



Scheme for Financing Special Schools



Effective from 1st April 2012



TORBAY COUNCIL

Scheme for Financing Special Schools

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Section 1 – Introduction – The Funding Framework

- 1.1 Since 1998 Torbay Council has delegated funding to schools in accordance with the Local Management of Schools scheme as approved by the Secretary of State. Under the terms of the School Standards and Framework Act 1998, LAs were required to draw up a new scheme for financing schools, to replace the existing LMS scheme.

The funding framework is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998 as amended by the Education Act 2002.

Under this legislation, the Council (LA) determines the size of the Schools Budget. The Schools Budget includes expenditure on maintained schools, nursery schools, pupil referral units and the cost of pupils in independent and non-maintained special schools and pupils taught at home. A separate LA budget is set for LA central functions.

The LA may retain funding within the Schools Budget for certain specified purposes. The amounts to be retained centrally are decided by the authority, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB).

The 2006 School Finance Regulations set out a new funding mechanism within which all Councils must operate. The key areas of change are as follows:-

The use of the January Pupil Census to calculate both funding from the DfE and for the calculation of Torbay's local school funding formula.

Also, the Minimum Funding Guarantee requirements are laid out.

The Council must distribute amounts from its ISB amongst their maintained schools using a formula that accords with regulations made by the Secretary of State. This will enable the calculation of a budget share for each maintained school that is then delegated to the governing body. Since April 2006, School Finance Regulations do not permit the Council to hold a proportion of the ISB unallocated at the start of the year. Any contingency has to be specific and is part of the centrally retained element of funding.

The Education Act requires the financial controls within which delegation works to be set out in a scheme made by the LA and approved by the Schools Forum. The Education and Inspection Act 2006 and its subsequent amendments allows for any changes to be determined locally where consensus can be reached between the local authority and its schools forum. Therefore all revisions to the scheme should be approved by the Torbay Schools Forum and only when consensus cannot be reached that Torbay may come to the Secretary of State for a decision.

This document forms the required scheme for Torbay Council.

Subject to provisions of this scheme, governing bodies of schools may spend budget shares for the purposes of their school or for pupils on the roll of other maintained schools. They may also spend budget shares on any additional purposes prescribed by the Secretary of State, including extended services.

The Council may suspend a school's right to a delegated budget if the provisions of this scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State.

The Council as LA is obliged to publish each year a statement setting out details of its planned Schools and LA Budgets, showing:

- the amounts to be centrally retained;
- the budget share for each school;
- the formula used to calculate those budget shares;
- the detailed calculation for each school.

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

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

1.2 The role of the scheme

This scheme sets out the financial relationship between the Council and the maintained schools, which it funds. It contains requirements relating to financial management and associated issues, which are binding on both the Authority and on the schools. The terms of this scheme will take precedence over other financial rules and guidance issued by the Council.

1.3 Application of the scheme to the Council and maintained schools

This scheme applies to all maintained primary and secondary schools in Torbay (as listed in Annex 1). The scheme will also apply to any new maintained schools (including amalgamated schools) opening during the year.

1.4 Publication of the scheme

A copy of the scheme will be supplied to the governing body and the Headteacher of each school covered by the scheme, and any approved revisions will be notified to each such school. A copy of the scheme will also be available for download off the Torbay Council website;

www.torbay.gov.uk/index/education/schools/schools-finance-and-procurement.htm

1.5 **Revision of the scheme**

Any proposed revisions to the scheme will be the subject of consultation with all schools including the Schools Forum. The Director of Children's Services has delegated powers to approve changes to the School Funding Formula as described in Section 2 of the Scheme for Financing Primary and Secondary Schools (How the formula works).

The power for approving changes to the Financial Conditions and Regulations outlined in sections 3 and 4, rest with the Council as LA.

1.6 **Delegation of powers to the Headteacher**

Each governing body is asked to consider the extent to which it wishes to delegate its powers to the Headteacher, and to record its decision (and any revisions) in the minutes of the governing body. The first formal budget plan of each financial year must be approved by the governing body.

Governing bodies should set limits on the delegated powers of Headteachers to enter into contractual commitments in any one financial year. The Council has no wish to impose uniformity on schools but recommends that the following limits strike a balance between practicality and financial control:

- Primary and Special schools - £2,000
- Secondary schools - £10,000

1.7 **Maintenance of schools**

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

1.8 **Notification of School Allocations**

1. School Finance (England) Regulations 2006 state that Torbay must not later than 31st March of the preceding financial year:
 - a) make an initial determination of their school budget; and
 - b) give notice of that determination to the governing bodies of the schools they maintain.
2. With the above in mind, Torbay Council issues all school allocations as early as possible in March.

1.9 DfE Changes to 2012/13 School Funding

Minimum Funding Guarantee

The DfE has set the Minimum Funding Guarantee is set at minus 1.5%. This will ensure that all schools do not see a reduction in funding of more than 1.5% per pupil before pupil premium is added.

Pupil Premium

This is referred to in Section 2 of this document. The allocation method is determined by the DfE and for 2012/13 has been altered to take into account the number of pupils in a school from the 2012 January pupil census who have **ever** been eligible for free school meals in the last 6 years, this is known as “Ever 6”.

The amounts are as follows:-

- £600 per pupil who is/ever was eligible for free school meals in the last 6 years
- £600 per pupil for those who have been looked after for at least 6 months @ April 2012
- £250 per pupil for those from Service (armed forces) families

Mainstreaming of Grants

In 2011/12 the DfE rolled all former Standards Fund and a number of other grants into the Dedicated Schools Grant (DSG). These have been allocated to schools using a variety of drivers. The method of allocation and a general overview of each grant’s former purpose is described in Section 2.

Guaranteed Unit of Funding (GUF)

This has remained at the same level as 2011/12; £4,841.97 per pupil.

Inflation

The DfE have not allocated any inflationary increase to DSG for 2012/13.

Section 2 - The Funding Formula – How the Formula Works

- 2.1 Introduction
- 2.2 Funds
- 2.3 The Formula
- 2.4 Assessing Individual School Needs
- 2.5 Activity Led Resourcing (ALR)
- 2.6 Place Led sub-formula
- 2.7 Pupil Led sub-formula
- 2.8 Fixed and Stepped Fixed Costs sub-formula
- 2.9 Premises and Facilities sub-formula
- 2.10 Free School Meals and Lump Sum Sub-Formula
- 2.11 School Specific allocations sub-formula
- 2.12 Additional Defined Factors Funding
- 2.13 Factors in Individual School Budget Calculation
- 2.14 Activity Led Resourcing
- 2.15 Principles of the ALR Model
- 2.16 Principles of the Fixed and Stepped Fixed costs
- 2.17 Principles of the School Specific Allocations
- 2.18 Principles of Additional Defined Factors
- 2.19 Principles of the Premises and Facilities
- 2.20 Other changes and New Formulae for 2011/12 Onwards

2.1 Introduction

- 2.1.1 This section sets out to describe how the distribution formula works for the allocation of delegated funds to special schools.
- 2.1.2 The Council is required to have consulted with schools, the Schools Forum and others about the operation of the formula and to account for the operation of the formula factors in a statutory statement - the "Section 251 Statement" in March each financial year. The descriptions in this document are also largely required as part of the published Section 251 Statement. The council must also consult the Schools Forum about any proposed changes in relation to the factors and criteria taken into account, and the methods, principles and rolls adopted.
- 2.1.3 The formulae described below, only apply to school delegated funds (in Section 251 termed the "Individual Schools Budgets) and not to funds held centrally and classified as "schools related expenditure".

2.2 Funds

- 2.2.1 The delegated funds are the funds established by the Council for delegation to schools. The formula is only concerned with the distribution of these funds. Other funds are distributed in addition to these delegated funds e.g. Delegated Statementing, Outreach and Devolved Formula Capital.
- 2.2.2 The delegated funds are the responsibility of each school Governing Body to prioritise within budget setting and budget management.
- 2.2.3 The allocation methods are required to be objective and fair and are regulated by DFE regulation.
- 2.2.4 The majority of funds are allocated on a place led basis.

2.3 The Formula

- 2.3.1 The actual formula is made up of several sub-formulae with a variety of data and factors in each, which result in unique effects for each school. The overriding criteria for each sub-formula is that it is objective.
- 2.3.2 The sub-formulae use a combination of base data, e.g. place numbers or buildings floor area, and block sums e.g. Headteacher salaries.
- 2.3.3 The range of sub-formulae is:
- Place led Funding
 - Pupil led Funding
 - Fixed Costs
 - Stepped Fixed Costs
 - Premises and Facilities
 - Free School Meals
 - School Specific Allocations

2.4 **Assessing Individual School Needs**

2.4.1 The process of assessing individual school funding needs is complex and necessarily difficult to achieve fine precision. However, the common intention is that all the sub-formulae use the most objective methods of driving individual school allocations.

2.5 **Activity Led Resourcing (ALR)**

2.5.1 The method of identifying individual school levels of funding for Place led and Pupil led allocation sub-formulae, is arrived at by using an approach known as Activity Led Resourcing (ALR). However, it is not useful or easily applicable to other sub-formulae and therefore only used for Place led and Pupil led sub-formulae.

2.5.2 The ALR approach produces a "need to spend" assessment across the identified categories of need and the school phases, the value of which will always exceed available funds. The proxy values are scaled back to the level of available funds by reducing all funding factors except Premises, School Meals, Specific Factors and defined funding allocations (e.g. Threshold). This scaling back produces the allocation mechanism to distribute the available funds.

2.5.3 The ALR approach allocates resources using place numbers in each category and pupil numbers in each key stage (1 – 4).

2.5.4 The detailed general and specific cost assumptions are set out in the ALR annexe to this document. The ALR factors do not purport to be fully comprehensive nor is there a necessity to be so. However they are assumed to be sufficiently robust when applied to distribute funds to individual schools, relative to other schools and constrained by the available funds for all schools.

2.6 **Place Led funding**

2.6.1 This sub-formula uses the ALR approach to identify the weighted units for each category of special need, i.e.

- Autism
- BESD 1 (Behavioural, Emotional and Social Difficulties)
- BESD 2 (Behavioural, Emotional and Social Difficulties)
- Hearing Impaired
- MLD 1 (Moderate Learning Difficulties – level 1)
- MLD 2 (Moderate Learning Difficulties – level 2)
- MLD 3 (Moderate Learning Difficulties – level 3)
- PD (Physical Difficulties)
- PMLD (Physical and Medical Difficulties)
- SLD (Severe Learning Difficulties)
- SpecLD (Specific Learning Difficulties)
- SD (Speech Disorders)
- Visually Impaired

There will also be a very small number of pupils who will be classed as extremely vulnerable due to life threatening conditions. These pupils will be funded at the

same value as PMLD pupils with additional funding agreed separately from contingency funding according to an individual pupil's circumstances.

The unit values are then multiplied by the places in each category, as defined in paragraph 2.6.1 in each school to generate a funding allocation.

2.6.2 The assumptions about needs are set out in the ALR descriptors in Annex B attached.

2.7 Pupil Led funding

2.7.1 This sub-formula uses the ALR approach to identify the weighted units for each school phase, i.e. KS1 – KS4. The unit values are then multiplied by the pupil numbers in each phase as defined in paragraph 2.13.2, in each school to generate a funding allocation.

2.7.2 The values used are consistent to those applied in the Mainstream Formula.

2.7.3 The assumptions about needs are set out in the ALR descriptors in Annex B attached.

2.8 Fixed and Stepped Fixed Costs

2.8.1 These sub-formulae are required because some resource needs cannot be met through reliance on place and pupil led funding. Every school requires sufficient funds guaranteed for particular purposes e.g. the employment of a Headteacher or a school administrative officer. This sub-formula works to guarantee certain funding elements to all schools taking into account their group size. The ALR descriptions at Annex B make this clear.

2.9 Premises & Facilities Sub-formula

2.9.1 This sub-formula uses objective data and factors to distribute funds for the responsibility of maintaining the provision of premises and facilities. The method produces a clear and simple objective means of distributing available funds fairly. Further information is provided within paragraph 2.19.

2.10 Free School Meals and Lump Sum Sub-Formula

2.10.1 This sub formula identifies that element of funding that is required to cover the cost of providing the Schools Meals Service and associated costs. This is calculated using the number of children eligible for free school meals taken from the January PLASC multiplied by a unit cost per meal.

2.11 School Specific Allocations Sub-formula

2.11.1 This sub-formula is required for school specific lump sums that arise because of the special nature of the pupils at each school. Resources for these needs cannot be met through reliance on place or pupil number funding. Further information is provided within paragraph 2.17.

2.12 Additional Defined Factors Funding

2.12.1 This sub-formula identifies further specific funding that is allocated to all schools where applicable. This currently includes funding for Threshold and personalised learning. NQT funding was previously included here but is now part of the funding available for distribution through ALR.

2.13 Factors in Individual School Budget Calculation

This section is intended to provide further explanation of how the sub-formulae are derived and applied in the formula.

2.13.1 School place numbers for each category of need

An agreement for the number of school places in each category of need will be established biannually for each special school through consultation with the Headteachers and the LA's specialist SEN officers. The place led funding element will be calculated using these agreed numbers of places for each category of need.

2.13.2 Pupil numbers

The pupil numbers in each key stage will be calculated as:

- The actual number on roll and recorded in the January pupil count.
- This is done for each year group in school to calculate the number of full time equivalent pupils.
- Where pupils attend on a part time basis these are adjusted to reflect a full time equivalent (FTE)
- Significant in year planned increases in pupil numbers will be taken account of in the funding calculation

2.14 Activity Led Resourcing (ALR)

2.14.1 Section 2.5 has identified that this approach is used to determine both Place Led and Pupil Led funding. The attached Annexes provide further information on the assumptions used in the modelling approach whilst further detail on the principles is included below.

2.15 The Principles of the ALR model used are:

2.15.1 Teaching ratios are based on the 2002 SEN Performance And Assessment (PANDA) national information for each category of need and reflect the basic teacher: pupil ratios that special schools require, to deliver standard and practical lessons. A 10% top-up has been applied to reflect the non-teaching time that teachers need for lesson preparation time and pupil assessment.

2.15.2 Teaching Assistant and Mealtime Assistant ratios have been established through discussion and in relation to the teacher: pupil ratios.

2.15.3 The place led element includes assumptions of funding need for training and development of both teaching and support staff within the school.

2.15.4 The place led element also includes funding for Staff Absence, including sickness, antenatal appointments and trade union time.

2.15.5 The pupil led element includes an assessment of costs relevant to the school phases, or they are general costs that are not related to the pupils' special needs. These include:

- Pupil transport
- College Link course
- Non staffing admin costs

2.15.6 The pupil led element also includes Curriculum Support Costs i.e.:

- Recurrent Costs (books , paper etc)
- Curriculum Development Costs
- Large Item Replacements – non-specialist items (Capital Costs)
- ICT replacement costs – non-specialist items
- Non-specialist general furnishings
- External Exam Fees
- Swimming for KS2
- Educational Visits
- Music Service

2.16 The Principles of Fixed and Stepped Fixed Costs

2.16.1 The school group size for special schools is not calculated solely on pupil numbers, as is the case for mainstream schools. Management costs required IN running a special school can not therefore be included through the ALR methodology. Hence, fixed costs have been included for specific minimum resource requirements, with stepped fixed costs funding management costs according to the group size of each school. The school group size is calculated according to a national formula within the Teachers Pay and Conditions document. The calculation will be moderated by the LA and agreed between the LA and the school's governing body.

2.16.2 These costs include time spent by staff which is not delivering direct teaching but involves the management of the school and its infrastructure, and include:

Fixed costs:

Finance Staff
Mealtime support – management and supervision
Library Staff
Technical Staff
Nurse/Social Worker

Stepped Fixed costs:

Headteacher
Deputy Headteachers
Assistant Headteachers
Site Management

Administrative Support
Additional costs of Teaching and Learning Responsibility for schools

Also included in stepped fixed costs are funding for Support Services that schools purchase e.g. Governing Body support, HR Support, Finance Support, Exchequer services, Internal Audit, Legal, Health and Safety and IT.

Further information on fixed costs and stepped fixed costs is provided in Annexe B.

2.17 Principles of the School Specific Allocations

2.17.1 This element of the formula provides funding for schools where these are not addressed through other parts of the formula or are costs incurred due to the special nature of the school.

2.17.2 Specialist Equipment replacement and maintenance costs are included, i.e.

- Costs of running a hydrotherapy pool
- Maintenance of specialist equipment (hoists, etc)
- Maintenance of Lifts

2.18 Principles of Additional Defined Factors

2.18.1 This element of the allocation formula provides funding for schools where these are not addressed through other parts of the main formula and follow the same principles of funding allocation as for mainstream schools.

2.18.2 Teachers Threshold

In 2010/11 allocations were based upon actual teacher threshold numbers taken from the DfE's 618G form. However this form is no longer a requirement, instead the School Workforce Census is used, this is completed annually in November. The funding is to cover pre and post 16 teachers.

In consultation with the Schools Forum, the allocation has taken into account the Learning and Skills Council requirement that there is transparency in the allocation and that there is separate funding for post 16 teachers.

Funding per Primary threshold Teacher – £4,483
Funding per Secondary Threshold Teacher for Pre 16 pupils - £4,483
Funding for Secondary Threshold Teacher Post 16 - £3,249

2.18.3 Newly Qualified Teachers (NQTs)

This is no longer funded in this way. For 2011/12 onwards the funding is now included in the place led funding and distributed using the ALR methodology

2.18.4 Personalised Learning

This is allocated to special schools using KS2 and KS3 pupil numbers, using unit values of £47 and £93 respectively. These values will form the basis for future years allocations, independent of mainstream allocations as the vast majority of personalisation funding is allocated through the Inclusion sub formula.

2.18.5 Deprivation Funding

This has been allocated to schools on the basis of Free School Meals numbers taken from the most recent PLASC data. The unit value is £103.92.

2.19 Premises and Facilities – revised in 2011/12

2.19.1 The historic amalgam of premises related factors have been simplified to a new methodology to resource the funding needs of premises, facilities and site needs.

2.19.2 This allocation replaces the previously separate allocations of: -

- Cleaning and energy
- Repairs and Maintenance
- Grounds Maintenance
- School Meals – Kitchen Repairs and Maintenance

2.19.3 This sub formula includes costs that relate to premises and facilities.

The revised factors are:

- Buildings floor area (m2) weighted for age and type of building categories
- Total site area (m2)

2.19.4 The factors used are classified and weighted as follows:

Category	Description	Weighting
01	Schools built up to 1910 Stone wall / stone mullion windows / originally designed ceiling up to underside of rafters / pitched slate roofs / woodblock / board floors / heavy braced, ledged and framed doors / dado panelling / external toilets.	1.4
02	Schools built between 1910 and 1939 Brick walls / metal windows / horizontal ceilings / pitched ceilings / pitched roofs (slated / tiled) / woodblock floors / concrete. First floor / open covered ways / external toilets.	1.3
03	Schools built between 1939 and 1960 Brick walls / large steel windows / horizontal ceilings / concrete flat roofs – often asphalt / woodblock floors / internal toilets.	1.3
04	School built between 1960 and 1975 Brick walls / timber framed storey height windows	1.3

	suspended ceilings / lightweight flat roofs with felt finish / pitched roof to halls / gym with felt finish / concrete floor with vinyl tiles.	
05	Schools built between 1960 and 1975 Method Buildings – Timber or steel framed / lightweight panels / aluminium windows / lightweight metal flat roofs with built-up roofing / clerestory windows to hall / gym / vinyl floor tiles.	1.4
06	Schools built between 1975 and 1998 Pitched roofs (Tiled / Slate) / Brick walls / suspended ceilings / low maintenance details / natural finishes internally.	1
07	Schools built since 1998	1

2.19.5 From 2011/12, there is no longer any temporary accommodation funding. This has been replaced by a unit value for site area (m2). There is no weighting applied to this calculation.

2.19.6 Unit Values

These have been derived from historical spending patterns (using CFR) by schools on their buildings compared to their site area. The values are as follows:-

	Special	Funding Distribution
Buildings Classification of standard / per m2	£19.32	90% of funding available
Site standard amount per m2	£0.63	10% of funding available

2.20 Other Changes and New Formulae for 2011/12 onwards

2.20.1 Maternity Funding

This is no longer allocated in year based upon the number of teaching staff on maternity/paternity/adoption leave. Instead, this funding pot is now added to the overall funding available and allocated using the ALR methodology.

2.20.2 Pupil Premium

This was a new DfE funding stream from 2011/12 onwards. The 2012/13 allocation method has changed to reflect pupils from the January 12 pupil census have ever been eligible for free school meals in the last 6 years;

£430 per pupil who is eligible for free school meals
£430 per pupil for those who are looked after by Torbay Council
£200 per pupil for those from Service (armed forces) families

The data is derived from the January pupil census.

The allocated for pupils who are looked after is allocated by the Local Authority during the financial year.

2.20.3 Mainstreaming of former School Standards Grants and other Standards Fund Grants

School Standards Grant

Allocation method:-

Pupil Numbers from January Pupil Census including 6th form

Multiplied by

Per pupil Amount	Primary	£128
	Secondary	£132
Plus Lump Sum	Primary	£12,000
	Secondary	£12,000

School Standards Grant (Personalisation)

Allocation method:-

1. Pupil numbers from January Census excluding 6th forms

Multiplied by:-

£5 for Primaries

£14 for Secondaries

Plus

2. Low Attainment

The %:-

Of Year 3 pupils not achieving Level 2 in Writing/Reading/Maths

Of year 7 pupils not achieving Level 4 In English and Maths

Multiplied by:-

£140 for Primaries

£180 for Secondaries

Plus

3. The number of pupils eligible for free school meals

Multiplied by

£68 for Primary

£209 for Secondary

School Development Grant

Allocation method:-

Pupil numbers from January pupil census including 6th forms

Multiplied by

The adjusted 2011/12 per pupil amount

The adjustment reflects:-

- £77,500 being held centrally to fund Advanced School Teachers outreach

- In 2011/12 50% (£121,518) of the former Post Leadership Incentive grant being distributed amongst all Secondaries. For 2012/13 the full £243,036 is be allocated across all Secondaries.

Both adjustments were agreed at Schools Forum 9th February 2011.

Specialist Schools

Allocation method:-

No. of pupils incl Post 16 (Jan 2012)	1. Allocation
2. 0-1000	3. £129 per pupil
4. 1000-1200	5. £129,000 per school
6. 1200+	7. £129,000 plus £129 per pupil for every pupil above 1200

In addition, Language Colleges will receive a lump sum of £30,000 and where a school has a second specialism there will be a further allocation determined by the DfE.

Extended Schools – Sustainability

This is to fund access to a core set of extended services to raise standards of pupil motivation, aspiration, achievement and behaviour.

The allocation method:-

Pupil numbers from January pupil census excluding 6th forms
Multiplied by £12.28

Extended Schools – Subsidy

This funding helps schools provide a comprehensive range of exciting, high quality extended services, and ensure that these are accessible to all children and young people, focusing on those disadvantaged by economic circumstances and children in care.

The allocation method:-

Number of Pupils eligible for free school meals
Multiplied by £163.83

Secondary Strategy

This formerly funded:-

Targeted category: to focus on schools below or in danger of falling below the attainment floor targets and pupils below or in danger of falling below their expected level of attainment;

Universal category: to improve delivery in the core subjects, specifically the

introduction of new Secondary Frameworks in the core subjects and ICT. This category also includes support to expand the provision for Assessment for Learning, in order that schools can use formative assessment to drive pupil progress.

The allocation method:-

Pupil numbers from January pupil census excluding 6th forms of which:-

The % of those not making 3 levels of progress
Multiplied by £55.35

Primary Strategy

This formerly funded:-

Targeted category: to focus on schools below or in danger of falling below the attainment floor targets and pupils below or in danger of falling below their expected level of attainment. Authorities have the discretion to target the grant at schools where additional support will have the greatest impact.

Universal category: to improve delivery in the core subjects, specifically the new assessment component of the Primary Framework and making more effective use of Leading Teachers support. This category also includes support to expand the provision for Assessment for Learning, in order that schools can use formative assessment to drive pupil progress.

The allocation method:-

Pupil numbers from January pupil census excluding 6th forms
Multiplied by £35.39

1-2-1 Tuition

This grant was used for One-to-one tuition, drawing on lessons Learned from the Making Good Progress (MGP) model. The tuition was aimed at supporting and improving pupil progress in English and mathematics. Funding for one-to-one tuition in 2010-11 was ring-fenced at LA level. This enabled LAs to ensure that all funding was spent appropriately and could make strategic decisions about how tuition should be targeted at pupils.

The allocation method:-

50% is allocated based upon the number of pupils on roll in years 3 to 6 in Primary and 7 to 9 in Secondary

The remaining 50% is allocated;

Primary - The number of Year 6 pupils who did not achieve level 4 in Summer 2010 (from teacher assessments) in English and Maths as a proportion of the number of pupils on roll

Secondary – The number of KS2 pupils who did not achieve level 4 in English and Maths for pupils currently in years 7 to 9.

The amount per eligible place is £375

School Lunch Grant

This formerly allowed schools to manage the increased costs of providing healthier school meals.

The allocation method:-

Number of Pupils eligible for free school meals

Multiplied by £59.87

Ethnic Minority Achievement Grant (EMAG)

This was formerly a ring fenced grant allocated on a needs based formula to all Local Authorities. The grant had two purposes:

- (i) it allows LA strategic managers and schools to bring about whole school change in narrowing achievement gaps for Black and minority ethnic pupils which in turn ensures equality of outcomes; and
- (ii) it covers some of the costs of the additional support to meet the specific needs of bilingual Learners and underachieving pupils

The allocation method:-

Primary

Number of eligible pupils multiplied by £60.67

Secondary

The % of ethnic minority pupils

Multiplied by £206.86

Plus

For those schools with 10% or more ethnic minority pupils a further allocation of:-
£1,667

Introduction

The place led sub-formula is the method that is used to drive the bulk of school funding to individual special school. An Activity Led approach, is where all the activities associated with the individual categories of need, required to manage and deliver services to the pupils, are assessed and resources are targeted on this basis.

Principles Adopted

The Activity Led Resourcing model is based on the following basic process:

- Identify the costs of managing each category of need in the special school setting. The categories of need have been taken from the 2002 SEN Panda categories.
- Identify and exclude fixed and stepped costs required as a minimum for managing a school.
- Exclude the other costs that are funded by specific targeted funding (top up sums), i.e.

Premises and Facilities

Free School Meals

Specialist equipment replacement and maintenance

- Assign a monetary value to each activity required to support each category of need.

Methodology

To undertake Activity Led Resourcing, a view was taken that costs in special schools are not simply linear in relation to each category of need.

All the individual elements identified in the ALR formula were reviewed together with the relationship between costs and the categories of need, the two key elements of funding that are required, are covered in more detailed in Annexe B.

ALR – Place led and Pupil led Sums

The funding model, after identifying the fixed and stepped fixed elements, then allocates the remaining costs on the basis of a per place sum and per pupil sum.

A value for each element that is driven by places (i.e. categories of need) and pupil numbers is weighted across the respective categories of need or key stages on the basis of cost drivers. These are set out in the appended tables.

Scaling Back to available resources

The ALR method of estimating operational costs for schools leads to an assessment in excess of available funds - the table below shows this:

Build up of ALR

	£
Total Formula Funding for 2012/13 excl Pupil Premium and Special School Contingency	5,642,592
Total Assessed need through Activity Led Resourcing (ALR)Assessment	8,013,284
Gross Difference (between ALR theory & available funds)	2,370
Scaling assessment to apply to all funding factor Allocations, except Premises, FSM, and specific allocations to keep within existing cash limits	61.35%

Although the ALR approach illustrates the theoretical need to spend, a benefit is in its usefulness to allocate available funds in relation to the group size of the schools and the categories of need that they support. The model is then scaled back across all funding factors except Premises and School meals allocations.

Progression from Activity Led Drivers to Fixed sums, Stepped Fixed sums, Place led funding and Pupil led funding

The table adjacent (Table 1) demonstrates the monetary values assigned to each of the place led and pupil led elements of the ALR model, allocated across the categories of need and the school phases. This table also shows the scaling applied to the model to bring the values in line with existing funding levels.

Annex B explains the assumptions that were made in the build up of the values, including the financial cost values associated with each element. The financial values were set at spinal points or pay grades based on school group sizes and the values applicable on average in Torbay to these elements.

TABLE 1**Values for ALR before scaling back (£s)**

Descriptions	Autism	BESD1	BESD2	Hearing	MLD1	MLD2	MLD3	PD	PMLD	SLD	SpecLD	SD	Visual	KS1	KS2	KS3	KS4
Teaching	6,750	8,099	20,249	8,099	5,062	5,785	6,750	6,750	8,099	6,750	6,750	6,750	10,124				
Top up for contact ratios	675	810	2,025	810	506	579	675	675	810	675	675	675	1012				
Teaching Asst's Meal Time	6,871	5,771	10,306	5,771	2,577	2,945	3,435	6,871	12,367	6,871	3,435	6,871	7,730				
Assistants	300	720	1,799	360	112	129	150	300	1,799	300	60	60	450				
Staff Absence	545	555	1,222	555	306	349	407	545	819	545	407	545	714				
Maternity Cover	136	139	306	139	76	87	102	136	205	136	102	136	179				
Trade Union time	68	69	153	69	38	44	51	68	102	68	51	68	89				
Staff Training and development																	
Teaching	83	100	250	100	63	71	83	83	100	83	83	83	125				
Staff Training and Development																	
Support Staff	83	70	125	70	31	36	42	83	150	83	42	83	94				
Curriculum Support														112	156	170	290
Pupil Transport														205	205	205	205
College Link Course														0	0	0	130
Non staffing admin costs														72	72	72	72
Totals	15,511	16,333	36,434	15,973	8,771	10,024	11,695	15,511	24,451	15,511	11,605	15,271	20,517	389	433	447	697

Special Schools: Activity Led Resourcing Model - Pupil Led RATIO'S 2012/13													
Pupil Place Led Funding:	Autism	BESD 1	BESD2	Hearing	MLD 1	MLD 2	MLD 3	PD	PMLD	SLD	SpecLD	SD	Visual
Teachers (M6+1)	6.0	5.0	2.0	5.0	8.0	7.0	6.0	6.0	5.0	6.0	6.0	6.0	4.0
Teaching Assistants (pt17)	2.0	1.4	1.0	1.4	1.0	1.0	1.0	2.0	3.00	2.0	1.0	2.0	1.5
Meal Time Assistants	1.0	2.0	2.0	1.0	0.5	0.5	0.5	1.0	5.0	1.0	0.2	0.2	1.0

General Principles:

We have established through consultation with the Special Schools Formula Allocation Review group, the standards to apply across the categories of special needs and phases of education, to effectively deliver quality teaching and learning. These standards drive costs and have established all the cost drivers and their respective costs as detailed in this annex.

These create a totality of need across the categories and phases of indicative levels of funding. This indicative level of funding is then scaled back to reflect the amount of funding available and a scaled back allocation per school is then made.

This will generate the place led and pupil led funding per school. The standards are guides and schools will continue to make local decisions, about the sum of money that they are allocated and its most effective use in their particular school.

The methodology Torbay has undertaken is to accept that there is not a simple linear growth on all cost factors allowing a straight figure to be derived. The formula will establish a fixed cost element, stepped fixed cost element, a place led element and pupil led element for the various cost drivers. This will set a fixed value for each school to reflect the fixed costs that schools will incur irrespective of places/pupil levels, and then a value to attach to each place in each category of need as well as a value to attach to pupils in each school phase. This reflects the additional cost that a school would incur for each place and pupil. This methodology produces a much more balanced system of funding.

The assumptions that have been used in the funding model are as follows:**Place-led element****Teaching**

The teaching ratios have been assessed on the basis of an assigned contact ratio between pupils and teachers for each category of need and applied to an average salary scale for a teacher of MPS 6 + 1 SEN point.

Top up for contact ratios

This has been assessed to account for 10% non-contact time that teachers require for inclusion, to meet parents, liaise with other agencies as well as to plan lessons, develop materials etc. Some of which will not be addressed through workforce reform.

Teaching Assistants

The Teaching Assistants role is to support teaching staff in the delivery of the curriculum. This role is also to develop and support the teachers in relation to planning and lesson preparation duties.

Contact ratios have been established for each category of need and applied to a spinal point 17 salary.

Mealtime Assistants

Contact ratios have been established for each disability category and applied to a cost per MTA, of £1,799 (2012/13) based on Torbay appointments of 5 hours per week and pensionable.

Staff Absence

Staff absence is based on a percentage of 4% of the cost for teachers and teaching assistants.

Maternity Cover

Maternity cover is based on a percentage of 1% of the cost for teachers and teaching assistants.

Trade Union Time

Trade Union involvement is based on a percentage of 0.5% of the cost for teachers and teaching assistants.

Staff Training and Development – Teaching

This funding is for training / CPD and is a fixed sum per teacher.

Teaching staff training/CPD costs are allocated per category of need using the teacher: pupil ratio applied to a fixed cost for a FTE of £500.

Staff Training and Development – Support Staff

Support staff training and development costs are allocated per category of need using the teaching assistant: pupil ratio applied to a fixed cost of £250.

Pupil-led element

Curriculum Support role

This funding covers consumables in relation to delivering the curriculum including, paper, replacement books, chemicals, workshop materials, ICT equipment, swimming (KS2), Educational visits, exams/invigilation, music and development of materials costs.

Curriculum Support costs

Costing based on the mainstream formula costs for curriculum support for KS1 to KS4.

The Values assigned per pupil are:

Key Stage 1 £112.00

Key Stage 2 £156.00

Key Stage 3 £170.00

Key Stage £290.00

4&5

NB KS 4 reflects funding for external exam fees for year 11.

Pupil transport role

This funding is required to cover expenditure on minibuses and hire of transport to enable movement of pupils during the school day for off-site activities.

Pupil transport costs

A cost of £205 per pupil has been included based on the estimated lease cost for a minibus of £10k per annum and the requirement for one minibus for every 50 pupils at a special school.

College Link courses - role

This funding recognises the additional cost incurred through special school KS4 pupils attending link courses and undertaking work related learning.

College Link courses - costs

The cost has been estimated at £130 per KS4 pupil.

Non staffing admin costs

This funding covers brochures, publicity, marketing, reports, letters, register costs and pupil records, transport costs of staff, telephones, postage, health and safety in school.

Calculated as a specific fixed cost per school based on an average from historic costs for admin supplies in 2003/04 for each school and divided by total number of places

Fixed and Stepped Fixed costs

The funding model includes elements that are fixed costs, stepped fixed costs and variable costs. An example of stepped fixed costs is the Headteacher salary. A Headteacher is a necessity for every school and salaries increase depending on the school group sizes. The formula for calculating a special school's group size involves staff numbers as well as pupil numbers and therefore a place or pupil driven formula would not be able to provide the salary required for the Headteacher of each group size school. Therefore, stepped fixed costs have been established to take account of these types of costs that increase with group size.

Fixed costs are necessary minimum costs required for every school; for example each school requires a Finance Officer. In contrast to the stepped fixed costs, fixed costs do not vary with the school group size. Staff costs have been reviewed in light of Job Evaluation outcomes.

Fixed Costs

Finance Support role

The funding is to provide for staff to assist the school in managing its financial responsibilities. Additional funding is provided elsewhere in the formula for buying in finance support to complement schools' finance officers.

Finance Support costs

1 FTE Finance Officer has been allocated per school on the average grade of spinal point 43. (from 2011/12)

Mealtime Supervisor role

This role is the co-ordination role of mealtime supervisors in schools. This is additional to the funding for the actual staff undertaking the supervision duties which is addressed in Meal Time Assistants.

Mealtime Supervisor costs

A fixed cost of £3,463 (Sp 9 @ 0.21 FTE) for 2012/13 has been applied.

Technical Staff role

The technical staff role includes support within ICT, craft, science, swimming, and general learning and resources.

Technical Staff costs

2.5 FTE technicians have been allocated at a fixed cost for each school on the average salary scale point 20.

Library Staff role

This reflects the need for schools to provide and manage library facilities. There is the assumption that stocking/planning and administrative work is undertaken.

Library Staff costs

0.5 FTE Library Staff allocated as a fixed cost for each school.

A fixed cost of £8,973 (Sp11 @ 0.5 FTE) for 2012/13 has been applied.

Nurse/Social Worker role

This recognises that the special nature of the pupils at this type of school requires support from either a nurse or a social worker.

Nurse/Social Worker costs

A fixed cost contribution of £11,402 for 2012/13 to the cost of a 0.5fte nurse/social worker has been allocated per school.

Stepped Fixed Costs

Headteacher role

It is assumed that every school regardless of size will have a Headteacher with no timetabled teaching responsibilities.

Headteacher costs

Headteacher salary is based on the prescribed school groupings and on the basis of 1 FTE non-teaching per school. Within the groupings, the grade has been calculated by the top of the band less 3 spinal points

Deputy Headteacher role

This reflects the non-contact time that is required to be funded to allow the deputy Headteachers to support the management of the school.

Deputy Headteacher costs

The deputy costs are based on the school size and respective grouping level, these are assessed at the school group size less 10 spinal points. The deputy costs are then balanced between teaching and non-teaching time to calculate a respective FTE per school size, taking a minimum of 60% non-teaching time for the smallest group size and increasing by an additional 20% per increase in group size.

Assistant Headteacher role

The role of the Assistant Headteacher is similar to the role of the Deputy Headteacher and resourced to fund non-contact time to support the Head and Deputy in the management of the school.

Assistant Headteacher costs

The Assistant Headteacher costs are based on the school size and group. These are assessed as the school group size less 13 spinal points. The Assistant Headteacher costs are then balanced between teaching and non-teaching time to calculate a respective FTE per school size, taking a minimum of 30% non-teaching time for the smallest group size and increasing by an additional 10% per increase in group size.

Site Management role

The role of site manager includes the management of the premises, commissioning and supervising repairs and maintenance and responsibility for the security of the school.

Site Management costs

A grade of spinal point 13 has been used (from 2011/12). A minimum of 1 FTE Site Manager has been allowed for the first two group sizes with an increase of 25% per increase in group size thereafter.

Admin Support role

Admin support is funded on the basis of the requirements of schools to have administrative support to encompass all administrative duties i.e. telephone answering, mail, admin support of the Headteacher. The resourcing is based on the average spinal point and indicative levels of support needed by different sized schools.

To reflect the differential grades for Admin and Finance support, the administrative support has been kept separate from finance.

Administration Support costs

A grade of spinal point 18 has been used. A minimum of 1 FTE Admin. Officer has been allowed for the first two group sizes with an increase of 25% per increase in group size thereafter.

Other Management Costs Including Teaching and Learning Rewards (TLRs) – Costs

An allocation has been added into the formula to reflect the needs of schools to allocate additional management points to staff across the school to reflect the additional responsibilities teaching staff undertake and the need to fund the senior management team at a school.

Teaching and learning responsibility (TLR) points have been allocated as a methodology for distributing resources and are not intended to be used as a guide to the management structure of the school.

TLR's have been allocated as stepped fixed costs based on the school's group size. The management points have been set at the TLR2 value of £3,118 and allocated as follows:

<u>School Group size</u>	<u>TLR points</u>
2	4
3	7
4	10
5	12
6	15

Support Function role

This funding covers the following areas, where schools either buy in additional support or manage directly through the school, these areas are: Governing Body support, HR Support, Finance Support, Exchequer services, Internal Audit, Legal, Health and Safety and IT.

Support Function costs

This cost has been allocated as a stepped fixed cost based on the school's group size. The amount allocated has been assessed as £10,083 for 2012/13 for group size 2 and increasing by approx £2,240 for each increase in group size thereafter.

Specific Allocations

Special Equipment costs

Mayfield

- Hydrotherapy pool running costs - cost based on an estimate of £88.62 per cubic metre.

- Maintenance of hoists – estimated at £15,224 per annum for 2012/13

Coombe Pafford

- Maintenance of hoists – estimated at £2,342 per annum for 2012/13
- Maintenance of a Lift – estimated at £7,025 per annum for 2012/13

Torbay

- Maintenance of a Lift – estimated at £2,342 per annum for 2012/13

Outreach Funding

In 2012/13, Mayfield and Torbay have each been allocated £15,750 to support the provision of outreach services to mainstream schools.

Mayfield ICT outreach - Mayfield also provides an outreach service to provide ICT advice for pupils with a physical difficulty in mainstream and special schools. This is in addition to the existing service which provides advice on accessing the curriculum to schools for pupils with severe and complex needs. The value of this is £5,000 in 2012/13.

Combe Pafford - the outreach service based at Combe Pafford Special School has been developed to support the inclusion of pupils with an autistic spectrum condition, aged 3 - 19 years, in all Torbay's maintained mainstream schools. The value of this funding in 2012/13 is £20,000.

Combe Pafford School will provide outreach support to mainstream schools for statemented or non-statemented pupils either directly to named individuals or to the school.

Section 3 – Financial Conditions and General Requirements

- 3.1 General Requirements and Financial Conditions.
- 3.2 Conditions under which School Budgets may be charged by the Council
- 3.3 Income
- 3.4 Schools operating Local Payments
- 3.5 Finance and School Premises (incl insurance, H&S and PFI)
- 3.6 Schools Financial Value Standard (SFVS)
- 3.7 Notice Given
- 3.8 Withdrawal of Delegation
- 3.9 Council Monitoring of Schools' Performance
- 3.10 Disputes Resolution Protocol
- 3.11 Efficiency and Value for Money
- 3.12 Fraud
- 3.13 Community Facilities and Extended Services

3.1 GENERAL FINANCIAL CONDITIONS AND REQUIREMENTS

3.1.1 Financial Regulations and Standing Orders

The Council wishes to achieve a reasoned balance between freedom of local management and the need for financial probity. This is reflected in the Council's Standing Orders and Financial Regulations. These take account of DfE guidance on funding arrangements and the specific requirements of the Schools Standards and Framework Act (SSFA) 1998 and other relevant enactments.

3.1.2 Limit of Governing Bodies' Powers to Deploy Delegated Funding

- a. Governing Bodies are empowered to manage and spend the school's budget share, as they think fit "for the purposes of the school". However, they are constrained from deploying funding in any way, which cannot directly be related to the purposes of the school, and to the benefit of its pupils.
- b. School Governing Bodies are corporate bodies, and under the terms of s.50 (7) of the School Standards and Framework Act 1988, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget provided they act in good faith.
- c. Torbay Council shall arrange for appropriate insurance cover to be provided to insure Torbay Council and governing bodies against liability for negligence in the discharge of their functions in respect of schools. Governors who provide advice to schools in their professional capacity are not insured by the Council's professional indemnity insurance policy.
- d. The Governing Body of a maintained school with a delegated budget may draw up a scheme for making expenses payments to members of the Governing Body. Schools may not make payment of any other allowances.
- e. Governing Bodies shall allow Torbay Council (as the LA) access to all accounting records, financial or other information and documents which might reasonably be required to enable Torbay Council to satisfy itself as to the management of the school's delegated budget or other funding made available to the school

3.1.3 Provision of Financial Monitoring Information to Torbay Council

The overall responsibility for monitoring the spending of resources applied to schools and education services rests jointly with the Director of Children's Services and the Section 151 Officer (Executive Head of Finance).

In order that the responsibility may be discharged satisfactorily, schools are required to provide three financial statements in respect of each financial year to the S151 Officer. These are:

- a. a budget plan and outturn balances statement by 31st May in the financial year, approved by the full Governing Body. Where budget plans have been substantially revised in year the revised plan should be submitted within one month of the Governor's approved change.

- b. a budget monitoring statement by 31st October in the financial year adopted by the Governing Body or its Finance Committee;
- c. an outturn statement by 30th June to confirm the year end position and the outturn balances reported with the budget plan in paragraph 3.1.3a above.

The format of these statements and the timing of submissions may vary from year to year according to the accounting systems in use by schools and the reporting timetable of Torbay Council.

The Council may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.

3.1.4 Carry-forward Provisions

Subject to section 3.1.5 below schools will carry forward from one financial year to the next any surplus or deficit on their budget shares for the year plus or minus any balance brought forward from the previous year.

3.1.5 Managing surplus balances

- a. Governing Bodies must consider annually, as part of the budget-setting process, the level of surplus balances they intend to carry forward at the year-end.
- b. Surplus budget share balances held by schools are permitted under this scheme and are subject to the following restriction with effect from 1 April 2007
- c. The Council will calculate by 31 May each year the surplus balance, if any, held by each school at the preceding 31 March. For this purpose the balance will be recurrent balance category as defined in the Consistent Financial Reporting Framework, i.e. this will include delegated budget share balance, recurrent Standards Fund balance and School Standards Grant balances.
- d. The Council will deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year.
- e. The Council will then deduct from the resulting sum any amounts which the Governing Body of the school has declared to be assigned for specific purposes permitted by the Authority and which the Authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned, the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned. The categories of assignment for specific purposes are as follows:-

1. Investment in curriculum initiatives.
 2. Improvements in Premises and Facilities
 3. Repairs and maintenance
 4. Operational contingency
- f. If the results of steps a-e is a sum greater than 5% of the current year's budget share for secondary schools, or 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the Council will deduct from the current year's budget share an amount equal to the excess.

Funds derived from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under the provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (Community Facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

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

3.1.6 Dealing with deficit balances

- a. Schools may not plan for a deficit budget, except with the express approval of the Director of Children's Services and the Section 151 Officer (Executive Head of Finance) as provided for in Section 3.1.7 of the scheme.
- b. If a school has a deficit balance at the end of a financial year, such a deficit balance must be carried forward and treated as a charge against the following year's budget share. Schools may not plan to end any financial year with a cumulative deficit, except with the express approval of the Director of Children's Services and the Section 151 Officer (Executive Head of Finance) as provided for in Section 3.1.7 of the scheme.
- c. Torbay Council may not write off the deficit balance of any school.

3.1.7 Licensed deficits

- a. Torbay Council will make provision for an arrangement whereby, in exceptional circumstances, schools are allowed to plan for a deficit budget in any financial year.
- b. Governing Bodies of schools with deficits shall agree with the Director of Children's Services and the Section 151 Officer (Executive Head of Finance) the extent of the recovery of the deficit in each financial year until full recovery is effected. Such agreements shall not cover more than three financial years in total and shall be reviewed annually by the Director of Children's Services and the Section 151 Officer (Executive Head of Finance). Such agreements will also specify the reporting necessary to the LA to monitor the deficit recovery plan. Unless there are exceptional circumstances requiring more frequent

- review, schools operating licensed deficits will be expected to provide financial monitoring reports on a termly basis to the LA.
- c. If a school has a licensed deficit, and the school proposes to spend amounts received by it in respect of School Standards Grant on purposes other than reducing the licensed deficit, Torbay Council must agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.
 - d. Agreements under section 3.1.7 (b) shall include the staffing levels to be funded in each academic year covered by the agreement.

3.1.8 Loan scheme for multi-year project funding – School Advances

- a. Subject to prior approval by the Director of Children's Services and the Section 151 Officer (Executive Head of Finance) and in the light of the overall spending plans of Torbay Council, schools may incur exceptional expenditure on approved developmental projects in a financial year and fund it over a period usually not exceeding three years (this period can be extended) including the year in which the expenditure is initially incurred.
- b. Projects which will be considered for approval will generally be those which seek to make physical improvements or changes to school buildings (e.g. the creation of a library or resources area) or which involve the procurement of information and communications technology equipment. Schools will be required to submit project plans and to demonstrate that repayment of the loan can be made from their delegated budgets.
- c. Loan interest will be charged on an agreed basis in each financial year for which the loan is granted. Schools will not normally be permitted to apply for loans, which in total exceed 10% of their budget share for the year of the advance.
- d. Such loan arrangements shall be funded by the collective surplus of school balances held by Torbay Council (excludes LPS school balances), together with licensed deficits agreed under section 3.1.7. Such funding shall not exceed 40% of the collective balances.

3.1.9 Right of attendance for the Section 151 Officer

- a. Under Section 151 of the Local Government Act 1972, the Section 151 Officer is responsible for the probity and regularity of all the Council's financial activities.
- b. The Section 151 Officer or his/her representative, shall have the right to attend meetings of Governing Bodies for specific agenda items only under which he/she may give advice and report on major financial matters in respect of his/her responsibilities under s151 of the Local Government Act 1972. The Section 151 Officer will determine which particular financial issues must be reported to a Governing Body.

3.1.10 Data Protection

- a. A Governing Body shall ensure that schools have full data protection registration, and that appropriate procedures are in place to ensure compliance with all the relevant principles and provisions set out in legislation and regulations.
- b. Schools shall ensure that there is appropriate control of access to computer data, back-up arrangements and contingency planning in accordance with advice and guidance issued by Torbay Council from time to time.

3.1.11 Provision for pupils with special educational needs

Schools shall use their best endeavours in spending their delegated funds to ensure that adequate provision is secured for pupils with special educational needs, within a whole school policy for Inclusion, whether or not they are covered by a statement of special educational need.

3.1.12 Whistleblowing / Financial Malpractice

Torbay Council has set procedures to be followed by persons working at a school or school governors who wish to complain about financial management at the school.

3.1.13 Child Protection

Schools are expected to release relevant staff to attend child protection case conferences and other related events and provide funding where appropriate from the delegated budget to support the development of child protection policies and associated children's support service arrangements.

3.1.14 Deduction of General Teaching Council fees from Teachers' Salaries

The GTC was abolished in the Education Act 2011 with effect from 1st April 2012. Therefore there is no longer a requirement to deduct GTC fees from teachers.

3.1.15 Borrowing by schools

Governing bodies may only borrow funds on the open market, other than from Torbay Council, with the written permission of the Secretary of State. Circumstances in which schools may receive an advance from Torbay Council are prescribed in section 3.1.8 of this scheme.

3.1.16 Borrowing by Trustees and Foundations

The restriction on borrowing in section 3.1.15 does not apply to Trustees or Foundations. Debts resulting from the borrowing of Trustees and Foundations may not be serviced directly from schools' delegated budgets, but schools are free to agree, and pay, a charge for a service which the Trustees or Foundations are able to provide as a consequence of their own borrowing.

3.1.17 Accounting policies

- a. The accounting policies for all schools, including the procedures to be followed at the year-end will be set out in the Financial Regulations for Schools.
- b. Schools shall account to the Council for all income and expenditure on an accruals basis as defined in Financial Regulations for Schools.

3.1.18 Writing off debts

Governing Bodies shall be authorised to write off debts in accordance with the procedures from time to time agreed by the Section 151 Officer (Executive Head of Governance) which will be set out in the Financial Regulations for Schools

3.1.19 Virements (Budget Movements)

- a. Governing Bodies have the power, to vire freely between the budget heads in their annual budget plan, except where budgeted expenditure relates to earmarked items outside the school's budget share.
- b. Governing bodies may delegate this power in whole or part to their finance committee or to the Headteacher.

3.1.20 Balances of closing schools

When a school closes, any balance (whether surplus or deficit) reverts to the Council. Such a balance cannot be transferred as a balance to any other school, even where such other school is a successor to the closing school.

3.1.21 Construction Industry Scheme (CIS)

Schools shall comply with the requirements of the Financial Regulations for Schools in respect of the accounting for CIS (see Section 4 for details)

3.1.22 Value Added Tax

Schools shall comply with the requirements of the Financial Regulations for Schools in respect of the accounting for VAT (see Section 4 for details)

3.1.23 New/Amalgamated/Restructured Schools

Torbay Council will ensure that the financial arrangements for new or amalgamating schools are subject to separate consultation, as appropriate, with interested parties. The Council will act to ensure that financial arrangements are fair and reasonable, take due account of the effective date of the delegation of the formula budget and have due regard to any one off start-up costs, where appropriate.

Where necessary transitional funding will be budgeted for as a school related contingency.

3.2 CONDITIONS UNDER WHICH SCHOOL BUDGETS MAY BE CHARGED BY THE COUNCIL

3.2.1 General provision for the charging of school budget shares

- a. In some rare circumstances Schools' budget shares may be charged by Torbay Council without the express agreement of the Governing Body. Torbay Council will consult schools when it is intend to so charge, and shall notify schools when such a charge is made.
- b. Torbay Council may not act unreasonably in the exercise of any power implied by this section of the scheme, or it may be the subject of a direction under s.496 of the Education Act 1996. In each circumstance, except that covered by section 3.2.2 (d), Torbay Council would need to demonstrate that the expenditure now charged to the budget share had necessarily been incurred by Torbay Council.
- c. In respect of charges to be made under section 2.2 (e) and (f), Torbay Council shall establish a procedure for arbitration of disputes over such proposed charges to which Governing Bodies may have an automatic right of recourse. The procedure will be known as the Disputes Resolution Protocol; see page 61 paragraph 3.7.4

3.2.2 Charges to school allocations.

Torbay Council may seek to protect its financial position from liabilities caused by the action or inaction of a Governing Body by making a charge to schools' delegated allocation without the consent of the Governing Body, equal to the costs incurred by Torbay Council, where:

- a. premature retirement costs have been incurred by the Governing Body without the prior written agreement of Torbay Council to bear such costs (the amount chargeable being only the excess over any amount agreed by Torbay Council).
- b. Torbay Council has incurred other expenditure to secure resignations and the school had not sought advice and guidance, or followed advice and guidance given by Torbay Council.
- c. court or out of court settlements and/or Employment Tribunals have made awards against Torbay Council as a result of a Governing Body not having sought advice and guidance, or not having complied with Risk Management and Health and Safety policies or not having followed advice and guidance given by Torbay Council
- d. legal costs are incurred by Torbay Council because the Governing Body did not seek advice, or comply with the policies of or follow the advice of Torbay Council.
- e. Torbay Council has incurred revenue or capital expenditure in carrying out inspections and ensuing health and safety work for which Torbay Council is liable, where funds have been delegated to the Governing Body for such work,

but the Governing Body has failed to carry out the required work or the work has not been carried out to the required standard;

- f. Torbay Council has incurred revenue or capital expenditure in making good defects in building work funded by capital spending from schools' budget shares, where the premises are owned by Torbay Council or the school has voluntary controlled status;
- g. expenditure has been incurred by Torbay Council in insuring its own interests in a school where funding for insurance has been delegated but the school has failed to arrange cover as good as that which would have been arranged by Torbay Council;
- h. a dispute over the monies due from a school for services provided to the school by Torbay Council has been referred to a disputes procedure set out in a service level agreement with Torbay Council and has been resolved in favour of Torbay Council.
- i. penalties and/or interest have been imposed on Torbay Council by the Board of Inland Revenue, the Contributions Agency, the Teacher's Pensions or HM Customs and Excise as a result of negligence by the school;
- j. Torbay Council is rectifying errors made in calculating charges to a school's budget share which it is entitled to make and where it can demonstrate to the school that errors were made;
- k. the school has failed to notify Torbay Council of changes to the length of the school day, or the normal opening days of the school and additional or unnecessary transport costs have been incurred by Torbay Council;
- l. Torbay Council meets costs or pays compensation as a consequence of a school defaulting on a payment or entering into a contract beyond its powers.

Torbay Council may also make charges to schools' delegated budgets, where:

- 1. there is a pre-agreed charge as a result of a loan arrangement provided for by the scheme;
- 2. there is a pre-agreed charge as a result of a contractual or service level agreement made between the school and Torbay Council;
- 3. there is a pre-agreed arrangement for the deduction of an individual schools allocated funds e.g. in the case of a centrally procured group arrangements.

3.2.3 Basis of charging costs

Without exception, costs will be charged against schools' budgets according to actual cost.

3.3 INCOME

3.3.1 General Conditions

- a. In order to provide an incentive to obtain funding for education from a range of different sources, schools will be free to raise income from fund raising and other activities, except in the limited cases where these are subject to statutory control.
- b. The Section 151 Officer (Executive Head of Governance) is responsible for the general control and supervision of administrative arrangements for the collection and recording of all monies due to the Council and schools shall comply with the provisions of Torbay's Financial Regulations in this matter.
- c. Income retained by schools may only be spent for the purposes of the school.

3.3.2 Income from lettings

- a. Schools may retain income from lettings of school premises which would otherwise accrue to Torbay Council as permitted under SSF Act 1998 for various categories of schools, unless subject to alternative provisions made with the Community Education Service, or in respect of any joint use or PFI agreements.
- b. Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to a school's delegated budget.
- c. Schools are required to have regard to directions issued from time to time by Torbay Council in respect of use of school premises and shall be required to comply with Torbay Council's guidance in respect of the provision of community education as outlined in Section 3.5.

3.3.3 Income from fund-raising activities

- a. Schools may retain income from fund-raising activities.
- b. Income raised through such activities for specific purposes may only be spent in respect of those purposes and must be accounted for in compliance with normal accounting conventions.

3.3.4 Income from the sale of assets

Schools shall retain the proceeds of sale of assets in accordance with Torbay's Financial Regulations, except in cases where the asset was purchased with non-delegated funds, or the where the asset concerned is land or buildings forming part of the school premises and is owned by Torbay Council.

3.4 SCHOOLS OPERATING LOCAL PAYMENTS

3.4.1 General Financial and Banking arrangements

- a. Torbay Council is required to make available to schools a Scheme (the Local Payments Scheme) whereby Schools may have a local chequebook facility. All maintained schools may, with the approval of the Director of Finance, have external bank accounts into which instalments of their budget share are paid. Where schools have such accounts, they shall be permitted to retain all interest payable on the account.
- b. New bank account arrangements may normally only be made with effect from the beginning of each financial year. Application should normally be made to the Director of Finance before the end of November before the beginning of the financial year but must be made by the end of January preceding the financial year. Applications may only be made by schools which do not have deficit balances at the time of application.
- c. Schools operating local payments will be required to submit financial returns to the Council in the prescribed format to enable the recovery of VAT and meet the requirements of the Construction Industry Scheme.
- d. Schools operating local payments will be required, in the prescribed format, to provide the Council with an estimated Outturn and cash flow forecast for the financial year and bank reconciliation statements, quarterly and on request.

3.4.2 Bank and Building Society Accounts

- a. All banking arrangements must be made with the approval of the Director of Finance and may choose to operate a bank account with any institution approved by the Director of Finance.
- b. Schools may operate bank accounts for budget share purposes that are in the name of the school rather than Torbay Council, but accounts must include the name of the Council. If the school operates an external account for community facility purposes, the account mandate should not imply that Torbay Council is the owner of the funds in the account except insofar as Torbay Council has provided those funds itself
- c. Money paid by Torbay Council and held in such accounts remains Council property until spent as provided for by s.49 (5) of the Act.
- d. The conditions and requirements governing schools maintaining bank accounts are set out in Torbay's Financial Regulations and are binding on all schools in the scheme. The Section 151 Officer (Executive Head of Governance) reserves the right to withdraw the local payments facility from a school either on a permanent or temporary basis if the school fails to meet the requirements or prevents the Section 151 Officer (Executive Head of Governance) from carrying out his/her statutory responsibilities.

3.4.3 Instalments of budget share payable to schools maintaining external bank accounts and associate issues

- a. Where schools operate chequebook management Torbay Council shall make the total of their budget share available in 12 equal instalments, monthly in arrears for both pay and non-pay elements.
- b. For schools that are not registered with Her Majesty's Revenue and Customs as employers, salary costs will be deducted from the advance monthly in arrears.
- c. Interest will not be deducted from monthly advances in arrears, as no cash flow advantage has been gained. However, under circumstances where a school requires a supplementary cash advance in addition to the normal monthly arrangements, interest will be payable at an agreed rate, subject to the advice and guidance of Torbay's Treasury Management Team, and with due regard to prevailing investment conditions.

3.5 FINANCE AND SCHOOL PREMISES (incl insurance, H&S and PFI)

3.5.1 Repairs and maintenance

Schools have direct responsibility for all day to day repairs of premises and facilities including operational plant and machinery.

The Council will operate a scheme for funding capital investment projects for elements of structural maintenance and improvement based upon thresholds derived from floor areas as follows: -

Floor Area (m2)	Min. Cost
Primary & Special	
< 500	6,000
501 - 1000	7,000
1001 - 1500	8,000
1501 - 2000	9,000
2001 +	10,000
Secondary	
< 8000	14,000
8001 - 9000	16,000
9001 -10000	18,000
10001 +	20,000

The operation of this threshold will relate to all identified priorities of need as arise from the Schools Asset Management Plan.

Annex 3 indicates the buildings and plan element split, which would qualify for central capital programme funding within this arrangement.

3.5.2 Insurance

- a. Except where the responsibility for the insurance of the buildings lies with the Governing Body, Torbay Council centrally provides insurance cover for the risks set out in the Insurance Schedule provided by the Council, either by way of external insurance or an internal insurance fund. Schools should be aware that uninsured excesses on claims may be recharged to schools where there has been a disregard to the Council's risk management and health and safety policies or a failure to obtain and/or follow advice and guidance given by the Council.
- b. Schools are free to arrange and fund from their delegated budgets additional insurance cover beyond that set out in the Insurance Schedule.
- c. Schools may request that funding for insurance forms part of their delegated budget. Such a request should normally be made before the 30 June preceding the financial year for which delegation is being requested, but must be made before the end of September preceding the financial year. For the purposes of this paragraph, the year begins at the renewal date of the premium which is 1st December from 2012.

- d. When funding for insurance is delegated to any school, the school shall demonstrate to the satisfaction of the Section 151 Officer (Executive Head of Finance), at the time that application for delegation of funding, that cover relevant to an Council's insurable interests, under a policy to be arranged by the Governing Body, is as good as the relevant minimum cover arranged by Torbay Council and is sufficient to protect Torbay

3.5.3 Health and Safety

- a. In expending schools' delegated budgets, Governing Bodies to shall have due regard to duties placed on Torbay Council in relation to health and safety.
- b. Governing Bodies are required to adopt Torbay Council's policy on Health and Safety, as set out in Torbay Council's Health & Safety policy and statement of arrangements for schools, and where that policy does not cover all circumstances fully, Governing Bodies shall establish local policies consistent with the Council's approach to managing Health & Safety..
- c. Governing Bodies are required to ensure that their statements of safety policy adequately cover the responsibilities of Governors.

3.5.4 Private Finance Initiative (PFI) Public / Private Partnership

The funding of premises related costs as part of a PFI arrangement are Included in Schools' allocations as a specific allocation that reflects the actual costs charged by the PFI provider in managing and maintaining the premises.

3.5.5 Capital spending from budget shares

- a. Governing bodies may 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 that is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act.
- b. Governing bodies will be required to seek the consent of the Council to proposed capital works to be met from schools' delegated budgets, where the Council owns the premises or the school has voluntary controlled status.
- c. Governing bodies will be required to notify the Council when they determine to devote any part of their delegated budget to capital expenditure.
- d. Governing bodies may continue to submit bids in the manner prescribed by the Council for approval for capital expenditure on works to school premises, which would be made by the Council outside the school's delegated budget.
- e. Accounting for Devolved Capital will be managed centrally on behalf of schools but can be made available upon request to those schools operating local payments accounts. Expenditure is restricted to categories of capital expenditure prescribed by Government and will be subject to approval and scrutiny by the LA.

3.6 **SCHOOLS FINANCIAL VALUE STANDARD (SFVS)**

The Financial Management Standard is no longer required. However, it has been replaced with the SFVS. This standard is shown in Annex 2.

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

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors.

Maintained schools that did not achieve the Financial Management Standard in Schools (FMSiS) must submit the form to the local authority before 31 March 2012, and annually thereafter.

All other maintained schools with a delegated budget must submit the form to the local authority before 31 March 2013 and annually thereafter.

There is no prescription of the level of evidence or assurance that the governing body should require: the important thing is that they should be in a position to feel confident about their answers. The DfE website includes advice and tools for governing bodies in relation to each question, which they can use if they wish to. The advice and tools provide clarification of what the question implies, examples of good practice, and access to materials which will assist action on that issue where it is necessary.

The governing body may wish to delegate the consideration of the questions to a Finance Committee or similar; but the chair of governors must sign the completed form. There should be at least a minuted report to the full governing body.

Each question requires an answer of Yes, In Part, or No. Where the answer is In Part or No, the column for comments, evidence and proposed actions should be used to enter a very brief summary of the position and proposed remedial action. Where the answer is Yes, the column should be used to indicate the main evidence on which the governing body based its conclusions. At the foot of the list of questions is a section which requires a summary of remedial actions and the timetable for reporting back.

The standard will not be formally assessed like FMSiS. However, a copy must be sent to the local authority's finance department, where it will be used to inform the programme of financial assessment and audit. Local authority and other auditors will have access to it, and when they conduct an audit will be able to check whether the self-assessment is in line with their own judgement. They should make the governing body and the local authority aware of any discrepancies in judgement.

The questions which form the standard are divided into five sections. These are laid out in Annex 2 in this document.

3.7 Notice of Concern

The Council may issue a notice of concern to the governing body of any schools it maintains where, in the opinion of the Section 151 Officer (Executive Head of Governance) and the Director for Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the Council or the school.

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

These may include:

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

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

3.8 Withdrawal of Delegation

Section 117 of the 1996 Education Act allows the Council to withdraw the powers of delegation from a Governing body where the Council has concluded that the Governors are mismanaging their budget. This might involve the persistent failure of the governing body to comply with the requirements of the approved Scheme of Delegation or not managing the resources available for the purposes of the school in a satisfactory manner.

3.9 Council Monitoring of Schools' Performance

The Council will monitor and evaluate schools' performance, consistent with the Schools / LA Code of Practice, in order to ensure high quality educational opportunities for all and inform the Children's Service's strategy formulation and policy making.

3.10 Disputes Resolution Protocol

The Council operate a disputes resolution protocol which will be the subject of review and consultation from time to time. This protocol will be operated as a binding process on all parties. The following table sets out the process steps:

PROCESS STEP	ACTION TIMESCALE
Initial written communication of the issue with the Strategic Director of Children's Services.	Director to resolve within 10 working days.
With resolution not agreed to the satisfaction of the school escalation to the Executive Member for Children	Executive Member to resolve within 10 working days.
With resolution not achieved at stage 2. Escalation to the Chief Executive of the Council.	Chief Executive to resolve in 10 Working days.
With failure to broker resolution at Stage 3 school to consider other stakeholder processes.	

3.11 Efficiency and value for money (replaces Best Value section)

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

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

There are significant variations in efficiency between similar schools, and so it's important for schools to review their current expenditure, compare it to other schools, and think about how to make improvements.

3.12 Fraud (new)

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

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

3.13 COMMUNITY FACILITIES AND EXTENDED SERVICES

3.13.1 Introduction

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

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

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

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

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

3.13.2 Consultation with the LA – Financial Aspects

There is a statutory requirement to consult and to have regard to advice given by the LA before exercising the power to provide community facilities.

Schools should set out in their proposals:

- a. the community activity they intend to support
- b. the anticipated beneficiaries
- c. proposed funding agreements with third parties
- d. school accommodation and resources to be used by the facility either during or after the school day
- e. a budget plan setting out anticipated expenditure and income for three years

COMMUNITY FACILITIES AND EXTENDED SERVICEScontinued

The consultation should also include information the governing body has considered to satisfy itself that the provision of the community facilities will not to a significant extent interfere with their statutory duty to promote high standards of educational achievement or any other statutory duties.

3.13.3 Advice from the LA

The LA will respond to the consultation and give advice on the proposals within six weeks of receipt. Advice given in response to consultation will be free of charge. Schools must notify the Authority of action they have taken following advice within a reasonable period of time. Free advice could be limited to a recommendation to purchase support from professional services (finance, legal, personnel, IT, etc.) where these services have been delegated. Fees for these services would have to be met from the community facilities account and not the school's delegated budget. Services would not have to be purchased from the Authority but schools should satisfy themselves that providers are in a position to offer sound advice without a conflict of interest.

3.13.4 Other consultation

Schools are reminded that section 28(4) of the Education Act 2002 also requires consultation with staff, parents, pupils (where appropriate) and other interested parties. Consultation with these groups is not covered by this scheme.

3.13.5 Funding Agreements – Third Party Agreements - LA Powers

Proposed agreements with third parties (i.e. other than with the Authority) must be submitted to the Director of Children's Services for comment before being signed. Comments would be provided within three weeks. The Authority cannot veto or require that it countersign third party agreements.

Where the third party requires LA consent for an agreement to proceed would be a matter for the third party and not this scheme.

3.13.6 Suspension of delegation

Schools are reminded that an agreement concluded against the Authority's wishes expressed in its comments, or concluded without informing the Authority, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, may constitute grounds for suspension of the school's delegated budget.

3.13.7 Agreements with the LA

The LA may enter into funding agreements with schools for the provision of community facilities.

COMMUNITY FACILITIES AND EXTENDED SERVICEScontinued

3.13.8 Other prohibitions, Restrictions and limitations – Limited Companies

Section 11(1) of the Education Act 2002 enables governing bodies to form, or participate in forming, limited companies. The liabilities of companies can be limited by share or guarantee.

The Authority can require a school to form a limited company to provide community facilities where it has serious concerns about the financial viability of a proposal with a significant proportion of income derived from usage charges. The concerns must have been expressed in its response to consultation and not adequately addressed by the school.

3.13.9 Indemnity insurance

The Authority can require a school to take out indemnity insurance where it has serious concerns about funding agreements with third parties. These concerns must have been expressed in its comments on the proposed agreement and not adequately addressed by the school or the third party.

3.13.10 Use of surplus accommodation

The Authority may prohibit the use surplus accommodation for community facilities where it is identified as necessary to deliver the School Organisation Plan or Asset Management Plan or where it would result in an unacceptable increase (or the risk of an unacceptable increase) on the LAs revenue or capital budgets.

3.13.11 Pupil welfare

The Authority may prohibit a community facility where there are serious concerns about pupil welfare. The concerns must have been expressed in its response to consultation and not adequately addressed by the school.

3.13.12 Supply of Financial Information

a. Initial budget plan

Schools should supply a budget plan showing estimated expenditure and income for the community facility for three years as part of consultation with the Authority. The plan would identify expenditure according to the standard headings used for delegated budgets e.g. staff, premises, etc. and sources of income.

b. Actual income and expenditure statements and subsequent plans

Schools are required to submit a statement, in the prescribed format of actual expenditure and income after six months and a revised plan for the following six months. If this is satisfactory future returns will be part of the normal arrangements under the Consistent Financial Reporting (CFR) framework.

COMMUNITY FACILITIES AND EXTENDED SERVICEScontinued

c. Unsatisfactory statements

If the authority is not satisfied with financial submissions and has concerns about the financial management of the community facility it can give the school notice that it requires a statement every three months. Three monthly statements would continue until the Authority is satisfied with the financial management of the facility. Schools showing a deficit on the community facility may be required to submit and agree a recovery plan.

3.13.13 Audit

Schools must grant access to their records for the community facility in order to facilitate internal and external audit of relevant income and expenditure.

Funding agreements should include a clause allowing the Authority's auditors to have access to the records and property of third parties relating to the community facility either held on school sites or elsewhere in order to satisfy itself as to the propriety of expenditure on the facilities.

Schools will not be charged for the audit of community facilities.

3.13.14 Treatment of Income and Surpluses

a. Retention of income and surpluses

Schools will retain all surplus income over expenditure from the community facility unless funding agreements provide for a sharing arrangement. Surplus income earned on community facilities should be kept separate from the school's delegated budget and carried forward within the community facilities account.

b. Transfer of surpluses to the delegated budget

Surplus income can be paid into the school's delegated budget following agreement with the LA. In these circumstances the Authority will require that a reasonable surplus be retained within the community facilities account to offset potential future deficits.

c. Treatment of surpluses for closing schools

Surplus income on facilities run by community or community special schools will revert to the Authority if it ceases to maintain the school unless otherwise provided for in funding agreements. Surplus income for other categories of school will remain the property of the governing body if the Authority ceases to maintain the school.

COMMUNITY FACILITIES AND EXTENDED SERVICEScontinued

d. Deficits

The LA would meet outstanding liabilities on community facilities where there are insufficient surplus funds within the community facilities account. Such deficits would not be charged to the school's delegated budget unless a charge is appropriate under the terms of section 2 of the financial scheme e.g. recovery of penalties.

A school wishing to continue with a community facility following a deficit financed by the LA would have to resubmit proposals for consultation.

3.13.15 Health and Safety

Governing bodies must have due regard to health and safety including compliance with the Authority's policy on health and safety matters when managing community facilities. The Authority may issue directions to the governing body of community, community special or voluntary controlled schools on health and safety matters for the community facility

3.13.16 Police checks

Governing bodies must secure Criminal Records Bureau clearance (or List 99 check until the Bureau is fully operational) for any adults involved in community activities during the school day. The costs of checks should be charged to the community facilities account and not the school's delegated budget.

3.13.17 Insurance

Governing bodies are responsible for ensuring adequate insurance cover for community facilities. Schools should seek professional advice where necessary. The cost of additional premiums and advice should be charged to the community facilities account and not the school's delegated budget.

Schools must notify the Authority of insurance arrangements they have made for community facilities. The Authority can make its own assessment and if cover is inadequate make appropriate arrangements. The cost of such arrangements can be charged to the school and should be charged to the community facilities account and not the school's delegated budget.

3.13.18 Taxation and Employment

a. Value Added Tax (VAT)

Schools cannot reclaim VAT on expenditure on community facilities financed from third part funding agreements. VAT can be reclaimed on other expenditure and should be charged on the use of facilities and repaid to HM Customs and Excise. The Authority will provide VAT forms.

COMMUNITY FACILITIES AND EXTENDED SERVICEScontinued

Schools should seek advice from the LA and the local VAT office on issues relating to the community facility. Any penalties imposed by HM Customs and Excise can be charged to the school. If there are insufficient surplus funds in the community facilities account, penalties could be charged to the school's delegated budget in accordance with section 6.2.8 of the main financial scheme.

b. Construction Industry Scheme

Schools must follow LA advice in relation to the Construction Industry Scheme where relevant to community facilities.

c. Employment

Staff employed in community, community special, and voluntary controlled schools for community facilities would be LA employees, unless the facilities are provided by a limited company. Staff employed in foundation and voluntary aided schools would be employees of the governing body. In either case schools would be responsible for ensuring deductions are made for income tax, National Insurance and other statutory deductions and returns.

Penalties imposed by the Board of Inland Revenue, the Contributions Agency, and Teacher Pensions Agency can be charged to the school. If there are insufficient surplus funds in the community facilities account, penalties could be charged to the school's delegated budget in accordance with section 6.2.8 of the main financial scheme.

The LA would meet the cost of redundancy in the same way as staff funded from the delegated budget. In cases where expenditure can be charged to schools by virtue of Section 57 of the School Standards and Framework Act 1998 this would be charged to the community facilities account and not the school's delegated budget.

3.13.19 Banking

Schools should maintain a separate bank account for income and expenditure on community facilities from the delegated budget and the voluntary fund. If the same account is used the school must ensure that suitable accounting controls are in place to make separate returns.

The Authority can require a separate bank account or revised accounting controls if an audit reveals an unsatisfactory segregation. The same arrangements regarding the choice of bank, name of accounts and signatories as detailed in section 3.5.1 would apply. Funding partners cannot be signatories to an account for community facilities.

3.13.20 Borrowing

School cannot borrow money for community facilities without the written consent of the Secretary of State. This does not extend to money provided by the LA through the loan scheme described in section 3.1.15 of the main financial scheme.

Section 4 - Financial Regulations for Schools

- 4.1 Introduction
- 4.2 Financial Organisation and Responsibility
- 4.3 Business Ethics
- 4.4 Audit
- 4.5 Revenue Expenditure
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- 4.18 Information technology / Data Protection
- 4.19 Unofficial Funds
- 4.20 Lettings
- 4.21 Credit / Debit / Purchase Card Protocol

4.1 Introduction

4.1.1 The purpose of these Financial Regulations is to:

- a. identify in a helpful way the principles of good financial control and best practice for Governors, Headteachers and staff as required by the Scheme for Financing Schools.
- b. enable Governors to exercise their responsibility for making arrangements for the proper management of the school's finances.
- c. ensure that the highest standards are achieved in the stewardship of public funds along with compliance with all accounting and auditing standards and codes of practice.
- d. encompass the statutory duties required of officers of the Council by Section 1.1(1) of the School Standards and Framework Act 1998, the 1972 and 1988 Local Government Acts relating to the proper administration of the Council's financial affairs and the maintenance of an adequate and effective internal audit, and the 1989 Local Government and Housing Act which defines the role of the Monitoring Officer in establishing the legality of actions.
- e. contributes to the achievement of best value principles.

4.1.2 These Financial Regulations are supplemented by operational and procedural advice from the LA on aspects of financial administration and the use of Torbay Council financial systems e.g. Retention of Documents, Contract Conditions, Payroll, Internal Trading and the Costing and Financial Management system.

Compliance

4.1.3 Failure by individual employees to comply with Financial Regulations, or the instructions issued under them will constitute misconduct.

4.1.4 Review bodies, such as Internal Audit, will evaluate the procedures put into place by schools to establish whether the requirements of these Regulations are being observed.

4.2 Financial Organisation and Responsibility

4.2.1 The Scheme for Financing Schools allows Governors to delegate their powers to the Headteacher. The full Governing Body may also delegate responsibilities to any committees, which it has created. This is achieved by approving Terms of Reference relating to a Scheme of Delegation within the school.

4.2.2 Terms of Reference will include a Finance Policy that identifies which members of staff are empowered to take responsibility for functions within the powers delegated to the Headteacher by the Governors. The individuals exercising this responsibility may have financial limits on the extent of their actions.

4.2.3 Headteachers must ensure that the responsibilities of staff concerned with finance are, as far as practicable, distributed to provide an adequate separation of duties so that effective control is maintained. The following principles should be observed in the allocation of accounting duties:

- a. Responsibility for providing details of, calculating, checking and recording of sums due to, or payable by, the school shall be separated as completely as possible from responsibility for collecting income or authorising expenditure.
- b. Employees responsible for examining or checking records of cash transactions shall not themselves be engaged in any of those transactions

4.2.4 Headteachers will be responsible for maintaining a current record of members of staff who are authorised to sign documents and have access to computerised financial systems. The record must also include levels of authority and limitations. If the school uses systems provided by the LA, copies of the approved authority forms submitted to the LA for this purpose are sufficient to create the record.

4.2.5 Headteachers must consult with the LA to ensure that proposals to amend financial systems and procedures do not lead to the weakening of controls or duplication of existing accounting systems.

4.2.6 Headteachers must ensure that records and systems are properly maintained and arrange for regular independent internal audit to ensure compliance.

4.2.7 There are particular requirements for the retention of financial records that include, in particular, special arrangements for VAT, contracts and payroll records. These are included in the procedural advice issued to schools. These arrangements may differ for schools operating local payments.

4.3 **Business Ethics**

4.3.1 It is important that Governors and staff not only act impartially, but are also seen to act impartially.

4.3.2 The Nolan Committee report on standards in public life (May 1996) identified seven principles that should be applied. These are:

- selflessness,
- integrity,
- objectivity,
- accountability,
- openness,
- honesty and
- Leadership.

One important way in which a school can demonstrate that it is applying these principles is by maintaining a register of business interests, which must be open to inspection by Governors, staff and parents.

4.3.3 The Governing Body of each school should ensure therefore that all Governors and any staff responsible for incurring expenditure must submit details of all their business interests such as directorships, share holdings and other appointments with any business or organisation which may have dealings with the school. The details must include business interests of relatives or other individuals who may be in a position to exert influence. Nil returns are required.

4.3.4 There is a responsibility on the individual to notify the school when any changes occur to their business interests. In addition, annually, the school should seek confirmation that the information held is up to date.

Gifts and Hospitality

4.3.5 All governors and staff responsible for incurring expenditure must record all offers of gifts and hospitality offered in connection with their links with the school and whether the offers were accepted. This will avoid bringing discredit on the school or Torbay Council.

- a. Gifts can only be accepted when they are low cost, functional items suitable for business use, rather than personal use e.g. diaries, calendars, pens or small value gifts received by Teachers from pupils. Other gifts that may be received from outside contractors or organisations should be returned with a suitable official letter.
- b. Normally visits to exhibitions, demonstrations, conferences, business meals and social functions in connection with their official duties shall be at the School's or Council's expense. In certain circumstances it may benefit the school to accept the hospitality of an outside agency. This will be a decision for the Chair of Governors and Headteacher. However, the event and the decision must be recorded.
- c. On no account should an employee accept either secondary employment or a financial payment from any person, body or organisation with which the school is involved.
- d. Any promotional offers received must remain the property of the school and must be used for the benefit of pupils.

4.3.6 Schools should ensure that all staff receive a Code of Conduct which clearly sets out the standards of financial conduct and behaviour expected of them.

4.4 Audit

4.4.1 Schools will be subject to regular internal audit provided by the Devon Audit Partnership acting on behalf of the Chief Finance Officer under S151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2003 (as amended 2006), in accordance with Torbay Council's published annual Internal Audit Plan.

4.4.2 The Governing Body of each school will be required to ensure that schools co-operate with all reasonable requirements of internal and external auditors, and allow the Chief Finance Officer access at all times for the purposes of audit.

- 4.4.3 Torbay LA will publish an Audit Code of Practice informing schools of their responsibilities in respect of the requirements of Internal Audit.
- 4.4.4 The Governing Body of each school may authorise expenditure in their annual budget plan to obtain external audit certification of their accounts, separate from any LA internal or external audit process.
- 4.4.5 The Governing Body of each school shall make arrangements for internal audit reports to be considered by the relevant committee dealing with finance, which shall bring any relevant recommendation to the attention of the Full Governing Body.

4.4.6 **Audit of voluntary and private funds**

The Governing Body of each school shall ensure that annual audit certificates are obtained, in a format prescribed by the LA, for voluntary and private funds held by the school and of the accounts of any trading organisations controlled by the school and that such certificates are sent to the LA as soon as the Audit is complete.

4.4.7 **Financial Malpractice / Whistleblowing**

The Council's Internal Audit Service provided by the Devon Audit Partnership must be notified immediately of any circumstances that suggest the possible existence of any irregularities with a financial implication. The Head of the Devon Audit Partnership will then decide, in consultation with the appropriate officers of the Council, the manner in which the irregularity is to be investigated. This may include a decision to inform the Police.

4.5 **Revenue Expenditure**

Revenue Budget Preparation

- 4.5.1 Once approved by the Governing Body, the budget must be submitted in the required form to the Chief Finance Officer (S151), signed by the Chair of Governors, by the 31st of May each year. The budget should make clear references to items in the School's Improvement Plan.
- 4.5.2 It is good practice for the Governing Body to approve and set the budget for the forthcoming year by 31st March.

Revenue Budget Monitoring

- 4.5.3 Schools must submit a statement of expenditure to the Governing Body or finance committee at least once each term during each financial year in accordance with Section 1.3 of the Scheme. These must be signed by the Chair of the meeting after approval for inclusion in the minutes, and retained with the minutes.
- 4.5.4 Transfer of funds (virement) is not permitted between delegated funds and other devolved allocations associated with the school. Examples are:
- a. Earmarked Standards Fund

- b. Specific capital allocations
- c. School Meals Income (if not delegated)

Schools will be required to create commitments in the financial management system for expenditure which has been incurred, e.g. by the issue of an order, but for which payment has not been made.

- 4.5.5 At the end of the accounting year, schools' accounts must accrue items of income and expenditure, excluding petty cash, for goods or services which have been delivered or received. Advice on this area will be issued annually by the Children's Services Finance Manager.
- 4.5.6 As soon as possible after the end of the financial year in line with the Council's statutory requirements, the Governing Body must consider a report on actual expenditure and income compared to the approved budget for the preceding year.

4.6 Capital Expenditure

- 4.6.1 The CIPFA Code of Practice on local authority accounting defines capital expenditure as follows:

- a. the acquisition of land, buildings, plant, apparatus and vehicles;
- b. the construction of roads and buildings;
- c. the enhancement of land, roads and buildings.

"Enhancement" involves either a substantial increase in the asset's value, or a substantial lengthening of its useful life, or a substantial increase in the extent to which it can be used by the school. It excludes repairs. For example, re-roofing a building would normally count as capital expenditure, but replacing missing tiles would not.

- 4.6.2 Schools must inform the LA of any proposals to finance capital works from their delegated funds. This information is required to ensure that the expenditure is properly identified in the LA's accounts.
- 4.6.3 If schools are allocated funds by the LA for capital expenditure, the Governing Body shall work with the LA to provide quarterly reports which contain:
 - a. the latest estimation of costs and phasing of expenditure,
 - b. explanations of variations in total forecast cost above or below the approved cost and revisions to phasing of expenditure over each financial year,
 - c. proposals for containing any additional costs within the resources available.

This detail is required to allow the Council to monitor the capital programme. Notwithstanding the specific reporting requirements of any individual capital scheme, schools can set their own de-minimis level for capital works, but it cannot be **higher** than the level set in Torbay's Financial Regulations.

- 4.6.4 Certain Leasing arrangements are defined as capital expenditure. (See Section 8)

4.7 Purchasing And Contracts

General

- 4.7.1 Whenever a school decides to make a purchase, it is technically entering into a contract. There is a general requirement to test the market for purchases of more significant value to ensure that the most economical price is paid, that fair competition occurs, to protect public funds and to protect Governors and staff from unfair accusations of malpractice. Schools may purchase from any supplier but they must ensure that they obtain value for money.
- 4.7.2 In this section, tender means a formal written offer, in a form common to all tenderers, submitted following the issue of a detailed description or specification of the works, goods or services required. Quotation means a written statement in any form based on a description of the works, goods or services required.
- 4.7.3 When determining whether only an order is to be issued, tenders or quotations are to be sought, or whether EU Procurement Directives or other statutory provisions apply, schools must:
- a. consider the annual expenditure multiplied by the number of years over which the expenditure is to be made under the contract not just the annual value.
 - b. include any delivery, installation or associated charges payable to the same contractor.
 - c. ignore VAT or any trade-in allowance.
 - d. not artificially subdivide their requirements to avoid compliance with procedures based on financial limits.
- 4.7.4 If works are being arranged on the school's behalf by other sections or departments of the Council, their execution will be governed by the Council's Standing Orders and Financial Regulations.
- 4.7.5 External consultants or advisors employed by the school to administer and supervise the provision of goods, works or services are required as part of their terms of engagement to apply these rules as if they are a permanently appointed employee.
- 4.7.6 The appointment of consultants and advisors is subject to the requirements to obtain quotations or tenders as required by these regulations.
- 4.7.7 These procedures equally apply when the school is to receive income. In these cases references to the lowest quotation/tender should be read as references to the highest.

Orders for Work, Goods and Services

- 4.7.8 Official orders must be issued to suppliers, which must identify that Torbay Council has issued the order, except where

- a. formal agreements have been executed
- b. a statutory duty exists e.g. water and sewerage rates
- c. purchases have been made from imprest accounts
- d. written Variation Orders relating to a formal contract have been issued.
- e. orders are placed on line to Devon Purchasing or other purchasing consortia.

For the purposes of commitment accounting, schools may find it convenient to prepare an order in all cases but retain the supplier's copy with internal copies on file where despatch of the order would be inappropriate.

4.7.9 When orders are printed locally, Torbay Council will supply appropriate stationery detailing the Torbay's payment terms and conditions. Headteachers will be responsible for ensuring that the issue of orders is properly controlled and each order is properly authorised.

4.7.10 Orders must only be signed by persons who are specifically authorised to do so. When deciding who is authorised to sign, schools should take the following into account:

- a. the status of the employee within the school's management structure and the school's internal financial procedures.
- b. the principle of separation of duties requires that an employee authorised to sign orders must not be authorised to certify invoices for payment. This must be applied whenever possible.
- c. employees must sign in their own name.
- d. facsimile signatures must not be used.
- e. when signing an order, employees must ensure that the purchase relates to the school and that there is provision for the expenditure in the budget.

4.7.11 In emergencies, an employee who can authorise an order may approve a verbal order. However, this practice should be kept to a minimum and a confirmation order should be written out and authorised and despatched either the same or next working day. Where suppliers require payment with an order, schools can draw a cheque in advance and collect the invoice when goods are supplied.

Standing Orders relating to Contracts - Scope

4.7.12 All contracts entered into on the school's behalf shall be subject to these Financial Regulations and in accordance with the powers delegated by the Council.

4.7.13 It shall be incumbent on each Governing Body or their authorised officer to ensure that the requirements of any legislation and European Union regulations are complied with.

4.7.14 In order to ensure value for money is obtained, statutory requirements are met in terms of UK and EU law, and for Schools' affairs to be managed prudently and

properly controlled, the following contract limits are to be applied, and the procedure indicated is to be followed:-

Purchase price £0 - £4,000

Headteacher or authorised deputies to arrange directly. No formal written competitive quotations are necessary, but due regard shall be had to the desirability of securing competition by verbal enquiry and written confirmation, where appropriate. File notes to be kept to indicate action taken.

Purchase Price £4,000 - £10,000

One quotation (fax/email/written should be obtained and documentation held on file. Such expenditure to be reported to either the Governing Body or Finance Committee. Good practice to seek most favourable prices and terms by obtaining more than one quotation.

Purchase Price £10,001 - £50,000

At least three formal written quotations should be obtained and documentation held on file. Expenditure to be authorised by Governing Body or Finance Committee.

Purchase Price £50,001 to EU Threshold £156,442 @ 1..01.10

Governing Body to obtain a minimum of three tenders. Tenders may be obtained via public advertisement, invitation to tender from a standing list where such a list is maintained, or from named persons. Where price is expected to exceed EU thresholds, EU tendering rules should apply including appropriate advertisement in the Official Journal of the European Community (OJEC).

Purchase Price EU Threshold and above

EU tender procedure has to be followed.

- 4.7.15 Orders should not be broken down to make two or more orders a lower value thereby avoiding the more onerous requirements of a higher value.
- 4.7.16 Where applicable the current published price list from the Crown Suppliers, Her Majesty's Stationary Office or other published catalogue may be used in lieu of one of the quotation/tenders in circumstances where competitive quotations/tenders are required.
- 4.7.17A contractor may not be allowed on site or to commence performing the contract prior to the formal contract documents being signed without the prior express written approval of the Governing Body.
- 4.7.18 In the event of the necessity of negotiations with a potential or actual contractor either pre-tender or post-tender, these should be conducted by two authorised persons, at least one of which must be a member of the Governing Body. Detailed notes of the negotiations must be kept and the result reported to the Governing Body.

4.7.19 The School shall maintain a register of contracts, which shall be sufficient to show the state of account on each contract between the school and the Contractor, and which will record outstanding levels of work with individual contractors.

4.7.20 Any variation, addition or omission shall be authorised in writing by the person nominated in the contract to act as supervising officer or by a deputy nominated in writing for that purpose, who shall report to the appropriate decision making person or body, if necessary.

4.7.21 A final certificate of payment under any contract shall not be issued, except upon the requirements of a particular contract, by the authorised person acting as supervising officer until: -

- (a) A detailed statement of account has been made available, together with such vouchers, documents and information as may be required;
- (b) A certificate of completion of the work has been supplied; and
- (c) The amount to be certified has been agreed by the authorised officer or nominated deputy concerned.

Exemptions

4.7.22 The above procedure does not apply where the school uses contracts arranged by:

- a. the Children's Services Directorate,
- b. other departments of the Council,
- c. other consortia operated by a local authority or
- d. a purchasing agreement established by central government which offers value for money.

However, schools should satisfy themselves that the bodies arranging these contracts have operated under competition requirements which comply with the requirements of these standing orders and EU Procurement Directives. Regular checks should be carried out to ensure that prices advertised by these bodies are competitive. If they are not, the supply should be subjected to the requirements of these standing orders.

Competition Requirements and Advertising

4.7.23 The competition requirements are as defined in Section 4.7.14:

4.7.24 If a school uses open advertisement for tender, public notice of at least ten working days must be given in one or more newspapers or journals circulating amongst such persons as undertake such contracts. The length of notice must reflect the complexity of the contract to allow tenderers sufficient time to submit a detailed tender. It will be necessary to apply the following checks prior to awarding the contract:

- a. financial and technical competence and

- b. health and safety competence, taking account of the LA's policies and procedures.

4.7.25 If the Governing Body decides to establish its own select lists for specific contracts, it must act as follows:

- a. public notice must be given in a local newspaper and in newspapers or journals circulating amongst such persons or companies, who undertake such contracts. Details of the subject matter should be set out and interested parties should be invited to indicate their wish to be included on a list of bodies interested in tendering. The period of notice should not be less than ten working days.
- b. the technical and financial soundness of applicants, and their health and safety competence, taking account of the LA's policies and procedures, should be assessed.
- c. invitations to tender should be sent to at least three approved applicants. For second and subsequent invitations, the successful applicant from the previous invitation as long as the applicant's performance was acceptable and three different companies should be selected. All should be approached if fewer than four are approved.
- d. lists of approved contractors or searches with Companies House may be available from the LA, for which a fee may be charged.

4.7.26 Every invitation to tender or quote must state that the Governing body is not obliged to accept the lowest price. However, if the Governing Body does not accept the lowest price or determines to disqualify an applicant for reason of previous performance, the details and reasons must be recorded and approved in the minutes of the Governing Body.

4.7.27 Where an invitation to tender is based on an estimated amount of work or quantity of goods or materials, the particulars must provide:

- a. for the tenderer to state rates based on the estimates, and
- b. for the rate to be a firm rate whether or not such estimate is reached or exceeded during the currency of the contract.
- c. Insurance details
- d. Equal Opportunities Policies

Waiver

4.7.28 The requirement for competition in paragraph 4.7.14 need not apply if the Governing Body records in its minutes prior approval, whenever possible, to waive compliance which can be only in one of the following circumstances:

- i the contract is urgently required and delay would cause loss, injury or damage,
- ii the contract is of such a special nature that no advantage would be gained by inviting competitive tenders or

- iii there is no effective competition because payment is fixed under statutory authority or the item is a patented or proprietary article or is available from only one source.

Receipt, Opening and Acceptance of Tenders and Quotations

- 4.7.29 Every notice of invitation to tender must state that no tender will be accepted unless it is in an envelope provided by the Governing Body which bears no external mark which will indicate the sender. The envelope issue must bear the word TENDER, a reference to the subject matter and the address to which it is to be delivered.
- 4.7.30 Envelopes returned must remain sealed and be endorsed with the date and time of receipt by the receiving officer at the point of receipt. They should be held in a secure place by a nominated senior employee until the opening date.
- 4.7.31 Tenders must be opened, after the closing time and date for submission, in the presence of the Chair of Governors or a nominated Governor, and the Headteacher or Deputy Headteacher. A list of tenders opened (tender register) must be prepared recording the details of the proposed purchase, the date and time of opening, the name of the person tendering and the price tendered. Both individuals should sign:
- a. the Form of Tender which shows the tendered sum,
 - b. any summary of Bills of Quantities,
 - c. any correspondence from the tenderer and
 - d. the list of tenders opened, ensuring that any unused space is cancelled.
- 4.7.32 Tenders received after the specified time may be opened to ascertain the name of the tenderer and the details should be recorded on a part of the list of tenders opened headed Late Tenders. A late tender cannot be considered unless the Governing Body is satisfied that evidence exists that the document was posted in time for delivery by the due date and the other tenders have not been opened.
- 4.7.33 Under no circumstances may a tender be amended after receipt. If detailed examination of the lowest tender reveals errors which would affect the tendered price, the tenderer will be given the opportunity to confirm the written offer or withdraw. If the tenderer withdraws, the next tender in competitive order will be considered in the same way.
- 4.7.34 When making any decision about the selection of contractors, the Governing Body must not take into account matters specified in Section 17 of the Local Government Act 1988 as constituting non-commercial matters.
- 4.7.35 The successful tenderer shall be notified in writing immediately after it is decided to accept the tender.

Documentation

- 4.7.36 Terms and conditions that must be included in contract documentation are contained in operational and procedural advice. Except where contracts are the responsibility of the Governing Body of Voluntary Aided Schools, Governing Bodies entering into contracts must do so on behalf of, and in the name of the Council.
- 4.7.37 Every contract which does not exceed £10,000 in value must be signed by the Headteacher. Every contract which exceeds £10,000 in value must be signed by the Chair of Governors or nominated Governor and reported to the Finance Committee.

Land, Buildings and Leases/Tenancies / Licences

- 4.7.38 Schools are not empowered to enter into any contract for the sale of any land or interest in land, or for the granting or taking of any lease, tenancy or licence on respect of land or building which is owned by the LA.
- 4.7.39 Schools may purchase additional land and erect buildings, grant leases, tenancies or licences in respect of that land or buildings, and sell that land. Schools must consult the LA if they are proposing to take such action.
- 4.7.40 If a school proposes to lease land the LA must be consulted. Leases of land for periods of ten years or more are not permitted because the ongoing liability will affect the capital funds available to the LA.

4.8 Leasing Arrangements

- 4.8.1 Leasing is a convenient means of acquiring the use of assets and spreading the cost over their life in return for a charge that includes the cost of the finance. There are two types of lease, finance leases and operating leases. It is sometimes not easy to distinguish between the two. Finance leases count towards Torbay Council's approved allocation of capital expenditure. As this allocation is limited, schools must consult with the Director of Children's Services and the Chief Finance Officer (S151) before they enter into any leasing arrangement. This includes any proposal to take out a Hire Purchase agreement.

4.9 Payment of Accounts

- 4.9.1 Each Headteacher is responsible for arranging for the certification and submission of accounts for payment. Payments will be made on behalf of schools by the Chief Finance Officer except for disbursements from petty cash imprests and payments by schools that operate local payments.
- 4.9.2 Payments should be made promptly in order to ensure compliance with the Late Payment of Commercial Debts Act and avoid interest claims. Each Headteacher must ensure that every invoice received is examined, compared to the order, verified and certified. Within the payment process, it is important that the duties of checking the detail of invoices are properly recorded and separated from that of certifying the invoice. Particular care must be taken over payments covered by the Construction Industry Scheme (See paragraphs 4.17.1 to 4.17.3). The details

must be evidenced and recorded on the invoice as set out in 9.3 below. (See paragraph 4.7.10 for separation of duties between authorising orders and certifying invoices)

4.9.3 Before an invoice is certified, the certifying officer must be satisfied that a member of staff has initialled the invoice to show that:

- (a) that the goods/services have been received, examined and approved as to quality and quantity, or that services rendered or work done have been performed satisfactorily;
- (b) that they conform to the order;
- (c) that the price is in accordance with the quotation, contract or current market rate, whichever is applicable or is otherwise reasonable;
- (d) that the arithmetic accuracy of the invoice is correct and that all trade and cash discounts, other proper allowances and other credits due have been deducted;
- (e) that the expenditure has been properly incurred has been duly authorised and is within available budgeted resources;
- (f) that the cost allocations are correct;
- (g) that the invoice has not previously been passed for payment and is a proper liability of the Council;
- (h) that where items of moveable property are purchased costing more than £100, an entry has been made in the appropriate Inventory;
- (i) that where the purchase is over £10,000 for a single item, an appropriate entry has been made in the Asset Register;
- (j) that appropriate entries have been made in any goods received and/or stores records which are required to be kept.

The use of a grid stamp is often convenient to record this detail.

4.9.4 Schools should be aware that periodically attempts are made to defraud organisations by persons who despatch unsolicited invoices. Additionally employees in Schools may be subjected to pressure selling methods. Headteachers should ensure that invoices are not processed for payment unless the goods or services were properly ordered and supplied. It is an offence under the Unsolicited Goods and Services Act 1971 to demand payment for unsolicited goods that have been delivered. Trading Standards and/or Internal Audit can advise on the action to be taken in such cases.

4.9.5 All invoices shall be processed promptly and uploaded to the payments team to enable the Council to meet the BVPI on late payment of invoices.

Direct Debits

- 4.9.6 Schools are permitted to enter into direct debit agreements to pay recurring charges such as those for mobile telephones. The charges must be set up against the school's IMPREST bank account or school's bank account for those who operate local payments. Schools should liaise with the LA to arrange an appropriate imprest level to meet these commitments.
- 4.9.7 Direct Debit authorisations must only be signed by a member of staff who is authorised to certify invoices for payment. If the proposed payment is a leasing agreement, the Chief Finance Officer must be advised.
- 4.9.8 Once the agreement is established, the actual payments must be monitored for accuracy and processed with the next petty cash claim for imprest accounts, or entered in the bank account for schools that operate local payments. Care must be taken to ensure that VAT is properly recorded and supported by a tax invoice.

Taxes Management Act

- 4.9.9 If schools are not using the central payments system, arrangements must be put in place to supply to the Inland Revenue annually the name, address and creditors reference code of every creditor together with details of the gross amount paid to the creditor and a description of the service received.

4.10 Salaries & Wages / Payroll

General

- 4.10.1 The Headteacher is responsible for the integrity of payroll arrangements ensuring compliance with the current version of the Council's Pay Policies. All payments to employees, including casual employees, must be processed in such a manner so as to ensure that they are subject to the correct treatment for income tax and national insurance deductions unless the school has notification, in writing from the tax office responsible for the school as an employer, that:
- a. payment can be made without deduction of income tax and national insurance;
 - b. payment can be made without deduction of tax but with national insurance deducted.
- 4.10.2 If the school is making its own arrangements for payroll processing, the Headteacher must ensure that it is registered as an employer with the Inland Revenue and complies in all respects with the Inland Revenue's requirements.

Staff Appointment and Changes

- 4.10.3 The Governing body should consider the extent to which authority for approving appointments and changes to remuneration for all members of staff is delegated (see paragraph 2.1). However, it is a basic principle that a member of staff must not be able to approve a change to their own conditions and remuneration.

4.10.4 Headteachers must ensure that appointments of new staff are only made after the checks required by the Council's Human Resources Department have been made. A checklist should be held on personnel files as evidence that these checks have been carried out and should be supported by certified copies of identity, right to work and, in the case of non-teaching staff, qualifications pertinent to the appointment.

Payroll Administration

4.10.5 Authority for advising the payroll provider, or school staff responsible for payroll processing, of changes to information about remuneration should normally rest with the Headteacher. This authority can be delegated to other senior members of staff with the approval of the Governing Body. A member of staff must not be able to advise the payroll provider of changes to their own conditions and remuneration. Any amendment affecting the Headteacher should be countersigned by the Chair of Governors.

4.10.6 The Headteacher can approve an appropriate level of delegation for communication of changes to information to the payroll provider, or school staff responsible for payroll processing, which do not affect gross pay or conditions e.g. tax code changes.

4.10.7 Communication of information to the payroll provider, or school staff responsible for payroll processing, must be in a controlled manner by the use of pre-numbered stationery, requiring an authorised signature, or automated processes which are password protected for authorisation and despatch. Additions to normal pay, e.g. overtime, must be supported by written claims submitted and signed by the employee giving details of the date, times and hours worked and certified by an authorised member of staff. Whenever possible overtime working should be authorised in advance.

4.10.8 The school must ensure that it, or the payroll provider, retains records for the following length of time:

- a. gross pay and superannuation deductions - ten financial years;
- b. income tax and national insurance - six financial years.

4.10.9 Schools should check at least termly that employees receiving payment are properly employed and that their gross pay agrees with their contracts of employment.

Where appropriate Torbay Council's Executive Head of Human Resources shall be provided with information, in an agreed format, to maintain and control records relating to:

- (a) Service
- (b) Superannuation
- (c) PAYE

- (d) National Insurance
- (e) Statutory Sick Pay
- (f) Statutory Maternity Pay
- (g) Trade Union Deductions
- (h) Inland Revenue requirements related to P11D forms
- (i) Any other regular additions or deductions relating to pay

Appointment of all employees shall be made in accordance with the establishment and/or rates of remuneration approved by the Torbay Council. The Head of Human Resources shall be consulted in connection with any proposal to seek approval to any appointment outside the approved rates of remuneration.

4.11 Banking

4.11.1 Schools have the choice of managing their own local payments account or making use of the Council's banking arrangements. In this latter case the school will also operate an Imprest bank account for small value transactions (see Para 4.15). All bank accounts must be opened and closed, and signatories amended by the Chief Finance Officer (S151).

Schools which operate Local Payments.

Choice of Bank

4.11.2 Schools that opt for local payments must only make their banking arrangements with a banking institution approved by the Council. The name of the account must include the name of the Council. The selection of the bank and the banking arrangements must then be approved by the Governing Body. Schools will be required to notify their chosen bank in writing that Torbay Council has an interest in the banking arrangements and the Chief Finance Officer (S151) has been given a letter signed by two cheque signatories allowing access to the records.

4.11.3 The approved banking institutions will be reviewed from time to time.

Signatories

4.11.4 It is recommended that there should be at least three school signatories in primary and special schools and four in secondary schools. These are to include the Headteacher and other senior staff, e.g. Deputy Headteacher and Bursar, as approved by the Governing Body. With the approval of the full Governing Body individual Governors may, where appropriate, be authorised signatories. The circumstances under which a Governor becomes an authorised signatory should be recorded and on a recurring basis it should usually be for the purposes of authorising travel and expenses payments for the Headteacher, or on an exceptional basis for entering into significant financial contractual commitments.

The mandate must specify that cheque and any other documents authorising payment must be signed by two signatories.

Overdrawing

4.11.5 In no circumstances must a school account be overdrawn or the school enter into an overdraft arrangement or borrow funds without the written permission of the Secretary of State (Section 1.15 of the Scheme). If a school is experiencing cash flow difficulties, it must seek immediate advice from the LA.

Automated Payments

4.11.6 If payments are to be made by BACS transfer, the school must ensure that the details of the receiving bank account are correct and that there are controls in place to guarantee the accuracy and authenticity of transactions.

Other Payments

4.11.7 Schools cannot make private payments relating to unofficial funds through their bank account or make advance payments to contractors or suppliers.

Bank Charges

4.11.8 Schools will be responsible for any bank charges arising from their transactions.

VAT Repayments

4.11.9 VAT repayments will be made to schools that operate local payments one month in arrears.

Investments

4.11.10 Schools operating local payments can only make investments with named institutions and must carry no risk to the capital sum. Arrangements must not be made through intermediaries.

4.12 Income

Form of Records

4.12.1 The form of all records relating to income maintained by each school shall be agreed with the Internal Audit Section. All official receipt books, tickets and any other form acknowledging receipt of income will be ordered, controlled and issued by the Financial Services Section. Receipts for all money received on behalf of the Torbay Council must be on the official form properly recorded and acknowledged.

4.12.2 All invoices raised must be in the joint name of the school and Torbay Council. They should be raised as soon as possible after the goods or services were provided. Schools which issue their own invoices must take particular care to ensure that, when a charge is subject to VAT, a proper tax invoice is issued indicating the Council's VAT registration number, date of supply, the date of the

invoice (tax point), the charge excluding VAT, the rate of VAT and the VAT charged and a total charge inclusive of VAT.

Security

4.12.3 All monies received must be held securely, normally in a safe or locked receptacle. Employees must ensure that keys entrusted to their custody are held at all times under their personal control. Nominated substitute key holders should be available in the absence of the principal holder.

4.12.4 Whenever cash is transferred from one employee to another, the employee handing over the cash must receive a signed acknowledgement, from the person receiving it, indicating the date and the amount received. These acknowledgements must be retained in accordance with the guidance on retention of documents.

Banking

4.12.5 Income shall be promptly receipted and banked in full, in compliance with the Accounts and Audit regulations in force at the time. Such banking shall be made daily or in any case where cash and cheques exceed the insurance level of the respective safe or facility used for holding the income weekly. Payment in must be direct to the Council's bank account. Where the school manages its own cash, payment in must be direct to the school's bank account except for monies collected on behalf of the LA e.g. school meals income, which must be paid in to the Council's bank account. All banking must be intact to include all monies received in the banking period.

4.12.6 All cash surpluses shall be paid in and reported to the Headteacher.

4.12.7 Personal cheques must not be cashed out of income. Income must not be used to make disbursements or refunds. These should be paid from the imprest or creditors system. Third party cheques should not be accepted.

4.12.8 Employees preparing banking documentation must enter on the paying-in slip, and on the counterfoil or duplicate paying-in slip, the total cash analysed by denomination and the total of the cheques. Cheques should be listed showing the amount and some reference to the drawer, debtor or receipt issued which will connect the payment to the debt being discharged.

4.12.9 When transporting cash for banking, particular regard must be given to the safety of employees.

Sale / Disposal of Surplus Assets

4.12.10 Surplus portable assets financed from funding delegated to the school can be disposed of following written authorisation by the Headteacher that such items are no longer required. Items may be sold and the income retained by the school. Individual items expected to realise income of up to £100 can be sold following advertisement to parents or employees on notice boards. Individual items expected to realise income between £100 and £10,000 should be offered for sale, with priority given to other schools or sections within the Council. Bids should be

required in sealed envelopes. Disposal of individual items expected to realise in excess of £10,000 should be approved by the Chair of Governors or other nominated Governor, and should follow the procedures in section 7.24.

4.12.11 Surplus portable assets with no second hand value can be disposed of or recycled as appropriate. The school's inventory must be updated as appropriate.

4.12.12 Surplus assets funded from non-delegated LA funds should be offered to the LA for relocation. If these items are sold the income must be refunded to the LA. Schools must seek advice on any proposal to sell an asset which was financed from Standards Fund Grant.

Recovery of Unpaid Debts

4.12.13 Ideally schools should attempt to ensure that income is received in advance. However, as this is not always possible, the Governing Body should agree a policy for debt collection. This should require that

- a. persons who do not pay receive a follow up demand within twenty-one days of the issue of the invoice and a further follow up after a further ten days
- b. if the service is of a continuing nature, it is withdrawn until payment is received
- c. If payment is still not forthcoming, the school should consider legal action or the use of a debt collection agency, depending on the sum and cost involved.

Write Offs

4.12.14 All unpaid debts more than one year old must be written back to the school's budget if the amount has been accrued. However, attempts to collect should continue.

4.12.15 Governing Bodies or a sub committee of the Governors are authorised to write off individual amounts owed to the school up to £1,000 following consideration of a report from the Headteacher. The decision must be minuted. The LA must be advised of the individual amounts and the LA debtors system invoice number if relevant. A summary of sums written off should be provided to the LA on an annual basis. Governing Bodies are not permitted to write off income relating to the LA e.g. non-delegated school meals income. Amounts above £1,000 can only be written off by the Chief Finance Officer.

Charging and remission of fees for school activities

4.12.16 Governing Bodies should ensure that a policy regarding the charging and remission of fees for school activities is adopted.

4.13 Insurances

4.13.1 Except where the responsibility for the insurance of the buildings lies with the Governing Body, Torbay Council centrally provides insurance cover for the risks set out in the Insurance Schedule provided by the Council, either by way of external insurance or an internal insurance fund. Headteachers should inform the LA of:

- a. all new risks requiring to be insured;
- b. any alterations affecting existing policies;
- c. any event likely to add to a claim.

4.13.2 Where schools have opted for delegation of the insurance budget or have arranged additional cover, policies must be in the joint name of the Council and the school. Headteachers must provide the LA with documentary evidence of the initial cover arranged, renewals and amendments so that compliance with the minimum cover required by the LA can be monitored.

4.13.3 Schools should ensure that organisations hiring the premises hold adequate and current Public Liability Insurance.

4.14 Inventories and Stock

4.14.1 It is a requirement of the insurance cover for property that inventories must be prepared and maintained up to date. The record should include for each item; information relating to the date of purchase, serial numbers, cost and location. Pre-printed inventory books are available from the LA for this purpose.

4.14.2 Inventories should record all items of equipment that cost over £100 to purchase. Items must bear a visible security marking to deter potential theft. Where there are vulnerable items these should be recorded in inventories irrespective of price.

4.14.3 Headteachers must arrange for inventories to be checked and certified as correct annually against the physical assets, and sign the record of checks once they are satisfied that the checks have been satisfactorily completed. Missing items should be reported to the Governing Body.

4.14.4 The school must maintain a record of equipment removed from the premises identifying the date, the member of staff and the date returned. A record should also be maintained of equipment permanently allocated to staff and held off site. Staff removing such items should sign to confirm they have assumed responsibility for the item. Equipment should only be removed for purposes in connection with the ordinary course of business.

4.14.5 Headteachers are responsible for the safe custody and physical control of any stocks and stores and should ensure that only reasonable quantities are held. Any significant surpluses or deficiencies revealed by stock checks must be reported to the Governing Body.

4.14.6 Where any irregularity is suspected in the custody or use of equipment or stores, this shall be treated as a financial irregularity and reported to the Internal Audit Section for action by the Devon Audit Partnership.

4.15 **Petty Cash Imprest Accounts**

4.15.1 All schools which do not operate local payments will be offered the use of a petty cash imprest account. The imprest will be held in a bank account. Schools must not overdraw their bank accounts, overdrawing will result in bank charges and interest which will be chargeable to the school's budget.

4.15.2 The value of the imprest and any subsequent amendments will be agreed with the LA, who will arrange for adjustments to be processed. Income received must not be paid into an imprest bank account or used to make disbursements but must be banked in accordance with section 12.5.

4.15.3 Imprest accounts may be used for minor items of expenditure when the use of the creditors' payments system is not appropriate. The maximum amount payable for one transaction is £200. This limit has been established to give schools some flexibility but in general it is expected that disbursements will be for sums up to £30 in value. Governing Bodies may determine a different level of allowed disbursements providing this is documented in the agreed Finance Policy of the school. Imprest accounts must not be used to make payments subject to the Construction Industry Taxation Scheme (see section 17.4).

4.15.4 Personal cheques must not be cashed in imprest accounts and money must not be borrowed from imprests.

4.15.5 Employees administering an imprest must:

- a. obtain and retain vouchers to support each payment. This will include a VAT invoice where this tax is charged.
- b. hold all cash, cheque books and vouchers in a secure, locked place, preferably a safe.
- c. liaise with the LA concerning amendments to cheque signatories.
- d. advise the appropriate branch of the bank used, of those employees who are authorised to draw cash together with specimen signatures. Such notification should be on School letter headed paper, and signed by a cheque signatory.
- e. reconcile the account each time that a bank statement is received and a claim for reimbursement is made.
- f. claim reimbursement when the imprest is approximately two thirds spent to avoid overdrawing.
- g. retain and file all documentation supporting reimbursement claims in accordance with the instructions on document retention included in the procedural guidance issued by the LA.

4.15.6 The Headteacher must periodically check that the imprest is being properly reconciled by re-performing the reconciliation. This responsibility can be delegated to a nominated senior employee who has no involvement in the administration of the imprest.

4.15.7 At the 31st of March annually the school must submit a reconciliation of the imprest, certified by the Headteacher, to the LA.

4.16 Travel and Subsistence

4.16.1 The Governing Body should establish levels of approved expenditure for travelling and subsistence. In doing this, it may wish to consider rates approved by the LA.

4.16.2 All claims for travelling and subsistence must be made in writing identifying the reason for the claim and the amount claimed. The claim must be signed by the employee and certified by a senior member of staff. Individuals must not certify their own claim.

4.16.3 All payments for travelling must comply with the Inland Revenue's requirements on the expenses of commuting and declaration of taxable benefits. This makes it desirable that these payments are processed through the payroll.

4.16.4 The Governing Body may draw up a scheme for making expenses payments to members of the Governing Body. In doing this it may wish to consider rates approved by the LA.

4.17 Taxation

4.17.1 Schools are affected by taxation in a number of ways from the retention of documents to having a responsibility to observe the requirements of the collecting agencies as contained in statutes, regulations and case law. Schools will need to be aware of the requirements in the following areas:

Construction Industry Scheme
Income Tax and National Insurance
Taxes Management Act
Value Added Tax

4.17.2 As a general principle, Schools must ensure that they account for tax on all relevant transactions and that, if there is some doubt about the taxable status of a transaction, advice must be sought. There are particular requirements for retention of documents where tax is involved. These are covered by procedural and operational guidance issued by the LA.

Construction Industry Scheme – Revised from 6th April 07

4.17.3 Since 6th April 2007, CIS scheme requires payments to contractors by schools do not now fall within the scope of the new scheme. However, this is only the case when a contractor is commissioned by the school to do work at the school. If schools are managing a Council funded capital scheme at the school and paying the contractor directly, they must seek advice from the Payments Section to ensure compliance.

Income Tax and National Insurance

- 4.17.4 All persons employed by Schools must have their earnings processed in such a manner that correct deductions are made for income tax and national insurance. Inevitably this means that the payments must be processed through the payroll so that accurate cumulative earnings and deductions are reported to the Inland Revenue at the end of the tax year. This arrangement must include all casual employees. Schools must not make payments of earning from imprest accounts or unofficial funds.
- 4.17.5 The Inland Revenue will hold the school liable to pay any tax not deducted. This can only be recovered from the employee if it relates to the then current tax year.
- 4.17.6 There are occasions when it is difficult to decide whether the individual is an employee or self employed. The Inland Revenue has issued guidance on how to form an opinion on this. However, the guidance may not provide a conclusive answer. Therefore, if in doubt, Schools should process payments through the payroll. There is specific guidance concerning visiting lecturers and a requirement to report these payments to the Inland Revenue on form IRP38a by the 19th of May following each tax year. The guidance will form part of the operational advice issued by the LA.
- 4.17.7 In addition to pay, individuals may receive allowances which can either be paid in cash or received in kind. Examples are mileage allowances and uniform issues. These may create a taxable benefit which has to be reported to the Inland Revenue. This report has to be made on a form P11D, or P9D for employees earning less than £8,500 per annum, with a copy being sent to the employee by the 6th of July following the relevant tax year. The employee uses the form to complete their self assessment tax return.
- 4.17.8 It is important that the information on forms P11D and P9D is correct and complete as there are penalties which the Inland Revenue can impose on the employer for non-compliance and non submission. Therefore, Schools must ensure that any payment to employees is correctly treated for tax purposes and recorded for inclusion on forms P11D and P9D if necessary.
- 4.17.9 The Inland Revenue has agreed that a number of allowances paid by the LA do not create a taxable benefit and have granted dispensations so that the detail does not have to be reported on forms P11D and P9D. However, there are conditions attached to a number of these dispensations. Details of the dispensations will form part of the operational guidance issued by the LA.

Value Added Tax

- 4.17.10 Schools are responsible for providing information to enable the LA to maintain proper VAT records and to ensure that returns are made to HM Revenue and Customs in accordance with the prescribed regulations. Further details about VAT are available in operational guidance issued by the LA. HM Revenue and Customs have powers to impose penalties and interest where bodies do not properly account for VAT.

4.17.11 Schools who decide to make their own accounting arrangements cannot be separately registered for VAT. This means that:

- a. information must be passed to the LA in compliance with the LA's accounting period end dates;
- b. information must be submitted within one week of the period end date;
- c. documentation must be in a form approved by the HM Revenue and Customs and retained for at least six years;
- d. VAT claims must be supported by documents relevant to the period;
- e. the school's accounting system and probably feeder systems, e.g. creditor payments, debtors and payroll, will require approval by HM Revenue and Customs.

Input Tax

4.17.12 This relates to payments made. With the exception of off-street parking charges and reimbursement of telephone call costs, and VAT exempt supplies, VAT can only be reclaimed if the following conditions are satisfied:

- a. a full tax invoice is held that shows all the following details:-
 - a unique identifying number;
 - the name, address and VAT registration number of the supplier;
 - the name and address of the school;
 - the time of the supply – the tax point, often the same as the date of the issue of the invoice
 - a description sufficient to identify the goods or services supplied;
 - for each item the rate of VAT and the amount payable' excluding VAT, in any currency;
 - the unit price – if appropriate;
 - the gross amount payable, excluding, VAT, in any currency;
 - the rate of any cash discount offered;
 - the total amount of VAT chargeable expressed in sterling.
- b. where the supplier is a retailer and the purchase does not exceed £250 a 'lesser detailed tax invoice' also known as a 'retailer's invoice' is acceptable. It must show the following details: -
 - the name, address and VAT registration number of the retailer;
 - the time of the supply – the tax point, often the same as the date of the issue of the invoice;
 - a description sufficient to identify the goods or services supplied;
 - the total amount payable including VAT; and
 - for each rate of VAT chargeable, the gross amount payable including VAT and the VAT rate applicable.
- c. for construction industry payments, an authenticated receipt will be obtained, or;
- d. for payment made in advance of a tax invoice being received, a tax receipt is obtained from the supplier to allow an adjustment to be made to the VAT claim;
- e. the VAT is identified correctly in the payments system;
- f. the processing of VAT invoices is not delayed.

Output Tax

4.17.13 This relates to income received. Schools must ensure that:

- a. invoices issued are valid tax invoices in accordance with HM Revenue and Customs regulations (See section 12.2).
- b. invoices are raised promptly.
- c. income received is correctly analysed for VAT purposes.

4.18 Information Technology/Data Protection

4.18.1 The Governing Body is responsible for ensuring that the school is fully registered under the Data Protection Act.

4.18.2 The school should establish a Computer Security Policy and Internet and Email Code of Conduct

4.18.3 Headteachers must ensure that only authorised staff have access to computers. This access must be password protected. Passwords must be changed regularly and not disclosed.

4.18.4 Schools must only permit authorised software to be loaded to computers to prevent the importation of viruses. A record of all software loaded must be maintained.

4.18.5 Computer systems must be backed up on a regular basis so that data can be recovered in the event of a hazard affecting the equipment. The back ups must be stored in a fireproof location, preferably off site. Regular tests should be undertaken to ensure that data can be recovered from the back up.

4.18.6 Schools should ensure that they comply with the advice issued by the LA concerning the rotation of discs in the back up process and the cleaning of heads.

4.18.7 Schools may dispose of surplus IT assets purchased from delegated funds but must ensure that all software and data is removed prior to disposal. Disposals shall be in accordance with section 12.10 of these regulations.

4.19 Unofficial Funds

4.19.1 Unofficial funds are those funds, which the school raises and spends through activities, which do not relate to the delegated funds received from the LA. In some instances the funds will be registered as Charities, because their general purposes have a direct long-term public benefit to current and future students and under such circumstances Trustees will be expected to comply with the financial requirements of the 2006 Charities Act. Unofficial funds in the context of this document refer to those single purpose and/or short life funds that :-

- a. are not consolidated within an existing Charity Registered general fund
- b. cannot be described as having a wider long term "public benefit" which would make them subject to Charity Registration.

- c. are under the control of the Governing Body (as opposed, for example, to a Friends Group)

4.19.2 Schools are encouraged to apply similar standards to the control and custody of unofficial funds as they are required to apply to their delegated funds. Full guidance will be found in the LA's guidance document "Voluntary Unofficial Funds in Schools and Colleges" (updated Sept 09). In particular, schools should ensure that:

- a. bank mandates require two signatures on cheques and instructions to transfer funds between bank accounts;
- b. expenditure is relevant to the activities and purposes of the fund;
- c. income is properly recorded and receipted;
- d. bank statements are reconciled on receipt to the accounting records;
- e. staff activities are self financing;

4.19.3 Subject to annual income thresholds, these funds must be independently examined or audited each year by a person who has no responsibility for deciding how the funds are spent or for the financial administration of the school. An independent examiner's statement or audit certificate signed by the examiner/auditor and Headteacher must be submitted within 3 months of the preceding year end and presented to the Governing Body and the LA, accompanied by the Accounts. The accounts should also be made available for inspection by parents and staff.

4.20 **Lettings**

A Lettings Policy should be agreed by the Governing Body detailing charges, delegation to staff to amend charges and use of hire forms

4.21 **Credit Cards, Debit Cards or Cheque Guarantee Cards.**

Schools may enter into arrangements with providers of Credit Cards, Debit Cards or Cheque Guarantee Cards.

A copy of a purchase application and accompanying notes on how to manage it are at the back of this document at Annex 6.

All applications for such cards should be made in the first instance to the Payments Team (Marianne Horn) 01803 207261. The operation of such cards will be with the express approval of the LA and subject to the agreed protocol relating to the use of such cards given below:

Credit / Debit / Purchase Card Protocol

- a. This protocol must be complied with in all cases where such a card is requested.

- b. The protocol also applies where a debit card or purchase card is used.
- c. The Governing Body must approve any application for a corporate credit card including who should use the card and any credit limit. Such approval must be minuted and cannot be delegated to the Headteacher.
- d. Credit Card accounts must be in the name of the school and the Council.
- e. The Governing Body must consult with the LA and obtain approval for the opening of any credit card account.
- f. Credit cards should only be used by the Headteacher or nominated staff and must be kept securely in the safe at all times, and signed out if taken off site.
- g. It is not intended that in general cardholders will be able to use their cards for travel, accommodation, hospitality and subsistence but travel and accommodation can be booked with the card where appropriate for employees involved in School/Council business as long as the cardholder is not the recipient of the service (i.e. the booking is made by the school administrator on behalf of the staff making the trip).
- h. Any purchases made outside of the approved scheme would lay the cardholder open to tax liabilities and may be required to reimburse the Council for such expenditure.
- i. Credit cards must not be used for personal use or for withdrawing cash without the express approval of the LA.
- j. It is for the Governing Body to decide the maximum credit limit allowed on any credit card account, but an upper limit of £6,000 is reasonable.
- k. Statements must be received at the School and checked by a senior member of staff other than the staff member issued with the card. In the case of cards issued to the Headteacher, statements must be approved by the Chair of Finance or other nominated governor.
- l. Cardholders or the administrator must check that:-
 - All items detailed on the card statement have been received
 - There are no incorrect entries
 - The entry amounts match the invoices
 - Each transaction is coded to the correct financial ledger code
 - Disputed items have been credited and a credit transaction voucher is requested so that the transaction log can be updated
 - That you have a valid VAT invoice, you cannot claim VAT until you have received this.
- m. Staff issued with credit cards must sign to accept this protocol and any breach of this code will be considered misconduct.

Section 5 – Torbay Council – Staff Contacts

Finance Helpline

T: 01803-208935

E: EducationFinance@torbay.gov.uk

(To request printed copies of Scheme documents – Available during normal office hours)

Lisa Finn, Finance Manager

T: 01803-208283

E: lisa.finn@torbay.gov.uk

(For queries in connection with Section 2 of the Scheme – How the Formula Works)

Rob Parr, Principal Accountant

T: 01803-208273

E: rob.parr@torbay.gov.uk

(For queries in connection with Mainstream Grant Allocations)

Amanda Haley, Principal Accountant – Schools Support

T: 01803-208284

E: amanda.haley@torbay.gov.uk

(For queries in connection with the Allocations, Section 3 and 4 of the Scheme – Finance Conditions and General Requirements, Finance Regulations for Schools)

Matthew Redwood, Head of School Commissioning – Children’s Services

T: 01803-208328

E: matthew.redwood@torbay.gov.uk

(For queries in connection with Section 2 of the Scheme – How the Formula Works)

Stephen Hailey, Schools Audit Senior (Devon Audit Partnership)

T: 01803-207332

E: Stephen.hailey@torbay.gov.uk

(For queries relating to general Financial Conditions and Financial Regulations)

LIST OF SCHOOLS TO WHICH THE SCHEME APPLIES ON 1 APRIL 2012

DCSF No **Status**

Special Schools

7041	C	COMBE PAFFORD SCHOOL
7042	C	MAYFIELD SCHOOL
7046	C	TORBAY SCHOOL

C = Community

LIST OF QUESTIONS	ANSWER (Yes/In Part/No)	COMMENTS, EVIDENCE AND PROPOSED ACTIONS
<p>A: The Governing Body</p> <p>1. In the view of the Governing Body itself and of senior staff, does the Governing Body have adequate financial competence among its members to fulfil its role of challenge and support in the field of budget management?</p> <p>2. Does the Governing Body have a Finance Committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?</p> <p>3. Is there a clear definition of the relative responsibilities of the Governing Body and of the school staff in the financial field?</p> <p>4. Does the Governing Body receive adequate monitoring reports of the school's budget position on at least a termly basis?</p> <p>5. Are business interests of Governing Body members (and senior staff) properly registered and taken into account so as to avoid conflicts of interest?</p> <p>B: The School Staff</p> <p>6. Does the staff include people who between them supply the school with an adequate level of financial competence?</p> <p>7. Does the school have adequate arrangements to cope with the absence of specialist finance staff, eg on sick leave?</p> <p>8. Does the school have policies and mechanisms for deploying the staff of the school to best effect in view of their talents and competencies and the needs of the school?</p> <p>9. Does the school review its staffing structure regularly?</p> <p>C: Setting the Budget</p> <p>10. Is there a clear and demonstrable link between the school's budgeting and its plan for raising standards and attainment?</p> <p>11. Does the school make a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information?</p>		

12. Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?

13. Is end year outturn in line with budget projections, or if not, is the Governing Body alerted to significant variations in a timely manner, and do they result from genuinely unforeseeable circumstances?

D: Value for Money

14. Does the school regularly benchmark its expenditure against that of similar schools and investigate further where any category of spend appears to be high?

15. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?

16. Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balances at the end of each year?

17. Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?

18. Does the school consider collaboration with others, eg on sharing staff or joint purchasing, where that would improve value for money?

19. Can the school give examples of where it has improved the use of resources during the past year?

E: Protecting Public Money

20. Is the Governing Body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the Governing Body?

21. Are there adequate arrangements in place to guard against fraud by staff, contractors and suppliers (please note any instance of fraud detected in the last 12 months)?

22. Are all staff aware of the school's whistleblowing policy and to whom they should report concerns?

23. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?

24. Does the school have adequate arrangements for audit of voluntary funds?

25. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?		

OUTCOME OF SELF-ASSESSMENT

F: Summary of agreed remedial action and timetable for reporting back:

[signed]

Chair of Governors

Date:

BUILDINGS: CATEGORISATION OF CAPITAL AND REVENUE CRITERIA**ILLUSTRATIVE EXAMPLE:**

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

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

	all/substantially all on existing roof	
	Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/ Replacement Cleaning
Other	Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link
	Rebuild or substantially repair structure of existing covered link Add porch etc. to existing building	Minor repairs, maintenance to existing
	Rebuild or substantially repair structure of existing porch	
<u>Floors</u>		
Ground Floor	Structure and dpc in new building	Repair/replacement of small parts of an existing structure
	Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	
	Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room	Replacement and repair of screed and finishes/ Replacement of mats/ matwells. Maintenance e.g. revarnishing wooden floors.
Upper Floor	Structure - as ground floor	As ground floor

	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor
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Ceilings

Top/ only storey	Suspension	Repair/ replacement incl. From water damage, & necessary decoration
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Membrane

	Fixed	Repair/ replacement inc. from water damage
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	Access panels	Repair/ replacement
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Lower storeys	Suspension	Repair/ replacement
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Membrane

	Fixed	Repair/ replacement
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All	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection
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External walls

Masonry/ cladding	Structure Underpinning/ propping for new build External Finish on new build	Repairs Preventive measures e.g. tree removal Repair/replacement of small parts of an existing structure. e.g. repointing/ recladding a proportion of a wall where failure has occurred.
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External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g.

	repointing/recladding work affecting most of a building /replacement build	
Windows and Doors	Framing - new build	Repair/ replacement of individual frames. Repainting frames
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames
	Glazing - new build	Replacing broken glass
	Glazing Upgrading existing glazing	
	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.
	Jointing including mastic joints	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
Masonry chimneys	Structure	
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing
<u>Internal walls</u>		
Solid	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
	Refurbishment and alterations	Minor alterations
Partitions	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.

	Refurbishment and alterations	Minor alterations
Doors & Screens	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens
All	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass

Sanitary Services

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

Kitchens

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

Mechanical services

Heating/ hot water	Complete heating and hot water systems to	General maintenance of all boiler house plant including
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	new projects, including fuel, storage, controls, distribution, flues etc.	replacement of defective parts. Regular cleaning. Energy saving projects
	Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring systems Health & safety issues
	Planned replacement of old boiler/ controls systems past the end of their useful life	Replacement of defective parts
	Emergency replacement of boiler plant/ systems	
Cold water	Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects	Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.
Gas	Distribution on new and major refurbishment's, terminal units	Repairs, maintenance and gas safety All servicing
Ventilation	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units
Other	Swimming pool plant and its complete installation, including heat recovery systems	Repair/ replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.
<u>Electrical services</u>		
General	Main switchgear and distribution in major projects.	Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and

		interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing and bonding to meet Health & Safety. All servicing.
Power	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
Lighting	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
Other	Lightning protection in new build Alarm systems, CCTV, lifts/ hoists etc.,	Repair/ replacement Repair and maintenance
	New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.	Repair/ replacement/ maintenance, including all door access systems

External Works

Pavings	Provision of new roads, car parks, paths, court, terraces, pitches, steps & handrails, as part of major project, including disabled access	Maintenance and repair Car park and playground markings.
Miscellaneous	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.
Drainage	Drains, soakaways, inspection chambers	Maintenance and repair of drains, gullies, grease traps

	and sewage plant as part of new projects	and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
Open air pools	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.
Services distribution	Heating mains gas mains water mains Electricity mains, Renewal of any above.	Annual servicing

A Specimen Statement of Internal Control For Schools Annex 4

This statement relates to the Consistent Financial Reporting (CFR) Return for the (*Insert Name*) school for the year ended 31st March 200(X). The governing body is responsible for ensuring that the school:

- keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the school, have been drawn up in accordance with the DCSF' (CFR) guidelines, and will enable it to prepare an annual income and expenditure statement that complies with DCSF guidelines
- maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the school and ensure they are used cost effectively

The system of internal control has been developed and is co-ordinated by the head teacher. It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly

3 Our review of the effectiveness of the systems of internal control is informed by:

- our regular scrutiny of financial and other performance monitoring data
- regular reports from the head teacher and other managers to the governing body
- the most recent report of the school's internal auditor dated (*insert date of last report*)
- our most recent self-evaluation of the internal controls undertaken (*insert date*)

4 We are, therefore, satisfied that the internal control systems in operation at the school during the year were adequate and effective (*except for:*

- *List any notable weaknesses here i.e. those rated as requiring remedial action as a high priority*)

5 We propose over the coming year to take the following steps to address the weaknesses noted above. (*This paragraph should provide either brief details of the action taken, or proposed, to rectify weaknesses in the system of internal control, or a short explanation of why corrective action has not been considered necessary.*)

By order of the Governing Body of (Name) School

(Signed) _____ Dated _____
(Head Teacher)

(Signed) _____ Dated _____
(Chair of Governing Body)

(Signed) _____ Dated _____
(Chair of Finance Committee of the Governing Body)

Note: The sections in brackets and (*italics*) need tailoring to reflect the schools particular circumstances

Statement of Internal Control - Pre-Certification Checklist for Governors

The Statement of Internal Control (SIC) is designed to accompany the DCSF Consistent Financial Reporting (CFR) Return and Financial Summary, and so relates to the same completed financial year. The internal controls it refers to are those required as best practice by the Financial Management Standard in Schools (FMSiS).

The issues for governors and the head teacher to consider before authorising their representatives to the sign the SIC fall into two categories:-

- *Specific actions and more general control processes that should have occurred during the financial year in question; and*
- *Specific actions needed after the year end when the CFR Return is available.*

The questions are split into these two categories for ease of consideration. That consideration is probably best achieved as a group, perhaps at the finance committee meeting that approves the CFR Return, and needs to be formally recorded. The questions are structured so that:-

- *A "yes" answer to every question would allow the SIC to be signed without any amendment; and*
- *A "no" answer to any question will require either further action or explanation in the SIC.*

<i>Controls that should have operated during the financial year</i>		
<i>Question</i>	<i>Agreed Yes or No</i>	<i>Implication of the Answer</i>
<i>Did we set the school budget in line with the priorities detailed in the school development plan either before the beginning of the financial year (1st April) or as soon as possible thereafter?</i>		<i>If yes, no action. If no, paragraph 4 should disclose this weakness. Paragraph 5 should explain the steps being taken to ensure next year's budget is set on time and reflects the school's priorities.</i>
<i>Did we see regular reports on the school's financial position during the year, did the head teacher and bursar answer all the questions raised with them and were we satisfied that materially accurate records have been maintained throughout the year? (Regular in this context would refer to termly reports as a minimum and possibly more frequent in larger schools.)</i>		<i>If yes, no action. If no, paragraph 4 should disclose the inadequate base financial records as a weakness. Paragraph 5 should explain the steps being taken to rectify the position.</i>
<i>Did we take appropriate action on all significant matters raised in reports from the internal auditor?</i>		<i>If yes, no action. If no, ensure this decision is justified.</i>

		<i>If, after reflection, it is considered that some action needs to be taken, describe this briefly in paragraph 5.</i>
<i>Did we review a risk assessment and taken appropriate steps to manage the risks identified including the introduction of internal controls and/or external insurance cover where required?</i>		<i>If yes, no action. If no, the need to conduct a comprehensive risk assessment should be noted in paragraph 4. Paragraph 5 should explain the steps being taken.</i>
Question	Agreed Yes or No	Implication of the Answer
<i>Control activities required after the end of the financial year</i>		
<i>Has the head teacher confirmed that he/she has seen a reconciliation of the school's base financial records with the CFR Return (either prepared from the school's own system or by the local authority) and Financial Summary that shows they are:</i>		<i>If yes, no action. If no, to the first question, make arrangements for the head teacher to complete/review the reconciliation before the SIC is signed and published. If no to the second question, the non-compliance should be noted at paragraph 4 as a weakness. Paragraph 5 should explain the steps being taken to rectify the position.</i>
<ul style="list-style-type: none"> • <i>a complete record of the School's transactions for the year and that the two documents are consistent with each other?</i> • <i>based on financial records that have met the requirements of the DCSF' Consistent Financial Reporting (CFR) framework?</i> 		
<i>Have we received a report from the internal auditor giving us assurance that the systems of internal financial control, where examined in any given period, operated satisfactorily during the year?</i>		<i>If yes to either question, no action. If no to both questions, either:</i>
OR		<ul style="list-style-type: none"> • <i>delay signing the statement until you have received the report or undertaken the self-evaluation</i>
<i>Have we undertaken a thorough self-evaluation of the internal control systems in operation during the year and did not find any weaknesses that needed to be addressed as a high priority?</i>		OR <ul style="list-style-type: none"> • <i>if the report or the self-evaluation has identified weaknesses that need to be addressed as a high priority, list them at paragraph 4 and briefly explain in paragraph 5, the action planned to rectify them.</i>

<p><i>Are we confident that there are no significant litigation, liabilities or commitments that have arisen after the year-end, and are not referred to or accounted for in the published financial summaries?</i></p>		<p><i>If yes, no action.</i></p> <p><i>If no, consider if the accounts need adjusting in order to be complete, or whether a Contingent Liability or Gain disclosure note should be added and the Local Authority Finance Department informed.</i></p>
<p><i>Have we been advised that there has been no actual or potential non-compliance with laws, regulations and codes of practice that could reduce the school's ability to meet its objectives or cause the school to incur a financial loss, and is this supported by our own knowledge of the school and its activities?</i></p>		<p><i>If yes, no action.</i></p> <p><i>If no, add the appropriate disclosure notes to the income and expenditure account before it is signed and published.</i></p>

Notes:

- Given the s151 officer has ultimate responsibility for the internal control systems of the whole authority it will be necessary to report the details of any "No" answers to him or her or more realistically to a representative of the s151 Officer.
- The completed internal controls self-evaluation should be copied to the Local Authority internal audit section to inform its risk assessment and audit planning processes

FINANCIAL COMPETENCIES NEEDED BY THE SCHOOL GOVERNING BODY

Brief guide to the financial management competencies needed by the Governing Body

Introduction

The attached matrix summarises the financial management competencies that best practice determines should be available within the Governing Body. This competencies matrix has been designed as a practical document which can be used by schools at different levels:

- by individuals who wish to identify their personal training and development needs
- by Governing Bodies or their Finance Committees to ascertain their collective financial management competencies

It should be stressed that this is seen as a key development tool for both individuals and the Governing Body as a whole. Experience shows that for most schools only small numbers of governors will initially be at levels 1 and 2.

How to use the matrix

First, Identify who within the Governing Body should have key financial competencies and fill in their details at the top of the grid. This allows for the grid to be tailored to the individual schools Governing Body financial management requirements. The Key Financial Management competency is in bold (eg the first is "provides strategic leadership and management"), and examples of the characteristics that demonstrate this competency are provided beneath it

The aim, in completing the matrix, is to determine the relative Financial Management skills available within the Governing Body. However, this needs to be related to the way that the Governing Body deals with financial management issues and so not all governors will need the highest levels of financial management competence. Typically, for a school with a Finance Committee, the Finance Committee members and the Chair of the Governing Body would be the most appropriate governors to complete the matrix. For schools without a Finance Committee the Chair of Governors, any governor specifically tasked with finance issues and those governors from the Governing Body who possess Financial Management Skills should complete the matrix.

Second, for each governor identified use the ratings (which are explained in some detail below) to identify the level at which the person has the relevant competencies by making reference to the key indicators and the typical examples.

Third, on completion analyse the results to ensure the skills, knowledge and attitudes are spread across the staff in the most appropriate way i.e. there is not over or under concentration of competencies with one specific staff member.

A Key Point is that not all **Governors** need all these skills, but collectively the **Governing Body (& Finance Committee if it exists)** will ideally have these competencies between them.

RATING SYSTEM	1	2	3
	HIGHLY COMPETENT	COMPETENT	DEVELOPING



Purchase Card Advice & Receipt Confirmation - Schools

This guide is intended only as a brief overview of the procedures for the use of the Government Purchasing Card. The full version of the procedures and guidance notes can be found on the Intranet.

The Card should only be used by the person it is issued to, you must not lend the card to any other individual or let them know your pin number; but you can order goods or services on behalf of another as long as you have ensured that an individual with the authority to authorise orders on the relevant budget has agreed the transaction.

The Card should only be used for purchasing goods & services when;

- Purchases need to be made out of office hours to ensure service provision.
- Its use gains a significant discount for the School.
- It's the only method of payment accepted by the supplier.

The Card must NOT be used for purchasing goods & services when;

- It's for your own personal use.
- It's from an established Council supplier.
- The items are already available from stock or on contract.
- It exceeds the transaction limit.
- Buying IT Hardware and Software
- Buying Fuel, Oil or Derv
- Hires
- Paying for Hospitality and Subsistence (Unless this meets the criteria agreed by Audit / Payments)

PLACING AN ORDER

You Must:

- Ensure the Supplier is **VISA** capable.
- Ensure the goods are available and are within your Transaction Limit.
- Give the Supplier **ALL** the following details:-
 - Your Name
 - Card Number
 - Expiry Date
 - Delivery Address
- Ask the Supplier to send **YOU** a VAT receipt.- please refer to the Schools VAT Guide if you require information on what constitutes a VAT invoice/receipt.
- Up-date the Transaction Log at each stage.
- If ordering or paying on behalf of another School employee ensure that documentation is obtained to support the Transaction Log entry.

INTERNET ORDERING

If using the internet to place an order or make a purchase remember to ensure that the site and your details are secure. **Always be on your guard. Remember YOU are responsible for the security and proper use of the card.**

DEALING WITH THE MONTHLY STATEMENT

You Must:

- Ensure that all items on the statement are listed clearly and accurately on your Transaction Log.
- Ensure that any credits due are identified and dealt with correctly.
- Contact the Supplier promptly if you have a problem.
- Ensure the Transaction Log, with **ALL** VAT receipts attached, is signed and passed to your Headteacher or authorised member of the SLT without delay each month and sent to the Payments Section via SCAMP by the **required payment deadline**.

MISUSE OF THE CARD

- Misuse of the card or allowing your card to be used by a third party may result in the withdrawal of the facility and may also lead to disciplinary action in accordance with Torbay Council's disciplinary procedures.
- Fraudulent use of Purchasing Cards **may** result in dismissal and **could** lead to criminal prosecution.
- Cards may also be withdrawn if you consistently fail to complete Logs accurately and on time.

RESOLVING PROBLEMS

- Contact the Payments Section Tel No 20(7277) within office hours, for advice or help.
- Contact RBS for lost /stolen cards or if your PIN or password is known by an unauthorised person on Tel No 0870 6000459 (24 hour).

INCREASING LIMITS OR UNBLOCKING OF SPENDING CATEGORIES

Before you contact the Payments Section the Children's Finance Manager and the school Headteacher must approve any increase in your monthly Credit Limit or changes to Spending Categories. No limits can be increased without their approval and authorisation.

DECLARATION

Card Holder

I have received and signed my Purchase Card and noted the PIN. I have also read the above information and understand my obligations with regard to its use.

Card Holder	
Signature	
Date	
If the card has been collected on your behalf then this form must be signed & returned to the Payments Section, Town Hall, Castle Circus, Torquay within 5 working days otherwise a block will be put on the card preventing its use.	

NEW CARDHOLDER APPROVAL

Before completing please refer to the instructions on the Payments Intranet site. If you have any questions then please contact the Payments Helpdesk on 20(7277) or payments.section@torbay.gov.uk

Cardholder Name (BLOCK CAPITALS)	
Business Unit	

Reason for Request	Please specify that you;	Please Tick ✓ all boxes that are relevant
	- are not Office based	<input type="checkbox"/>
	- make out of hours purchases to ensure service provision	<input type="checkbox"/>
	- regularly use one-off Suppliers for ad-hoc purchases	<input type="checkbox"/>
	- regularly use a Supplier who will only accept Card payments*	<input type="checkbox"/>
	- regularly use a Supplier who gives a <u>significant</u> discount for Card payments*	<input type="checkbox"/>
	* Please confirm Supplier(s)	
	Other (please give details)	<input type="checkbox"/>
Details		

Requested Card Limit	Per Transaction (Limit for each transaction)	£
	Card Limit (Card limit per month)	£

Categories Required	Please specify overleaf the Merchant Categories that you will require to be unblocked
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Please indicate the Merchant Categories that you feel will be required by the Applicant

Transaction Blocking Details

Mark all categories where the cardholder is NOT allowed to spend. Please note that some categories are already blocked and these will only be unblocked in exceptional circumstances where a specific need is identified. This form should reflect only the type of spending that is LIKELY to occur so please block additional categories as appropriate.

1	Building Services	X	2	Building Materials	X	3	Estates & Garden Services		4	Utilities & non-automotive fuel	X
5	Telecommunication Services		6	Catering & Catering Supplies	X	7	Cleaning Services & Supplies		8	Training & Educational	
9	Medical Supplies & Services		10	Staff - Temporary Recruitment	X	11	Business Clothing and Footwear		12	Mail Order/Direct Selling	
13	Personal Services		14	Freight & Storage		15	Professional Services		16	Financial Services	
17	Clubs /Associations /Organisations		18	Statutory Bodies		19	Office Stationery, equipment & Supplies		20	Computer Equipment	X
21	Print & Advertising		22	Books & Periodicals		23	Mail & Courier Services		24	Miscellaneous Industrial /Commercial Supplies	
25	Vehicles, Servicing & Spares		26	Automotive Fuel	X	27	Travel		28	Auto Rental	
29	Hotels & Accommodation		30	Restaurants & Bars	X	31	General Retail & Wholesale		32	Leisure Activities	
33	Miscellaneous		34	Cash	X						

Approved Budget Holder (PRINT NAME)		Date:
(SIGNATURE)		
Approved by Children's Finance Manager		Date:
(SIGNATURE)		
Processed by Payments Section		Date: