. This applies equally to Governors.

2.1.4 **Payment of Invoices**

All invoices and payment vouchers processed by the school or passed to the Head of Finance for payment must be examined, verified and certified by an authorised officer. Such certification must, unless otherwise agreed by the Head of Finance, be in manuscript by or on behalf of the Headteacher or by other arrangements that ensure adequate division of duties that should be set out in the school's Finance Policy. The names of officers authorised to certify invoices are to be approved by the Governing Body. Schools with imprest accounts operated through the County Council must supply Finance – Children and Young People with specimen signatures of all authorised officers and any changes must be notified without delay.

The certifying officer must be satisfied that:

- (a) the work, goods or services to which the account relates have been satisfactorily carried out or received

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- (b) the prices, discounts, other allowances, credits, tax and invoice totals are fair and correct;
- (c) the budget against which the payment is to be charged is valid and contains the necessary funds;
- (d) the invoice has not previously been passed for payment and is a proper liability of the County Council.

The certifying officer must be different from the person who orders the goods or services. If a situation arises where the division of duties cannot be achieved, the certifying officer must be the Headteacher. This should only occur in exceptional circumstances and where possible, a counter signature should be obtained.

Where accounts are settled locally using an approved local payment account, or via the central creditors interface, the invoices, orders and delivery notes must be retained securely on the school premises for a period of not less than three years in addition to the current year.

Payments to individuals, not company names, will normally be processed via the payroll system and will be subject to statutory deductions. When a school engages an individual they should advise the person of our payment method to avoid unnecessary delays if they have an expectation of self-employment status. In these instances a questionnaire to determine status should be submitted to the Head of Finance, preferably in advance of the engagement taking place. The individual will be advised of our determination of their status in writing.

2.1.5 **Control and Security of Assets**

The Governing Body must ensure that an up-to-date and accurate inventory record is maintained of all items of furniture, fittings and equipment, plant and machinery with a replacement cost of £100 or more and an expected life of at least one year which the County Council owns or in which it has a financial interest.

The Governing Body must ensure that all inventories are examined against equipment at least once per year. All discrepancies must be reported to the Governing Body which must ensure that unexplained discrepancies are investigated. A record of all items written off should be maintained.

Items of equipment taken off the school premises should be recorded in a signing in/out register retained by the school.

Each Governing Body is responsible for maintaining proper security arrangements at all times for all buildings, plant, vehicles, stocks, stores, furniture, equipment, cash, personnel and financial records under its control.

A Somerset County Council tamper-proof security label must be attached to all attractive items owned by the County Council that are especially at risk of theft or damage, including computers, televisions and video equipment.

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2.1.6 **Accounting Policies and Year End Procedures**

Schools must follow the procedures and timetable established by the Head of Finance on accounting policies and year end procedures which are issued annually in order that the County Council can meet its obligations for producing and publishing the County Council's Annual Statement of Accounts.

A monthly reconciliation between the school's financial information system and the central system is required by the Head of Finance and must be carried out and completed by the last working day of the month following the month of account in accordance with procedures laid down with the Corporate Director – Children and Young People in consultation with the Head of Finance. Where a local bank account is in operation a monthly reconciliation between the school's local financial system and the latest bank statement is also required within the same timescale.

2.1.7 **Writing Off Debts**

The total amount of debt written off locally by a Governing Body in a financial year must not exceed 1% of the school's delegated budget share for the year.

Subject to the paragraph above, debts due from a single debtor up to a total value of £1,000 in any one financial year may be written off, but only on the direct authority of the Governing Body, that is, by resolution at a Governing Body meeting (an individual school could set a lower limit in their Finance Policy if desired). Before referring a debt to the Governing Body for approval to write off, the Head of Finance must be consulted through Finance – Children and Young People to ensure that there are no other outstanding financial transactions involving the County Council and the individual or organisation concerned.

Each school must maintain a record of all debts written off showing what attempted recovery action was taken and the justification for non-recovery.

Any debts due from a single debtor of £1,000 or more in any financial year may only be written off on the authority of the Corporate Director – Children and Young People. If this situation is likely to arise, guidance should be sought urgently from Finance – Children and Young People.

2.2 **Basis of Accounting**

Schools may use either cash or accruals accounting for its internal accounts but unless otherwise requested, reports and accounts sent to the County Council from schools should be on a cash basis (ie what expenditure and income has actually been paid/received). This will prevent the need for each school to process accruals and prepayments prior to running each report.

At the year end, schools are required to supply information on outstanding payments and debts which can be used to produce final accounts on an accruals basis.

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2.3 Submission of Budget Plans

- 2.3.1 Not later than 15 March each year (and normally much earlier than this), the Corporate Director – Children and Young People will furnish every maintained school with written details of its delegated budget share and any other relevant information which is available to enable the Headteacher and Governing Body to prepare a detailed revenue budget for the financial year commencing 1 April.
- 2.3.2 By 31 March or within 30 working days of the budget share being issued (whichever is the later) each year the Headteacher is responsible for preparing estimates of expenditure and income covering the next financial year for the consideration and approval of the Governing Body.
- 2.3.3 By 31 May the Corporate Director – Children and Young People will confirm with every maintained school the level of its accumulated surplus or deficit at the previous 31 March.
- 2.3.4 By 30 June each Governing Body or a committee of the governing body must formally approve the school's budget plan for the financial year commencing 1 April and must notify the details of the budget plan in the required format to Finance – Children and Young People with the assumptions underpinning it. Schools must also supply Finance – Children and Young People with a statement on how they mean to address the principles of Best Value (see paragraph 2.4 below).
- 2.3.5 When considering budget proposals for the forward financial year, the Governing Body must always take into account:
- (a) up-to-date information on the progress of spending against budget in the current year and realistic estimates of achievable income.
 - (b) agreed priorities, as set out in the School Development Plan, school's Asset Management Plan, Property Maintenance Plan or other planning document.
 - (c) known and estimated future commitments (particularly staff costs), whether arising from external factors or from action taken or authorised by the Governing Body.
 - (d) the effect of projected changes in pupil numbers, or any other element of the allocation formula, on the school's future budget share.
 - (e) the full impact of any specific proposals that have been or are due to be implemented after the start of the current financial year.
- 2.3.6 The above factors must also be taken into account whenever the Governing Body is requested to consider any proposal which significantly affects the overall budget requirement in the current financial year and/or in future years.

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- 2.3.7 The final budgeted net spending total for the year approved under paragraph 2.3.4 above must not exceed the school's delegated budget share plus any accumulated surplus (or less any accumulated deficit) at the previous 31 March. This requirement may only be waived with the prior written approval of the Corporate Director – Children and Young People through Finance – Children and Young People.
- 2.3.8 Where there are clear indications during the year that a school's delegated budget will be overspent at the end of the financial year by 5% or more of its delegated budget share, after allowing for any accumulated surplus or deficit brought forward, the Headteacher must immediately inform the Corporate Director – Children and Young People with a proposed course of action to recover the deficit (see also Section 4).
- 2.3.9 The LA may require schools to submit a financial forecast covering each year of the multi-year period for which schools have been notified of budget shares beyond the current year. This will be used to provide assurance of effective forward budget planning where the LA has concerns re the school's financial position.

2.4 **Best Value**

- 2.4.1 The statutory duty to secure Best Value does not apply to the Governing Bodies of schools; but given the high proportion of Local Authority spending which flows through delegated budgets, it is desirable that schools should demonstrate that they are following Best Value principles in their expenditure. Guidance on this will be issued from time to time.
- 2.4.2 It is anticipated that Best Value will form a fundamental part of the School Development Planning process rather than a separate exercise. By 30 June, the school must submit an annual statement, approved by the Governing Body, with the annual budget plan which sets out what steps will be taken in the course of the year to ensure that expenditure, particularly in respect of large service contracts, will reflect the principles of the Best Value regime detailed in [Appendix B](#). It is expected that each school's approach for arranging large service contracts and other purchasing decisions should be included in its Finance Policy.

2.5 **Virement**

- 2.5.1 Virement (ie the transfer of spending approval between the budget headings of a school's delegated budget) may be carried out provided the following conditions are satisfied:
- (a) Virements should be in accordance with each individual school's Finance Policy and within reasonable agreed virement limits contained therein. The policy will, in particular, make clear the level of virement which may be authorised by the Head without the prior approval of the Governing Body or its Finance Committee.
 - (b) All virements must be recorded and be authorised in advance by the Headteacher or designate recorded in the school's Finance Policy (suggested proforma available from Finance – Children and Young People).

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(c) Details of all virements (including their reasons) must be reported to the Governing Body or its Finance Committee at the next available opportunity.

(d) A record of virements covering the current financial year and the preceding two financial years should be retained on the school premises.

2.5.2 Where a school receives devolved budgets for a specific purpose, virement of funds away from the specified purpose must not occur unless previously authorised by the Corporate Director – Children and Young People through Finance – Children and Young People.

2.6 **Internal Audit**

2.6.1 The Head of Finance will maintain an adequate and effective internal audit of schools covered by this Scheme. This may be supplemented by an external audit if schools wish (see paragraph 2.7).

2.6.2 In order to fulfil his statutory responsibilities, the Head of Finance shall have the authority to:

(a) access any County Council premises or land at all reasonable times, but where such premises or land are in the control of a contractor, that access shall be in accordance with the provisions of the contract;

(b) access all assets, records, documents, correspondence and control systems relating to any financial or other activity of schools considered relevant to audit;

(c) take such copies of any records, documents and correspondence as they consider necessary for the conduct of their work;

(d) require and receive any information and explanation considered necessary concerning any matter under examination;

(e) require any member of staff to produce or account for cash, stores or any other Council property under his or her control;

(f) access, when required, records belonging to third parties, including those of contractors so long as that access shall be in accordance with the provisions of the contract; and

(g) report directly to the Chief Executive, the County Council, the Executive Board, the Scrutiny Committee or any other County Council's committees as appropriate.

2.6.3 The County Council's expectation of propriety and accountability is that governors and staff at all levels will undertake their duties with honesty and integrity and will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

Further information on "Prevention of Fraud and Corruption" is available in Section C.4 of the County Council's Financial Regulations.

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- 2.6.4 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, cheques, equipment, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the LA, the Corporate Director – Children and Young People through Finance – Children and Young People must be notified without delay. The Corporate Director – Children and Young People will notify the Head of Finance and the Governing Body and they will determine such steps as are considered necessary by way of investigation and report.
- 2.6.5 Where a school covered by this Scheme is the subject of an internal audit report, the school must respond to the draft report within 14 days and also submit a formal response to the Head of Finance within one month of receipt of the final report. The Governing Body must receive details of the final report and the response at the next available opportunity.

2.7 **External Audit**

- 2.7.1 The Audit Commission appoints external auditors to each Local Authority and their duties are defined in statute.
- 2.7.2 The external auditors must satisfy themselves that the statement of accounts ‘presents fairly’ the financial position of the County Council at the accounting date and its income and expenditure for the year in question, and complies in all respects with the legal requirements.
- 2.7.3 The external auditor has the same rights of access as the internal auditor to all records, documents and correspondence that are necessary to enable him to carry out his work.
- 2.7.4 Governing Bodies may spend funds from schools’ budget shares to obtain separate external audit certification of their official accounts, separate from any LA internal or external audit process.
- 2.7.5 It is not expected that separate external audits for individual schools should be a usual feature, but schools are able to seek an additional source of assurance at their own expense if they so wish.
- 2.7.6 Separate external audit certification of school accounts would not exclude a school from the County Council’s internal or external audit process.

2.8 **Voluntary and Private Funds**

- 2.8.1 Unofficial funds should be managed with as much care and diligence as official funds, particularly where this is the responsibility of a member of staff. Special care must be taken in handling cash.
- 2.8.2 Unofficial funds must be administered and controlled separately from official monies. Income due to Somerset County Council must not under any circumstances be paid into an unofficial fund. Proper accounts must be kept of receipts and payments relating to unofficial funds and an annual statement of accounts produced.

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2.8.3 Every unofficial fund is to be audited at least once per year by an independent person (ie someone not involved in the running of the funds or related to someone involved) nominated by the Governing Body. If a cost is incurred in obtaining the audit, this should be met from the fund concerned. An annual certificate of the audit must be forwarded to Finance – Children and Young People together with supporting information about the fund as reasonably requested.

2.8.4 All cash and cheques received for an unofficial fund should as soon as possible be paid into the fund's bank account (see also Section 5 regarding official income).

2.9 **Register of Business Interests**

2.9.1 Governing Bodies must maintain an up-to-date register (suggested proforma available from Internal Audit), listing any business interests which each member of the Governing Body and school staff (including immediate family) may have in any transactions in which the school engages or proposes. The register must be reviewed annually by the Governing Body to ensure that it is up to date. It must be made available for inspection by governors, staff, parents and the County Council. In addition, staff and Governors must withdraw from meetings where they have a financial interest in any matter under consideration.

2.10 **Purchasing, Tendering and Contracting Requirements**

2.10.1 Schools are required to abide by the Council's Standing Orders and advice on purchasing, tendering and contracting matters. This also includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the County Council's policies and procedures. Every contract entered into by a school must be made or confirmed in writing.

2.10.2 Official orders must be issued for all work, goods or services except for emergency work, supplies of public utility services, periodical payments such as rent or rates, purchases from imprest or local bank accounts of under £100 in value or such other transactions as the Corporate Director – Children and Young People may approve. Official orders for the supply of goods and services must be in a form approved by the Corporate Director – Children and Young People through Finance – Children and Young People and are to be signed only by the Headteacher or other named members of staff specifically authorised by the appropriate Governing Body and set out in the school's Finance Policy which ensures adequate division of duties.

2.10.3 All members of staff authorised to issue official orders must be familiar with the County Council's Standing Orders on Contracts. Any contracts must comply with the Local Government Acts, EU Regulations and other legislation governing the expenditure of public funds.

2.10.4 Orders may not be raised on behalf of or for the benefit of private individuals, including members of staff, or organisations that are not part of the County Council.

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- 2.10.5 Any payment from a school's delegated budget to an individual (other than some subcontractors and piano tuners/window cleaners using their own equipment) who undertakes work for the school (ie tuition, demonstration, performance, repairs) must be made via the school's payroll provider not via a locally produced cheque or the central creditors system nor paid in cash. Special legislation (the Construction Industry Scheme) covers the payment of sums due to subcontractors. Payments other than for the supply of building materials should be made less tax unless a certificate is produced and the appropriate tax documentation is completed. This is to ensure that Inland Revenue requirements are adhered to (see also paragraph 7.2).
- 2.10.6 Where an order placed by a school subject to this Scheme gives rise to a contractual claim against the County Council, the Head of Finance is empowered to discharge the claim by imposing a charge against the delegated budget of the school concerned, after consultation with the school, the Corporate Director – Children and Young People and the County Solicitor (see also Section6). In the event of any dispute with a contractor, the Headteacher concerned must inform the Corporate Director – Children and Young People and County Solicitor immediately through Finance – Children and Young People, so that proceedings can be defended as appropriate.
- 2.10.7 Where a school enters into a contract for the supply of goods or services which involves total payments* of £10,000 or more from the school's delegated budget, at least three written quotes or tenders must be sought. Where tenders are sought, the criteria to be used in the selection of the successful tender must be established prior to advertising or receiving tenders. A record must be kept of how, and from whom, tenders were sought, what tenders were received, who was the successful tenderer and, if appropriate, the reason for not accepting the lowest tender. If necessary, a Contracts Register should be maintained for this purpose. Contracts must only be entered after ensuring Best Value (see also paragraph 2.4 above).
- 2.10.8 All contracts over a value* of £15,000 must be advertised to ensure open and competitive public procurement as required by the EC-Treaty, which covers contracts below the thresholds for the application of the EU public procurement directives. The advertising medium may include internet websites, national publications or local publications of any kind and the choice of medium will be dependant on the contract value, subject matter and likely interest to parties in other Member States. All contracts above the EU public procurement thresholds must be advertised in the Official Journal of the European Union.
- * The value of a contract is calculated as the annual value multiplied by the number of year's duration.
- 2.10.9 Any provisions in other documents (eg Standing Orders) cannot require schools:
- a) to do anything incompatible with this Scheme, any statutory provision or any EU Procurement Directive;
 - b) to seek LA officer counter-signature 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;

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

2.10.10 Tendering and contract procedures for building works are set out in the Corporate Property Standard for School Building Projects. These procedures are based on County Council standing orders and have been issued in hard copy form and are also available on the Somerset Information Exchange website.

2.11 **Application of SCC arranged Contracts for Schools**

2.11.1 Each school has the right to opt out of Somerset County Council arranged contracts except where that right has been lost for the following contracts:
a) contracts which schools have agreed to be covered by in respect of services for which funding was delegated by the LA prior to 1 April 1999;
b) contracts which schools agree to be covered by in respect of services for which funding is delegated by the LA after 1 April 1999;

2.11.2 Governing bodies are empowered to enter into contracts, although in most cases, they do so on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. In some cases however, contracts may be made solely on behalf of the governing body, when they have clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

2.12 **Central Funds and Earmarking (Devolved funds)**

2.12.1 From time-to-time, the County Council will make sums available to schools from central funds by way of allocations that are additional to and separate from the school's budget shares (eg Standards Fund grants). The LA will not make any deduction in respect of interest costs to the LA from such devolved or specific grants.

These allocations will be subject to conditions setting out the purpose(s) for which the funds can be used and must not be assimilated into the general budget share. Appropriate accounting mechanisms must be complied with in order to demonstrate that this has occurred. Financial returns must be completed as required.

2.12.2 Funding could be withdrawn and/or penalties imposed if earmarked funds are not spent correctly. If not spent in-year (or within the period allowed, if different), balances of earmarked funds must be returned to the County Council.

2.12.3 From time to time, Corporate Property Standards are issued to schools in hard copy form and also on the Somerset Information Exchange website. These Standards will frequently have financial implications and schools must note their requirements.

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2.13 **Spending for the Purposes of the School**

- 2.13.1 Section 50(3) of the 1998 Act allows Governing Bodies to spend budget shares for the purposes of the school subject to any provisions of this Scheme. Budget shares must not be used to make any purchases on behalf of others (eg individuals, playgroup). 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 2004 (SI 2004/444).

2.14 **Capital Spending from Budget Shares**

- 2.14.1 Governing Bodies are allowed to use their budget shares to meet the cost of capital expenditure on the school premises. (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 1998 Act.)

However, if the expected capital or operating lease expenditure from the budget share in any one year will exceed £20,000 or 5% of the school's delegated budget share for the year (whichever is the larger), the Governing Body must notify the Corporate Director – Children and Young People through Finance – Children and Young People and take into account any advice as to the merits of the proposed expenditure. LA consent to the proposed works can be withheld on health and safety grounds.

2.15 **Financial Management Standard**

- 2.15.1 All maintained schools must demonstrate compliance with the DCSF Financial Management Standards in Schools (FMSiS) in line with the timetable determined by the authority, and at any time thereafter.
- 2.15.2 Schools must demonstrate compliance with the FMSiS through submission of evidence showing that the school has undergone an external assessment. External assessment must be carried out by the authority or by a third party that has been approved to carry out such assessment by either the DCSF or the local authority. The cost of an external assessment must be met from the school's delegated budget share.

2.16 **Notice of Concern**

- 2.16.1 The authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Corporate Director – Children and Young People, 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.
- 2.16.2 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.

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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 delegate budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.
- Removal of local banking arrangements.

2.16.3 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.

2.16.4 The purpose of this provision is to enable a local authority to set out formally any concerns it has regarding the financial management of a school it maintains and require a governing body to comply with any requirements it deems necessary. The principle criterion for issuing a notice, and determining the requirements included within it, must be to safeguard the financial position of the local authority or school.

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

2.16.6 Where a local authority issues a notice of concern the scheme must provide for the notice to be withdrawn once the governing body has complied with the requirements it proposes.

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3. BANKING ARRANGEMENTS, INSTALMENTS OF THE BUDGET SHARE

3.1 Banking Arrangements

- 3.1.1 The Head of Finance will continue to offer central banking arrangements for schools which make no interest deductions nor pay interest on day-to-day balances (except on surplus balances carried forward - see paragraph 4.3). In effect, a non-bank account school may have access to its entire budget share from the start of the year (although in practice this will not be drawn upon until needed to pay salaries, invoices etc; all schools are expected to have regard to the County Council's cashflow). These schools will also be entitled to operate a bank imprest account for minor disbursements through the County Council's bankers. Such accounts may only be opened through Finance – Children and Young People. Schools must comply with separate guidance on imprest accounts provided by the LA and the Head of Finance.
- 3.1.2 All schools may request a Procurement card. These may only be opened through the Head of Finance. Schools must comply with separate guidance on Procurement cards provided by the LA and the Head of Finance.
- 3.1.3 As an alternative to the central banking arrangements described in 3.1.1, all maintained schools may request to operate a local bank account into which their budget share instalments can be paid. Where schools have such accounts they are allowed to retain all interest earned on the account but the County Council will deduct from each instalment advanced an amount equal to the estimated interest lost by the County Council in making the budget share available in advance. This is so that those schools not choosing a local bank account are not disadvantaged (see paragraph 3.3 below).
- 3.1.4 The County Council operates two Local Payment schemes for schools. The first is for the non-staffing element of the schools' budget share (hereinafter known as the Non-Staff LP Scheme). The second is for the total budget share, including staff costs (hereinafter known as the Full LP Scheme).
- 3.1.5 Cheques raised locally must carry two authorised signatures one of which should normally be that of the Headteacher. At least three signatories should be approved by the Governing Body to cover for absence. Particular care should be taken to ensure that adequate division of duties exists. Blank cheques must never be signed. Local Payment schools must have regard to separate guidance issued by the LA and the Head of Finance.
- 3.1.6 Local payment schools can use direct debits and standing orders if they wish, however, the following evidence of good practice should include:
- A copy of the signed direct debit or standing order guarantee which has been signed by two authorised signatories;
 - The school should be in receipt of an invoice/statement prior to the payment due date. The payment can be approved in advance by the school approved signatories along with other payments;

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- Effective monitoring arrangements in place for cash flow monitoring and to confirm accuracy of each payment (done during reconciliation);
- Written evidence of cancellation of direct debits/standing orders.

3.2 **Frequency and Proportion of Budget Share Payable at Each Instalment**

3.2.1 **Non-Staff Local Payment Scheme:**

Advances of the school's non-staffing budget will either be made monthly (equal twelfths) or in 3 tranches during the financial year and calculated as follows:

1 st April*	40% of the school's non-staff budget for the year
1 st Sept*	30% of the school's non-staff budget for the year
1 st January*	30% of the school's non-staff budget for the year

*or the first working day thereafter.

The total advance will be based on the school's delegated budget share and an agreed analysis of the budget between staffing and non-staffing costs. If an agreed figure is not available by mid-March, a provisional total will be fixed centrally.

If a supplementary budget allocation is issued during the summer or autumn term, this will be adjusted for on the next advance. However, if this is exceptionally large, an immediate back payment will be made. If a supplementary allocation is issued during the spring term a separate payment or account will be raised.

Where appropriate, some elements of a school's delegated budget share may be paid as a lump sum within an advance and not split over termly advances.

3.2.2 **Full Local Payment Scheme:**

Advances will be paid to schools in equal twelfths on a day around the middle of the month to be specified by the Head of Finance. In addition, an element of the total budget share will be advanced on 1 April or the first working day thereafter, and will be offset against the final instalment payable in March.

The instalments will be based on each school's delegated budget share.

Supplementary budget allocations will be apportioned in the same way and an adjustment made in the next instalment for the months already advanced.

Where appropriate, some elements of a school's delegated budget share may be paid as a lump sum within an advance and not split over termly advances.

3.3 **Interest Deduction**

- 3.3.1 The total Education budget (see diagram at 1.1) is set each year to reflect an element of estimated interest to be earned through the temporary investment of unspent cash.

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- 3.3.2 The whole budget is distributed in the usual way which means that each school has, within its delegated budget, an element for interest earned from the Education budget.
- 3.3.3 That interest cannot be earned by the County Council as a whole if cash is advanced to Local Payment schools. In order not to disadvantage all schools through this loss of interest the County Council will deduct from each local payment budget share instalment, an amount equal to the estimated interest lost by the County Council in making available the budget share in advance.
- 3.3.4 Interest deductions use a Reference rate that will be set by the Head of Finance at a level sufficient to cover the rate payable by the County Council on overdrawn balances (normally Bank Base Rate). This will be dependent on the interest rates prevailing on the 15th of the month prior to each advance.
- 3.3.5 For the **Non-Staff Local Payment Scheme**, the interest deduction is 19% of each 1% of the Reference rate. This percentage will be deducted from each of the three instalments of the budget share.
- 3.3.6 For the **Full Local Payment Scheme**, two deduction rates apply to reflect the different profile of spending between Primary and Special schools and Secondary and Middle schools.

For Primary and Special schools, the interest deduction is 7.5% for each 1% of the Reference rate. For Secondary and Middle schools, the interest deduction is 7.8% for each 1% of Reference rate. This percentage will be deducted from each of the thirteen instalments of the budget share.

- 3.3.7 The detailed calculation and assumptions used are available from the Head of Finance and have been included in the consultation for all schools.
- 3.3.8 The LA will add interest to late payments of budget share instalments, where such late payment is the result of LA error. The calculation and interest rate used will be the same as that explained above, relating to interest deductions.

3.4 **Bank and Building Society Accounts**

- 3.4.1 New local bank account arrangements (other than changing financial institution) can only be made with effect from the beginning of a financial year and will only be permitted for schools without an outstanding deficit balance.
- 3.4.2 Schools must give the County Council three months' notice of their wish to have a local bank account to enable planning, training etc to take place.
- 3.4.3 The LA will, if the school desires, transfer immediately to the new school bank account an amount agreed by both school and LA as the estimated surplus balance held by the LA in the respect of the school's budget share. A subsequent correction will then be undertaken when accounts for the relevant year are closed.

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3.4.4 Any school wishing to open a **new** local bank account must consult the LA Treasury Management Team. Previously a list of approved banks and building societies has been provided. However, given the uncertain financial climate and the speed with which changes currently take place, annual updates to the approved list of financial institutions is deemed inappropriate. As an alternative, a **Banking Arrangements Helpline (01823 - 356854) or e-mail: investments@somerset.gov.uk** should be used to contact Treasury Management staff in the event that a school is considering new local banking arrangements or is concerned about existing accounts. In addition, should the Treasury Management Team receive indications that a financial institution currently providing banking arrangements to schools is in difficulties, this will be communicated directly to the schools concerned.

3.4.5 Money advanced by the County Council and held in local bank accounts remains County Council property until spent. Accounts for budget share purposes can be in the name of the school but the account mandate must provide that the LA is the owner of the funds in the account, is entitled to receive statements and that it can take control of the account if the school's right to a delegated budget is suspended by the LA.

3.5 **External Borrowing by Schools**

3.5.1 Governing Bodies may only borrow money from outside of the County Council with the written permission of the Secretary of State.

3.5.2 Paragraph 3.5.1 does not apply to Trustees and Foundations, who's borrowing, as private bodies, make no impact on Government accounts. These debts may not be serviced directly from delegated budgets but the Governing Body is able to agree to pay a charge to the Trustees.

3.5.3 Governing Bodies are not permitted to use credit cards or enter into Finance leases as these are regarded as another method of borrowing.

3.6 **Borrowing Arrangements through the LA**

3.6.1 A number of Somerset County Council loan schemes are available for schools.

3.6.2 Capital loan Scheme funded from School Balances

This scheme enables schools to borrow money from the County Council so they can progress with essential capital projects which otherwise may not be affordable for a number of years.

Criteria for Approval of Capital loans:

- Projects must address agreed Asset Management Plan (AMP) priorities and have approval from the Local Education Authority.
- The school must be able to demonstrate their ability and commitment to repay the debt considering the impact on future years budgets and sustainability.
- The school must demonstrate that loan repayments will not threaten unacceptable disruption to the delivery of education.
- A school's uncommitted revenue balances during the term of the loan should be considered as a way of reducing the balance and/or loan period.

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- As the period of the loan is likely to be over a number of years, approval must be obtained from the full Governing Body as the implications will have a long lasting effect on the school and future Headteachers and Governors.

3.6.3 Other SCC capital loan options for consideration include the Self-Financing Capital Fund and the Invest to Save Scheme.

3.7 **Budget Shares for Closing Schools (Local Payment)**

Where a school closure has been approved, the budget share will only be made available until closure on a monthly basis net of estimated pay costs, even where some different basis was previously used. This reduces the risk of excessive spending by Governing Bodies of schools that are closing.

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

4.1 Carry Forward of Surpluses and Deficits

- 4.1.1 At the end of each financial year any surplus or deficit on a school's delegated revenue budget at 31 March will be carried forward to the following year. No deficit carry forwards will be written off.

Devolved Formula Capital Grant allocations must be spent within a three year period, after which any unspent balance will be returned to the LA to be spent according to centrally, agreed priorities.

Where exceptionally a school wishes to accumulate Devolved Formula Capital Grant allocations for more than three years to finance a specific large project, it may do so provided agreement has been reached with the LA.

- 4.1.2 If in the course of a financial year the Governing Body proposes to undertake additional expenditure for any purpose for which there is no specific provision in the school's approved budget and which is likely to lead to a budget deficit at the end of the current financial year, prior written approval must be obtained from the Corporate Director – Children and Young People through Finance – Children and Young People. In most situations it is expected that schools will apply for a Licensed Deficit (see paragraph 4.5 below).
- 4.1.3 The Corporate Director – Children and Young People may require Governing Bodies to report to the LA on the use to which the school intends to apply surplus balances where the total revenue balance exceeds 10% of the school's revenue budget share in the year concerned.

4.2 Controls on surplus balances

4.2.1 Three Year Budgets

At the same time as issuing its budget statement as required by section 52 of the Schools Standards Framework Act 1998, the LA will inform each maintained school of its estimate of the school's budget share and central government grant income paid via the LA for the two financial years following the year for which the statement is being issued. The estimate will be provided in a format determined by the LA and this format may include provision of information within an electronic budget modelling system. The estimate will use information available to the LA at the date of the preparation and will necessarily be provisional in nature, implying no commitment on the part of the LA to fund the school at the level shown in the estimate. The LA may issue additional budget estimates from time to time.

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4.2.2 Controls on Surplus Balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2005:

- a) the LA shall calculate by 31 May each year the surplus balance, if any, held by the school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b) the LA shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance.
- c) The LA 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 LA as listed as 'allowable exceptions' below, and which the LA is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the LA;
- d) If the result of steps a-c is a sum greater than 5% of the previous year's budget share (secondary schools) or 8% (primary and special schools), then the LA shall deduct from the current years budget share an amount equal to the excess.

Emphasis will be placed on individual schools to demonstrate how these specific balances meet the exception criteria in order to avoid clawback taking place;

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 LA.

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

Allowable Exceptions:

- Revenue savings towards a capital project
Evidence would be required to demonstrate that the project is an approved Asset Management Plan priority, has detailed costs and timescale of the project and analysis of all funding streams being used to fund the project.
- Committed Balances held on behalf of a third party
- Accounting errors
Consideration will be taken of any errors resulting in an inaccurate revenue balance figure, used to determine the appropriateness of surplus balances.
- Any school not subscribing to the BMIS scheme and therefore holding its own repairs and maintenance funds, may retain a maximum of 60% of the current year's repairs and maintenance allocation to be ring fenced for this purpose in the following year.

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4.3 **Interest on Surplus Balances**

4.3.1 Balances held by the LA on behalf of schools will automatically earn interest. This will include staff balances held centrally by the LA on behalf of 'Non-Staff Local Payment schools'.

4.3.2 This will be calculated as the (mean) average of the brought forward (cash) surplus from the previous year and the end of year (cash) carry forward. An agreed rate, linked to Base Rate, and calculated in a fair and transparent way, will be applied and allocated to each school in the following year with their carry forward allocation.

4.4 **Interest on Deficit Budgets**

4.4.1 Schools must not plan for a deficit budget except where they have obtained prior approval from the Corporate Director – Children and Young People through Finance – Children and Young People (see paragraph 2.3.7).

4.4.2 Approval will only be given for specific purposes and where the school is able to demonstrate that it will be able to clear such a deficit. In most situations it is expected that schools will apply for a Licenced Deficit (see paragraph 4.5 below).

4.4.3 In order not to penalise those schools who carry surplus balances, an interest charge will be made on deficit balances. This will be calculated in the same way as the interest on surplus balances (ie using the (mean) average of the brought forward deficit from the previous year and the end of year deficit carry forward). An agreed rate, linked to Base Rate and calculated in a fair and transparent way, will be applied and will be charged to the school in the following year. The charge will reflect the cost to the County Council of borrowing money in order to fund the deficit. Such a charge will also be made on deficit staff balances held centrally for 'Non-Staff Local Payment' schools.

4.5 **Licensed Deficit Scheme**

4.5.1 The LA offers a Licensed Deficit scheme to its schools which aims to alleviate the difficulties associated with managing a reduction in funding in a financial year when much of the saving required can only be introduced sensibly from the start of the academic year. This arrangement has now been extended to include capital loans (see section 3.6.2)

4.5.2 **Criteria for Licensed Deficit Approvals**

Schools need to provide satisfactory evidence to demonstrate that the deficit recovery is achievable because (for example):

- after the first year, restructuring will produce greater savings in years 2 and 3;
- the school has a rising roll which will attract extra funding;
- impending retirements mean that a managed saving in year 2 will be more cost effective than a hurried restructuring in year 1.

4.5.3 Licensed deficits will not be made available simply to underwrite an underlying budget problem. This would merely exacerbate problems in future years.

4.6 **Balance of Closing and Replacement Schools**

If a school closes, including during its amalgamation, any balance (whether surplus or deficit) will be held centrally within the central Schools Budget. Devolved Formula Capital Grant (DFCG) balances on closure would be reallocated between schools.

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5. INCOME

5.1 Collection of Income

- 5.1.1 The Headteacher is responsible for the prompt identification, collection and banking of all money due to the school and the County Council. All reasonable steps must be taken to collect income at the time the service or facility is provided (or in advance), and thereby to minimise the need for accounts to be raised. However, when this is not possible, accounts should be raised promptly and outstanding debts monitored regularly.
- 5.1.2 All income must be receipted. Care must be taken to distinguish between County Council income and unofficial income. Under no circumstances is income due to the County Council to be credited to an unofficial fund (see paragraph 2.8)
- 5.1.3 Each Headteacher is responsible for ensuring that complete and accurate records are maintained of all income due and monies received. It should be possible to trace individual income transactions from receipt through to banking and vice versa.
- 5.1.4 The Headteacher is responsible for ensuring that the correct VAT treatment is applied to all transactions. Where a school does not use the Corporate Director – Finance’s income system for debt collection purposes, the Headteacher is also responsible for ensuring that full details of VAT collectable are notified to Finance – Children and Young People, and that the appropriate sums are paid over to the County Council at the required intervals (see also paragraph 7.1.5).
- 5.1.5 Secure and sound arrangements must exist for the ordering, receipt, custody and use of income stationery including accounts, invoice requests, receipts and tickets, or their computer produced equivalents. All income stationery must be in a form approved by the Corporate Director – Children and Young People. Further guidance is available from Finance – Children and Young People.
- 5.1.6 All money received on behalf of the County Council should be paid without delay into the school’s official funds. No deduction may be made from any income received. No cheques are to be cashed from Council monies. Any crossed cheques sent to the Head of Finance or paid into the County Council’s main bank account must be made payable to SCC or Somerset County Council. Petty cash and imprest accounts must not be used to handle income other than official reimbursements. Under no circumstances should there be a bank paying-in book for an imprest account.

5.2 Income from Lettings

- 5.2.1 Schools have the right to retain income from lettings unless alternative provisions have been made with the Community Education Service or in relation to joint use or PPP agreements. Income from letting the school premises should normally be payable into the official funds and not voluntary or private funds held by the school.

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The exception to this is for Aided and Foundation schools, where any income over and above that needed to cover costs such as heating, lighting, caretaking/cleaning costs may be paid into the governors' funds. Charges must cover all costs and be approved by the Governing Body. They must be reviewed regularly.

- 5.2.2 Schools can cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the school's delegated budget after payment of caretaking/cleaning, heating, lighting, lettings, etc.
- 5.2.3 Schools should ensure that anyone hiring the school premises is adequately insured, has appropriate public entertainment licences if required and has due regard to health and safety legislation requirements.
- 5.2.4 Schools need to have regard to any separate information issued by the County Council as to the use of school premises.

5.3 **Income from Fees, Charges and Fund-Raising Activities**

- 5.3.1 Schools can retain income from fees and charges except where a service is provided by the LA from centrally retained funds. However, schools must have regard to their individual school charging policy and any policy statements on charging produced by the LA where this applies.
- 5.3.2 Income from boarding charges should not exceed that needed to provide the full cost of board and lodging for the pupils concerned (including the capital cost). Schools should provide the Local Authority with sufficient information on the level of fees, boarding income, expenditure and balances to carry out its responsibilities in this area.
- 5.3.3 Schools can also retain income from fund-raising activities.

5.4 **Income from the Sale of School Assets**

- 5.4.1 Surplus goods (which the County Council owns or in which it has a financial interest) including materials, stores, plant, vehicles and equipment should be disposed of by competitive tender or auction unless their current value is below £500. In all cases, the Headteacher must ensure that value for money has been achieved and should retain documentary evidence to support this, particularly if other arrangements are employed for asset disposal. All such disposals must be reported to the Governing Body in summary form.
- 5.4.2 Disposals to staff must be under the same terms as to any other party.
- 5.4.3 A record must be maintained of all disposals, including the reason for disposal, the proceeds of the sale, the date of the transaction, and the name and address of the purchaser and this record must be retained for three years plus the current year. The disposal must be recorded in the inventory (see paragraph 2.1.5).
- 5.4.4 Where the proceeds from the sale of an item exceed £6000, its disposal will count as a capital transaction. Details of any such disposal must be reported to Finance – Children and Young People before the disposal takes place.

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5.4.5 Schools are able to retain the proceeds of any assets sold except where the asset was purchased with LA non-delegated funds, (in which case the LA can make a decision on the proceeds) or if the asset is land or buildings forming part of the school premises and is owned by the County Council (contact CYPD – Planning and Admissions).
Special arrangements also apply if the asset was purchased using Standards Fund allocations. Contact Finance – Children and Young People with details of these proposed disposals.

5.4.6 Approval **MUST** be sought from the Secretary of State for all sale of land.

5.5 **Purposes for which Income can be used**

Money collected for specific purposes must be spent for that use (eg donations collected specifically for a new computer must not be spent on books or staffing).

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

5.6 **Debt Write-off**

Paragraph 2.1.7 details the appropriate requirements when writing off a school debt.

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6. THE CHARGING OF SCHOOL BUDGET SHARES

- 6.1 A school's budget share can only be charged by the LA with the consent of the Governing Body except in specific circumstances expressly permitted by this Scheme. Even then, the school will be consulted prior to the charge and notified when it has been made.
- 6.2 Provisions made here which allow the LA to charge a school directly are made to protect the LA's financial position from liabilities caused by the action or inaction of a Governing Body.
- 6.3 The LA cannot act unreasonably in the exercise of any power given by this Scheme and would have to be able to demonstrate that the LA had necessarily incurred the expenditure recharged to the school. Due to the variation in statutory responsibilities between categories of schools, the position of charging will vary according to category.

The LA is required to charge salaries of school-based staff to school budget shares at actual cost.

Circumstances in which charges can be made:

- 6.4.1 Where premature retirement costs have been incurred 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).
- 6.4.2 Other expenditure incurred by the County Council to secure resignations where the school did not follow the County Council's written advice.
- 6.4.3 Awards by courts and industrial tribunals (including Health and Safety cases) against the County Council, or out of court settlements arising from action or inaction by the Governing Body contrary to the County Council's written advice and other guidance/legislation.
- 6.4.4 Expenditure incurred by the County Council in carrying out health and safety work, repairs and maintenance or capital expenditure for which the County Council is liable where funds have been delegated to the Governing Body but the Governing Body has failed to carry out the required work or not carried it out to the required standard.
- 6.4.5 Expenditure by the County Council in making good defects in building work or remedying issues that arise from a building provided without the prior consent of the LA, where the school has been the client and where the premises are owned or leased by the County Council or the school has voluntary controlled status.
- 6.4.6 Expenditure incurred by the County Council 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 County Council.

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- 6.4.7 Recovery of money due from a school for services provided where the result of a dispute has been found in the County Council's favour after having been referred to a disputes procedure set out in a service level agreement or contractual arrangement administered by Somerset County Council on behalf of schools.
- 6.4.8 Recovery of penalties on the County Council by the Board of Inland Revenue, the Contributions Agency, HM Customs and Excise, Teachers Pensions or regulatory authorities as a result of school error.
- 6.4.9 Correction of County Council errors in calculating charges to a budget share (eg pension deductions). The time period for repayment will be the same as the duration over which the error occurred.
- 6.4.10 Costs of a contractual claim against the County Council where an order has been placed by a school subject to this Scheme. (see paragraph 2.10.6).
- 6.4.11 Additional transport costs incurred by the County Council arising from decisions by the Governing Body on the length of the school day which were not agreed with the LA with at least half a term's notice or failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
- 6.4.12 Legal costs which are incurred by the County Council because the Governing Body did not accept the written advice of the County Council (see also paragraph 11.4).
- 6.4.13 Costs of necessary health and safety training for staff employed by the LA where funding for training had been delegated but the necessary training not carried out.
- 6.4.14 Compensations paid where the school enters into a contract beyond its legal powers and the contract is of no effect.
- 6.4.15 Expenditure incurred by the County Council as a consequence of a school defaulting on a payment, including loss of interest.
- 6.4.16 Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
- 6.4.17 Costs incurred by the LA in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of that statement.
- 6.4.18 Costs incurred by the LA in securing provision for a pupil where the school receives School Action Plus Funding and the governing body of the school fails to secure appropriate provision to meet the pupil's needs as set out in the School Action Plus application.
- 6.4.19 Costs incurred by the LA in securing provision for a pupil who is a Child in Care and where CLA audit funding has been allocated and the governing body of the school fails to secure appropriate provision to meet the needs as agreed in the reintegration plan for that pupil.

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6.4.20 Costs incurred by the LA in securing full time provision for a permanently excluded pupil from another school where reintegration monies has been allocated and the governing body of the school fails to secure appropriate provision to meet the pupil's needs as agreed in the reintegration plan for that pupil.

(The LA would only invoke these powers, if the governing body fails to implement professional advice following an early annual review.)

6.4.21 Costs incurred by the LA due to submission by the school of incorrect data.

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

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

6.4.24 Where expenditure has been incurred by the County Council to ensure that the infant class size legislation is met in circumstances where funding has been delegated but the school has failed to take action to demonstrate that it has complied with the legislation.

6.4.25 Where expenditure has been incurred by the County Council to ensure the education of pupils who, under the Code of Practice on Admissions, are entitled to a place at a school where funding has been delegated but where the school has failed to take action to provide a place.

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7. TAXATION

7.1 Value Added Tax

7.1.1 Categories of School

The Act provides for most schools in the state sector to belong to one of three categories of “maintained school” – community, foundation and voluntary.

7.1.2 Governing bodies as agents of the LA

The governing body of a maintained school (whether community, foundation or voluntary) acts as agent of the LA for goods and services it pays out of the delegated budget or from amounts given to the school from LA central funds for specific purposes. (Such “devolved” funding may include funding which the LA has received in the form of specific grants from central government or other sources.)

7.1.3 Recovery of VAT

It follows that the local authority can recover the VAT incurred on such purchases under Section 33 of the VAT Act 1994. It is important to note that this treatment applies only to purchases funded out of LA budgets or LA central funds allocated to the school as described above. This means goods and services that are paid for:

- From the delegated budget, which contains allocations for equipment, salaries and so on, and which the governing body can spend as it chooses; and
- From central LA funds (whether spent by the LA directly or by the governing body) allocated to the school for the purposes of, for example, capital expenditure, special needs provision and home-to-school transport.

7.1.4 Other Transactions

There are different VAT rules regarding purchases paid for by donations, governing bodies acting in their own right and work that is the responsibility of the governors of voluntary aided schools. If you are in any doubt as to the correct VAT treatment in these circumstances, please contact Finance – Children and Young People.

7.1.5 Information provided by all Schools to the LA

In order to satisfy HM Customs and Excise rules regarding accounting for output VAT (on income) in the correct period, and to ensure no loss of cash flow when recovering input VAT (on expenditure), it will be necessary for all schools to provide information in a prescribed form promptly, after each month end, on their financial activity.

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7.1.6 VAT Advice

If you are unable to resolve VAT queries by reference to the County Council's VAT Manual or the Finance – Children and Young People VAT Manual, schools should contact the Education Financial Services Helpline. The VAT implications of some capital schemes (eg those funded by the Lottery or self-help) can be complex and your contact may need to seek further advice. Schools must not attempt to resolve any issues directly with Customs and Excise. This could give rise to inconsistent treatment within the County Council that must be avoided.

7.2 **Construction Industry Scheme (CIS)**

Schools must strictly follow procedures and guidance issued by the County Council in connection with CIS. This is of particular importance to schools with local bank accounts that have to maintain their own records of CIS payments and registration.

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8. THE PROVISION OF SERVICES AND FACILITIES BY THE LA

8.1 Provision of Services from Centrally Retained Budgets

8.1.1 The LA will publish details about the basis on which services from centrally retained funds will be provided to schools.

8.1.2 The LA will not differentiate in its provision of services on the basis of categories of schools except where there is differential need, for example:

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

8.2 Provision of services bought back from the LA using delegated budgets (Blue Book Services)

8.2.1 Any arrangements made by schools to buy services or facilities from the LA will be limited to a maximum of three years and will be no longer than five years for any subsequent agreement relating to the same services.

8.2.2 Service provision where the expenditure is not retainable centrally by the LA under the Regulations made under section 46 of the Act, must be offered at prices that are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

8.3 Service Level Agreements

8.3.1 If services or facilities are provided under a service level agreement, (eg through Somerset's Blue Book) the terms of such agreement starting will be reviewed at least every three years if the agreement lasts longer than that.

8.3.2 With the exception of centrally arranged premises and liability insurance, services will be available on a basis not related to an extended agreement, as well as on the basis of such agreements.

8.3.3 Service Level Agreements must be in place at an appropriate date to be effective for the following financial year, and schools should have at least a month to consider the terms of the agreement.

8.3.4 Where services are provided on an ad hoc basis they may be charged for at a different rate than if provided on the basis of an extended agreement.

8.4 Packaging

Where the LA provides a service for which funding has been delegated, the service will be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available. Where practicable this will include provision on a service-by-service basis as well as in packages of services.

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9. PRIVATE FINANCE INITIATIVE (PFI)/ PRIVATE PUBLIC PARTNERSHIPS (PPP)

The County Council expects to enter into PFI arrangements in the next budget period as part of the Building Schools for the Future programme. In advance of this, schools will be fully consulted on the required provisions. Such provisions will cover general arrangements, the basis of charges and the treatment of monies withheld from contractors due to poor performance.

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10. RISK MANAGEMENT AND INSURANCE

- 10.1 The Head of Finance will effect insurance cover for schools and will negotiate changes in insurance cover and claims in consultation, where appropriate, with the Governing Body concerned and/or The Corporate Director – Children and Young People. Cover will only be affected for the insurance areas in which the County Council has an insurable interest.
- 10.2 An individual school may request delegation but in so doing, must demonstrate that its own policy is at least as good as the minimum cover arranged by the County Council. This level being determined with regard to actual risks which might reasonably be expected to arise at the school. (See also paragraph 6.4.6). Such a request must be made to Finance – Children and Young People by 31 December in the year preceding the financial year in which delegation is being requested. It will be assumed that any decision will apply in future years unless Finance – Children and Young People is notified, by the date detailed above, to the contrary. A copy of the proposed policy must be forwarded to Finance – Children and Young People at least two months before the commencement of the financial year.
- 10.3 Where the County Council affects insurance, Headteachers must notify the Head of Finance (through the Insurance Section) immediately of:
- (a) all new or anticipated risks with a value exceeding £1,000 which may require to be insured;
 - (b) any event or anticipated event that might give rise to a claim by or against the County Council or the Governing Body;
 - (c) any indemnity which may be requested of the County Council; in which case the County Solicitor should also be notified.
- 10.4 Headteachers and Governing Bodies must ensure that all reasonable action is taken to minimise risks.
- 10.5 Headteachers to ensure that property inventories are updated regularly to conform to insurance policy conditions.
- 10.6 Full details of the insurance areas provided are laid out in “Guidance for Schools”.

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11. PREMISES ISSUES

11.1 Repairs and Maintenance

- 11.1.1 The LA must delegate all non-capital repairs and maintenance funding to schools. Capital is defined by the LA for financial accounting purposes in line with the CIPFA Code of Practice. In Somerset, our repairs and maintenance funds are paid as a revenue contribution to a fund and in our accounts we do not treat any repairs and maintenance funds as capital. All repairs and maintenance are deemed to be “de minimis”, i.e. revenue. Therefore, this has all been delegated and none retained centrally.
- 11.1.2 The County Council’s Property Services Department offers a Building Maintenance Indemnity Scheme (BMIS) into which Governing Bodies can purchase in order to be covered for repairs and maintenance costs. Both comprehensive and reduced level cover is available.
- 11.1.3 Governing Bodies choosing not to purchase a buy back scheme will be responsible for arranging and funding all necessary repairs and maintenance work.
- 11.1.4 Safeguards will apply to ensure that the buildings are properly maintained. These will include an Annual Property Maintenance Return from schools and an annual property inspection. For schools in BMIS, the required inspection and return is included in the Scheme and is undertaken by the Area Building Surveyor. Schools which are not in BMIS must ensure the property is surveyed annually and submit the resulting condition statement to the LA. Ultimately, the LA is responsible for managing the assets and ensuring pupil safety. Therefore, the LA will also have the right to carry out the necessary work on behalf of a school and charge it to the school’s budget directly (see paragraphs 6.4.4, 6.4.5).
- 11.1.5 It should be noted that for Aided schools, Governing Bodies are liable for capital work to the school buildings and playground whilst the LA is responsible for capital work to playing fields and their associated buildings. Governors of Aided schools are eligible for capital grant from the DCSF in respect of their statutory responsibilities. Eligibility for grant depends on the “de minimis” limit applied by the DCSF to categorise such work, not the “de minimis” used by the authority.
- 11.1.6 The Education Asset Management Plan (EAMP) is a requirement of the DCSF to allocate funding (e.g. DFCEG) to the Authority and is used by the Authority to prioritise work. Therefore, all schools will need to provide required data in the form specified by the LA to populate and ensure the accuracy of the EAMP.

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11.2 Alterations to School Premises

- 11.2.1 If the premises (including land) are owned or leased by the County Council, the Governing Body must seek the prior consent of the County Council for any proposed alterations including change of use (e.g. from classroom to office) and these must address Asset Management Plan priorities.
- 11.2.2 For all premises (including Foundation, VA and VC schools), if the work may affect the capacity of the school, the County Council must grant prior approval after ensuring that the provision of school places, as set out in the School Organisation Plan will not be adversely affected and that the work is in line with priorities identified in the Asset Management Plan.
- 11.2.3 Guidance is provided in the Corporate Property Standard for School Building Projects, which has been distributed to schools or can be found on the Somerset Information Exchange website. Governing Bodies must seek prior consent of the County Council before managing a building project themselves.
- 11.2.4 The school is responsible for providing sufficient plans, specifications and other information to allow the County Council to process any application for a proposed alteration or change of use of the site or buildings.
- 11.2.5 Statutory obligations must also be met in relation to any alterations to the school premises. Guidance on relevant Regulations is given in [Appendix C](#).

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12. WITHDRAWAL OF DELEGATED POWERS

- 12.1 Where it appears to the County Council that a school subject to this Scheme:
- (i) has been guilty of a substantial or persistent failure to comply with requirements applicable under the relevant scheme, or
 - (ii) is not managing its delegated budget in a satisfactory manner,
- the County Council may suspend the Governing Body's right to a delegated budget in accordance with the provisions of Section 51 and Schedule 15 of the 1998 Act.
- 12.2 A school's right to a delegated budget may also be suspended for other reasons under Section 17 of the 1998 Act.
- 12.3 Any action by the County Council under this section will be reported to the Executive Board and to the Secretary of State.
- 12.4 Schools have the right to appeal to the Secretary of State against suspensions under Section 51, but not under Section 17.

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13. COMMUNITY FACILITIES

13.1 Introduction

- 13.1.1 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 which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult the LA and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.
- 13.1.2 However, under s.28 (1), the main limitations and restrictions on the power will be those contained in the maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of the Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.
- 13.1.3 Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.
- 13.1.4 This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or arrangements between the Authority and schools to secure the provision of adult and community learning.

13.2 Consultation with the LA – Financial Aspects

- 13.2.1 Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, Governing Bodies must consult the LA and have regard to advice given to them by the LA.
- 13.2.2 Schools in exercise of power should seek advice from the LA by writing to the Corporate Director, Children and Young People through Finance – Children and Young People at least two terms before exercising such powers.
- 13.2.3 The LA will respond to the school within six weeks of the school's request.
- 13.2.4 The school is required to inform the LA of its action that it undertook after receiving the advice from the LA.

13.3 Funding Agreements – LA Powers

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

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- 13.3.2 Any funding agreements with third parties (other than the LA itself) should be submitted to the LA for comment and financial checks at least two terms before such agreements come into force.
- 13.3.3 If a school has concluded an agreement or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the Authority is seriously prejudicial to the interests of the school or Somerset County Council, then this may constitute grounds for suspension of the right to a delegated budget.

13.4 Other Prohibitions, restrictions and limitations

- 13.4.1 In submitting their proposals, schools should provide the LA with a copy of the proposed business plan, setting out the full financial arrangements of the proposed community powers facility. Where, in the LA's view, the proposal is likely to put at risk the financial interest of the Authority, the Governing Body concerned will be asked to make arrangements by either carrying out the activity concerned by forming a limited company, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the LA.
- 13.4.2 The delegated budget share cannot be used to support proposals under this power, either start-up costs or ongoing expenditure or to meet deficits arising from such activities.
- 13.4.3 Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of SSAF 1998 to make the mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share.

13.5 Supply of Financial Information

- 13.5.1 Schools that exercise the community facilities power are required to provide the LA with a summary statement showing actual income and expenditure for the previous six months together with a forecast for the next six months. Schools will provide this statement on a six-monthly basis. The format of the statement is available through Finance – Children and Young People, and these returns will be in the same format as the Consistent Financial Reporting (CFR) Framework.
- 13.5.2 If Somerset County Council 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, the school in question will be required to supply a financial statement every three months, together with the submission of a recovery plan for the activity in question.

13.6 Audit

- 13.6.1 Where a Governing Body exercises the power of community facilities, the school will allow access to school records connected with the exercise of this power, in order to facilitate internal and external audit of the relevant income and expenditure.

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13.6.2 If a Governing Body enters into an arrangement with a third party pursuant to the exercise of the community facilities power, then such agreements should contain a provision allowing access by the LA to the records and other property of those persons held on school premises, or held elsewhere insofar as they relate to the activity in question, and in order for the LA to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of income and Surpluses

13.7.1 All income that is derived from community facilities will be retained by the school except where otherwise agreed with a third party, whether that is the LA or some other person

13.7.2 The school, in exercise of this power, is permitted to carry forward such retained income over from one financial year to the next as a separate community facilities surplus.

13.7.3 If the LA ceases to maintain a community or community special school any accumulated retained income obtained from the exercise of community facilities power reverts to the LA unless agreed with a funding provider.

13.8 Health and Safety Matters

13.8.1 The health and safety provisions contained in the Scheme for Financing Schools also apply to those schools that exercise the power of community facilities.

13.8.2 The Governing Body of a school that exercises this power will be responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. If a funding partner is involved, then the Governing Body will be free to pass on such costs as part of the agreement with the partner.

13.9 Insurance

13.9.1 The Governing Body is responsible for making adequate arrangements for insurance against risks arising from the exercise of the community facilities power. In doing so, the school should seek advice from the Corporate Director – Children and Young People (through the Insurance Section).

13.9.2 The cost of insurance should be funded from the retained income (see 14.7.1) not the school budget share.

13.9.3 If the LA judges that the insurance arrangements are inadequate in respect of community facilities, the Authority will undertake its own assessment. The LA will then make the arrangement itself and charge the resultant cost to the school. Such costs must not be charged to the school's budget share.

13.10 Taxation

13.10.1 Schools who exercise this power, should seek the advice of the LA 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.

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13.10.2 If any member of staff employed by the school or Council in connection with community facilities at the school is paid from funds held in the school's own bank account, the school is likely to be held liable for payment of Income Tax and National Insurance, in line with Inland Revenue rules.

13.10.3 In exercising this power, schools should follow the LA's advice in relation to the Construction Industry Scheme, where relevant to the exercise of the Community Facilities power.

13.11 Banking

13.11.1 Schools in exercising their powers of community facilities are permitted to set up a bank account in order to account for all income and expenditure in connection with community facilities.

13.11.2 Where a school already has a bank account it still may require a separate account unless the school can demonstrate that it has adequate internal accounting controls to maintain separation of funds.

13.11.3 Where a school does not have a bank account and does not wish to open one for community facilities, the school may use the LA's banking facilities where the Authority will be able to have separate accounts for the budget share and community facilities.

13.11.4 Guidance on banking issues (e.g. signing of cheques, titles of bank accounts) and financial matters concerning community facilities is included in the Schools Finance Manual.

13.11.5 Where schools have bank accounts for community facilities they shall be allowed to retain all interest earned on these accounts.

13.11.6 Schools that have a bank account for community facilities should not allow that account to go overdrawn.

13.11.7 Schools may only borrow money (except from the LA) with the written consent of the Secretary of State for Education.

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14. MISCELLANEOUS

14.1 Right of Access to Information

Governing Bodies are required to supply the County Council with all financial, property and other information which might reasonably be required to enable the Corporate Director – Children and Young People to satisfy himself as to the school's management of its delegated budget share and responsibilities, or the use of any central expenditure by the LA (e.g. earmarked funds) on the school.

14.2 Liability of Governors

Because the Governing Body is a corporate body and because of 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.

14.3 Governors' Expenses

Under Section 11 of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in Regulations may be paid to governors from a school's delegated budget share. Any other allowance is forbidden. In addition, schools cannot pay expenses that duplicate those paid by the Secretary of State to additional Governors appointed by him to schools under special measures.

The LA is allowed to delegate, to the Governing Body of a school yet to receive a delegated budget, funds to meet Governors' expenses. The LA would normally set this amount.

14.4 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), may be charged to the school's budget share unless the Governing Body acts in accordance with the written advice of the County Council. (See also paragraph 6.4.12). Where there is a conflict of interest between the County Council and the Governing Body, schools are able to access independent legal advice.

14.5 Health and Safety

In expending the school's budget share, Governing Bodies must comply with any health and safety requirements for which they are responsible, taking into account, where applicable, the County Councils policy on health and safety matters and instructions and guidance published from time to time. Much of this is in >Guidance for Schools', also in circulars and other County Council documents.

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

If the safety of pupils or staff is threatened, the 1998 Act gives the LA the power to suspend a Governing Body's right to a delegated budget (see also Section 14).

14.6 **Right of Attendance for Head of Finance**

The Head of Finance has the right to attend any meeting of a Governing Body at which any agenda items are relevant to the exercise of his responsibilities subject to this Scheme, and to speak on financial issues. Prior notice of such attendance would be given unless impracticable to do so.

14.7 **Delegation to New Schools**

A standard formula will be used to fund the staff needed to prepare for the opening of a new school and for equipping and setting up the school ready for opening, as follows:

Set up costs (prior to opening):

- Headteacher funding for a full year;
- Funding for administrative support (full funding allocation for a year, which is expected to fund approximately 50% of a school's expected admin support – the rest being covered from grant);
- Funding for a proportion of other teaching and support staff to be in place before the school opens (allocation based on 25% of the annual allocation for teaching and support staff for 4 months before the school opens);
- Premises allocation (including staff) to be made from date of possession of the buildings;
- Repairs and Maintenance allocation from the school's opening date;
- In order to equip the school, two years' worth of supplies and services, books and equipment funding would be allocated prior to opening.

The higher of actual or planned pupil numbers for each of the first three years will be used for formula funding.

14.8 **Delegation to Amalgamating Schools**

For an amalgamation of two or more schools, some transitional costs over the first three years will be considered and if additional funding is required, transitional costs will be allocated from the central schools budget. Each case will be different and the transitional costs, if relevant, will be considered with a flexible but fair arrangement.

The ongoing savings from amalgamation or closure will be considered for Prudential Borrowing to fund any associated capital costs, with any balance transferred to the specific central Schools Budget.

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Schools with provision on more than one site will be funded, as for other schools, on the basis of the total number of pupils in the school, not the numbers on each site. For schools in these circumstances, the split site allowance will apply, and in the case of a site providing for only one class, the split site allowance will include a minimum of two members of staff on each site.

In the case of amalgamations of infant and junior schools, where no additional building work is required for which Prudential Borrowing might otherwise be considered, one year's revenue budget (ISB) savings from the infant/junior amalgamation added to the balances from the predecessor schools will be allocated to the newly amalgamated school.

Devolved Formula Capital Grant (DFCG) allocations would be in line with the DCSF grant requirements.

14.8 **Special Educational Needs**

Schools are required to use their best endeavours in spending the budget share to secure the particular needs of all pupils this includes those with additional educational needs, whether or not a Statement of Special Educational Needs has been made. Governing Bodies must provide information on the provision made for pupils, in particular for pupils with statements, as required by the statement and those in receipt of School Action Plus monies and Children Looked After Audit Funding allocated on the admission of a Child in Care.

14.9 **'Whistleblowing'**

Persons working at a school or school governors who wish to complain about financial management or financial propriety at the school should follow the school's own "Whistleblowing" policy which should be in line with the County Council's own policy and recommended model

14.10 **Child Protection**

Schools must release staff to attend child protection case conferences and other related events, however, funding has not been retained centrally for this area of expenditure.

14.11 **School Meals**

Governing bodies are required to have regard to the School Food policy document in discharging their duties in relation to school meals and other catering activities where those have been delegated along with funding.

14.12 **Partnership and Collaborative Arrangements**

Where funds are held on behalf of a group of schools and/or other agencies, a school must comply with relevant separate guidance relating to this.

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14.13 **Fees to be deducted from teachers' salaries and remitted to the General Teaching Council for England**

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

In order to ensure the performance of the duties to deduct and remit the fee imposed on employers by the Regulations the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares and come into effect on 28 February 2002:

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

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

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

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

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

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

14.14 Provision of information for the Teachers Pensions Agency

In order to ensure that the performance of the duty on the authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares:

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

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

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

Any administrative costs incurred by the authority arising from the late or incorrect supply of data may be charged to the school.

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APPENDIX A: SCHOOLS COVERED BY THIS SCHEME IN SOMERSET

LA School Number	DCSF Number	School Name
PRIMARY SCHOOLS		
011	3276	Ash Primary School
013	2150	Ashcott Primary School
016	2001	Ashill Community School
018	3225	Axbridge CE First School
021	3001	Baltonsborough CE Primary School
023	3003	St Mary and St Peter's CE First School
024	2300	Barwick and Stoford Primary School
210	2331	Bawdrip, Kingsmoor Primary School
028	3008	Beckington CE First School
030	3009	Berkley CE First School
031	3226	Berrow CE Primary School
032	3010	Binegar CE Primary School
035	3175	Bishops Lydeard Primary School
040	2106	Bowlsh Infants School
044	3227	Brent Knoll Primary School
050	2152	Bridgwater, Eastover Primary School
054	2325	Bridgwater, Westover Green Primary School
055	2157	Bridgwater, Hamp Infants School
056	2156	Bridgwater, Hamp Junior School
058	3400	Bridgwater, St John and St Francis Primary School
059	3401	Bridgwater, St Joseph's RC Primary School
062	3151	Bridgwater, St Mary's CE Primary School

LA School Number	DCSF Number	School Name
048	2323	Bridgwater, Sedgemoor Manor Community Infants School
066	2324	Bridgwater, Sedgemoor Manor Community Junior School
067	2110	Broadway, Neroche Primary School
070	5200	Bruton Primary School
072	3302	Buckland St Mary Primary School
074	2165	Burnham-on-Sea Infants School
075	3152	Burnham-on-Sea, St Andrew's CE Junior School
076	3402	Burnham-on-Sea, St Joseph's RC Primary School
079	3196	Burrowbridge CE Primary School
080	3017	Butleigh CE Primary School
081	3154	Cannington CE Primary School
084	2008	Castle Cary Primary School
086	2166	Catcott Primary School
087	2102	Chard, Avishayes Community Primary School
088	2329	Chard, Redstart Primary School
091	2089	Chard, Manor Court Primary School
093	5202	Charlton Horethorne CE Primary School
094	3020	Charlton Mackrell CE Primary School
096	2255	Cheddar First School
097	3176	Cheddon Fitzpaine Primary School
099	3305	Chewton Mendip CE Primary School
102	3492	Chilcompton – St Vigor and St John CE Primary School
103	3277	Chilthorne Domer Primary School
105	2203	Churchstanton Primary School
107	3029	Coleford, Bishop Henderson Primary School
110	3307	Combe St Nicholas Primary School
112	3034	Compton Dundon CE Primary School
114	2168	Cossington Primary School

LA School Number	DCSF Number	School Name
115	2334	Cotford St Luke
116	2019	Coxley Primary School
117	3178	Creech St Michael CE Primary School
122	3035	Crewkerne, Ashlands CE First School
120	3037	Crewkerne, St Bartholomew's CE First School
124	3311	Croscombe CE Primary School
125	3313	Crowcombe CE First School
127	3039	Curry Mallet CE Primary School
128	3040	Curry Rivel CE Primary School
130	3314	Cutcombe CE First School
132	2020	Ditcheat Primary School
134	3041	Doultling, St Aldhelm's CE Primary School
137	3317	Draycott and Rodney Stoke CE First School
139	3042	Dulverton CE First School
140	2022	Dunster First School
142	3232	East Brent CE First School
143	2302	East Coker Primary School
144	2169	East Huntspill Primary School
146	5203	Enmore CE Primary School
148	3047	Evercreech CE Primary School
150	3048	Exford CE First School
152	3057	Frome, Christchurch CE First School
153	2114	Frome, Hayesdown First School
151	3058	Frome, Trinity CE First School
157	3369	Frome, St John's CE First School
158	3371	Frome, St Louis RC Primary School
160	2028	Frome, Vallis First School
164	3322	Glastonbury, St Benedict's CE Junior School

LA School Number	DCSF Number	School Name
166	3060	Glastonbury, St John's CE Infants School
171	2029	Hambridge Primary School
173	3278	Haselbury Plucknett CE First School
175	3179	Hatch Beauchamp CE Primary School
176	2030	Hemington Primary School
178	3061	Henstridge CE Primary School
179	3156	Highbridge, St John's CE Junior School
181	2170	Highbridge, Beechfield Infants School
183	3062	High Ham CE Primary School
184	3064	Hinton St George CE First School
186	2032	Horrington Primary School
188	3065	Horsington CE Primary School
190	2034	Huish Episcopi Primary School
194	2327	Ilchester Primary School
196	3066	Ilminster, Greenfyld CE First School
202	2038	Keinton Mandeville Primary School
204	3329	Kilmersdon CE Primary School
207	2041	Kingsbury Episcopi Primary School
208	3072	Kingsdon CE Primary School
209	3180	Kingston St Mary CE Primary School
211	3181	Langford Budville CE Primary School
213	2043	Leigh-on-Mendip First School
215	3331	Long Sutton CE Primary School
216	3076	Lovington CE Primary School
218	2205	Lydeard St Lawrence Primary School
220	3236	Lympsham CE First School
221	3237	Mark CE First School
224	3486	Martock CE Primary School

LA School Number	DCSF Number	School Name
226	2045	Meare Village Primary School
227	3078	Mells CE First School
228	2046	Merriott First School
230	2172	Middlezoy Primary School
229	2047	Milborne Port Primary School
233	2206	Milverton Primary School
235	3079	Minehead, St Michael's CE First School
236	2048	Minehead First School
237	3080	Misterton CE First School
241	3493	Montacute, All Saints CE Primary School
243	3158	Nether Stowey CE Primary School
244	3084	North Cadbury CE Primary School
246	3182	North Curry CE Primary School
248	2175	North Newton Primary School
249	2190	North Petherton Infants School (closing wef 31 August 2009)
250	2176	North Petherton Junior School (closing wef 31 August 2009)
251	2335	North Petherton Primary (opening wef 1 September 2009)
252	3184	Norton Fitzwarren CE Primary School
255	3342	Norton St Phillip CE First School
256	3281	Norton-sub-Hamdon CE Primary School
258	2051	Nunney First School
260	3185	Nynehead CE Primary School
262	3085	Oakhill CE Primary School
263	2326	Oake and Bradford Primary School
265	3086	Old Cleeve CE First School
267	2177	Othery Primary School
268	2178	Otterhampton Primary School
272	2179	Pawlett Primary School

LA School Number	DCSF Number	School Name
274	2210	Blagdon Hill Primary School (closing wef 31 August 2009)
276	3344	Porlock, St Dubricius CE First School
278	2057	Priddy Primary School
280	2180	Puriton Primary School
282	2059	Queen Camel, Countess Gytha Primary School
284	3186	Rockwell Green CE Primary School
286	3287	Rode Methodist First School
289	3286	Ruishton CE Primary School
291	2211	Sampford Arundel Primary School
296	3098	Shepton Beauchamp CE First School
298	2062	Shepton Mallet Infants School
299	3132	Shepton Mallet, St Paul's CE Junior School
301	3238	Shipham CE First School
302	2182	Somerset Bridge Primary School
304	2064	Somerton Infants School
305	3353	Somerton, Monteclefe CE Junior School
307	3484	South Petherton CE Infants School
308	2306	South Petherton Junior School
309	3159	Spaxton CE Primary School
313	2212	Stawley Primary School
315	3101	Stogumber CE First School
316	3356	Stogursey CE Primary School
318	3190	Stoke St Gregory CE Primary School
319	2067	Stoke St Michael Primary School
320	2307	Stoke-sub-Hamdon, Castle Primary School
325	3358	Stratton-on-the-Fosse, St Benedict's RC Primary School
327	2113	Street, Brookside Primary School
328	2068	Street, Elmhurst Junior School

LA School Number	DCSF Number	School Name
329	2069	Street, Hindhayes Infants School
331	2070	Tatworth Primary School
349	3288	Taunton, Archbishop Cranmer CE Community School
333	3439	Taunton, Bishop Henderson CE Primary School
034	2200	Taunton, Bishops Hull Primary School
332	2330	Taunton, Blackbrook Primary School
338	2215	Taunton, Halcon
337	2332	Taunton, Holway Park Community School
339	2229	Taunton, Lyngford Park Primary School
343	2216	Taunton, North Town Primary School
346	2228	Taunton, Parkfield
347	2219	Taunton, Priorswood
350	3191	Taunton, St Andrew's CE Primary School
351	3438	Taunton, St George's RC Primary School
311	3189	Taunton, Staplegrove Primary School
355	3433	Taunton, Trinity CE Primary School
357	2221	Taunton, Wellsprings Primary School
359	3105	Abbas and Templecombe CE Primary School
361	3436	Thurlbear CE Primary School
363	3359	Timberscombe CE First School
364	3485	Tintinhull, St Margaret's CE Primary School
369	3437	Trull CE Primary School
375	3129	Upton Noble CE Primary School
381	3110	Walton Primary School
382	3490	Watchet, Knights Templar CE/Methodist Community First School
386	3240	Weare CE First School
388	2250	Wedmore First School
390	2224	Wellington, Beech Grove Primary School

LA School Number	DCSF Number	School Name
392	5201	Wellington, St John's CE Primary School
393	2118	Wellington, Wellesley Park Primary School
395	3115	Wells, St Cuthbert's CE Infants School
396	3114	Wells, Central CE Junior School
397	3361	Wells, St Joseph and St Teresa's RC Primary School
400	2333	Wells, Stoberry Park School
403	3289	Wembdon, St George's CE Primary School
405	2226	West Buckland Primary School
406	3119	Westbury-sub-Mendip, St Lawrence's CE Primary School
407	3284	West Chinnock CE Primary School
409	3285	West Coker Primary School
410	2184	West Huntspill Primary School
411	3195	West Monkton CE Primary School
413	3121	West Pennard CE Primary School
414	2185	Westonzoyland Primary School
416	3123	Williton, St Peter's CE First School
417	3488	Wincanton, Our Lady's RC Primary School
418	2081	Wincanton Primary School
420	2082	Winsham Primary School
422	2227	Wiveliscombe Primary School
423	2085	Wookey Primary School
427	2186	Woolavington Primary School
432	2320	Yeovil, Birchfield Primary School
434	2319	Yeovil, Grass Royal Junior School
435	3489	Yeovil, Holy Trinity CE Primary School
436	2309	Yeovil, Huish Primary School
438	2311	Yeovil, Milford Infants School
439	2310	Yeovil, Milford Junior School

LA School Number	DCSF Number	School Name
440	3494	Yeovil, Oaklands School (opening wef 1 January 2010)
441	2315	Yeovil, Parcroft Junior School (closing wef 31 December 2009)
442	2312	Yeovil, Pen Mill Infants School
443	3283	Yeovil, Preston CE Primary School
445	2314	Yeovil, Reckleford Infants School
447	3487	Yeovil, St Gildas RC Primary School
449	2316	Yeovil, Westfield Community Infants School (closing wef 31 December 2009)
MIDDLE SCHOOLS		
481	4584	Blackford, Hugh Sexey Middle School
482	4410	Cheddar, Fairlands Middle School
484	4287	Crewkerne, Maiden Beech Middle School
487	4277	Dulverton Community Middle School
489	4257	Frome, Oakfield Middle School
491	4552	Frome, Selwood Anglican/Methodist Middle School
494	4288	Ilminster, Swanmead Community Middle School
496	4290	Minehead Middle School
499	4553	Williton, Danesfield CE Community School
SECONDARY SCHOOLS		
576	4250	Ansford Community School
502	4300	Bridgwater, The Blake School
504	4308	Bridgwater, Chilton Trinity School
506	4309	Bridgwater, Haygrove School
509	4307	Bridgwater, East Bridgwater Community School
593	5400	Bruton, Sexey's School
514	4304	Burnham-on-Sea, The King Alfred School
517	4274	Chard, Holyrood Community School
520	4583	Cheddar, The Kings of Wessex CE Community School
522	4508	Crewkerne, Wadham CE Community School

LA School Number	DCSF Number	School Name
527	4000	Frome Community College
533	4258	Glastonbury, St Dunstan's Community School
535	4259	Huish Episcopi School
539	4291	Minehead, The West Somerset Community College
544	4282	Shepton Mallet, Whitstone Community School
546	4450	Stanchester Community School
548	4283	Street, Crispin School
590	4100	Taunton, Bishop Fox's Community School
579	4358	Taunton, The Castle School
585	4354	Taunton, Heathfield Community School
580	4359	Taunton, Ladymead Community School
583	4600	Taunton, The St Augustine of Canterbury CE/RC School
552	4356	Wellington, Court Fields Community School
556	4504	Wells, The Blue School
588	4273	Wincanton, King Arthur's Community School
562	4355	Wiveliscombe, Kingsmead Community School
567	4451	Yeovil, Buckler's Mead Community School
570	4455	Yeovil, Preston Community School
573	4201	Yeovil, Westfield Community School
593	5401	Brymore Secondary Technical School
SPECIAL SCHOOLS		
601	7003	Bridgwater, Elmwood Special School
602	7013	Bridgwater, Penrose Special School
606	7019	Frome, Critchill Special School
610	7018	Street, Avalon Special School
613	7006	Taunton, The Priory Special School
614	7014	Taunton, Selworthy Special School
617	7007	Yeovil, Fairmead Special School

LA School Number	DCSF Number	School Name
618	7016	Yeovil, Fiveways Special School

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APPENDIX B: PRINCIPLES OF BEST VALUE

B.1 GUIDING PHILOSOPHY OF BEST VALUE

B.1.1 Under Best Value, local people will be clear about the standard of services which they can expect to receive and better able to hold their Councils to account for their record in meeting them.

B.1.2 Continuous improvements in both the quality and cost of services will, therefore, be the hallmark of a modern Council, and the test of Best Value.

B.2 BEST VALUE AND EDUCATION

B.2.1 The duty of best value will not apply to the Governing Bodies of schools as schools are inspected through the OFSTED framework.

B.2.2 However, given the very high proportion of Local Authority spending which flows through delegated budgets, the Government considers it desirable that schools should demonstrate that they are following best value principles in their expenditure. Schools are required to say how these principles are being followed when submitting their annual budget plans (see also paragraph 2.4).

B.2.3 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 that are exercised by the Governing Bodies of LA maintained schools. However, schools will be encouraged to adopt the best value performance management framework.

B.2.4 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:

➤ **Challenge**

Why and how a service is provided (including consideration of alternative providers);

➤ **Compare**

Comparisons of performance against other schools taking into account the views of parents and pupils;

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➤ **Consult**

Mechanisms to consult stakeholders, especially parents and pupils;

➤ **Competition**

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 the internal and external audit takes place ensuring that performance information is scrutinised. LA oversight of school finances provides external review.

B.2.5 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.

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APPENDIX C: LEGISLATIVE REQUIREMENTS AND CODES OF PRACTICE FOR BUILDING WORKS IN SCHOOLS (as at July 1998)

This list is not exhaustive and does not necessarily cover all regulations, codes of practice, or guidance which may relate to buildings and equipment, specialist facilities, services or the management of schools, but aims to refer to the most useful documents. It does not cover legislation or directives due to come into force.

D.1 Workplace (Health Safety and Welfare) Regulations 1992 plus Approved Code of Practice and Guidance L24 (all are contained in the approved Code of Practice).

These apply to all schools from January 1st 1996. The regulations expand duties on employers under the Health and Safety at Work Act 1974 (Sections 2 and 4) and cover:

- Health and safety in the workplace;
- Welfare facilities for people at work;
- Maintenance of the workplace.

D.2 The Education (School Premises) Regulations 1999 (SPRs). The statutory instrument that applies to all maintained schools and covers minimum standards for both existing and new premises.

D.3 Constructional Standards 1997. These apply to all new building work (and to alterations to existing buildings where this is practicable) from 1st November 1997. They are, in the majority of cases, the current approved documents to the Building Regulations 1991, namely Parts A, C, D, G (3), H, J and N. Exceptions are in relation to:

- Part B - overriding modifications relating to fire and means of escape (replaces Building Bulletin 7);
- Parts E, F and L - replaced by Building bulletin 87 (see below);
- Part K - overriding modifications to stairs and ramps (replaces Building 7);
- Part M - overriding variations to facilities for the disabled (replaces Design Note 18).

These Standards were issued with a Departmental letter sent to Chief Education Officers, Diocesan Boards of Education and GM Schools, dated 19 September 1997.

D.4 Guidelines for Environmental Design: Building Bulletin 87. These support the SPRs by way of practical guidance to meet those standards and in certain areas require higher standards than the current approved documents to the Building Regulations. They cover acoustics, lighting, heating and thermal performance, ventilation, hot and cold water supplies, and energy (CO₅) rating.

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Health and Safety legislation, Codes of Practice and guidance applicable to school buildings, equipment and the management of schools include the following:

- The Management of Health and Safety at Work Regulations 1992, amendments 1994, plus approved code of practice. (This covers risk assessment to implement regulations).
- The Control of Substances Hazardous to Health Regulations 1989 (COSHH) amended 1994.
- Relevant Town and Country Planning Acts.
- H&S Guidance for Schools 1989 (COSHH).
- Approved Codes of Practice 1995 (COSHH).
- Electricity at Work Regulations 1989.
- H&S guidance note (Electrical Safety in Schools).
- IEE Wiring Regulations 1991.
- The Gas Safety (Installation and Use) Regulations 1994.
- Guidance Note on Gas Safety in Educational Establishments. Published by DES and British Gas 1989.
- The Control of Asbestos at Work Regulations 1987.
- Health and Safety (Signs and Signals) Regulations 1985.
- The Education (Schools and Further and Higher Education) Regulations 1989.
- The Fire Precautions Act 1971.
- The Fire Precautions (Places of Work) Regulations 1997.
- The Construction (Design and Management) Regulations 1994 (CDM).
- The Construction (Health Safety and Welfare) Regulations 1996.
- The Food Safety Act 1990.
- Environmental Protection Act 1990.
- Provision and Use of Work Equipment Regulations 1992.
- The Health and Safety (Display Screen Equipment) Regulations 1992.
- Personal Protective Equipment at Work Regulations 1992.
- The Manual Handling Operations Regulations 1992.
- Occupiers Liability Act 1984.
- The Health and Safety at Work Act 1974.
- Model Water Bylaws 1986.
- BS 6262 1982 Code of Practice for Glazing in Buildings.

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