

Scheme for Financing Special Schools

Effective from 1st April 2007



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TORBAY COUNCIL
Scheme for Financing Special Schools

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Section 1 – Introduction – The Funding Framework

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, LEAs 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 (LEA) 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 LEA budget is set for LEA central functions.

The LEA 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 DfES 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, which 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 LEA and approved by the Secretary of State. 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.

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 LEA is obliged to publish each year a statement setting out details of its planned Schools and LEA 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 special 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 and will require approval by the Schools Forum.

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. Now state that Torbay must not later than 31st March 06:
 - a) make an initial determination of their school budgets for funding periods 1 and 2. (1 being 2006/07 and 2 being 2007/08)
2. With the above in mind, Torbay Council issues all school allocations well before the end of March and will continue to do so for 2007/08 onwards.

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
- 2.6 Place led sub-formula
- 2.7 Pupil led sub-formula
- 2.8 Fixed and stepped 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 Specific Allocations
- 2.18 Principles of Additional Defined Factors
- 2.19 Principles of the Premises and Facilities

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 52 Statement" in April each financial year. The descriptions in this document are also largely required as part of the published Section 52 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 52 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. Standard Funds Allocations 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 DfES 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 (eg 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 (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 2.12.2, 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 2.17.

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.

2.10.2 The funding is calculated using 5 factors:

- Amount per eligible FSM
- Amount per meal produced
- Energy costs (Gas) per meal provided
- Refuse
- Environmental Cleaning

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 2.16.

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, NQT's and personalised learning.

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 LEA'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)

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 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 schoolteachers Pay and Conditions document. The calculation will be moderated by the LEA and agreed between the LEA 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 management points 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

This was funded through targeted grant in previous years, but from 2006/07 onwards it is allocated based upon actual teacher threshold numbers taken from the 618G form. The funding is to cover pre 16 teachers 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 – £4,340

Funding per Secondary Threshold Teacher for Pre 16 pupils - £4,340

2.18.3 Newly Qualified Teachers (NQTs)

As part of the Schools Funding Consultation it is agreed that this funding stream is included as part of school funding. The allocation used information from the January 07 NQT return.

The amount per NQT is £2,921

2.18.4 Personalised Learning

This is allocated to special schools using KS2 and KS3 pupil numbers, using unit values of £44 and £86 respectively.

2.19 Premises and Facilities

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
- Weighted for site area (m2) per pupil
- Weighted for percentage of temporary accommodation
- Weighted for Site Area

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 suspended ceilings / lightweight flat roofs with felt finish / pitched roof to halls / gym with felt finish / concrete floor with vinyl tiles.	1.3
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 Floor area weightings for percent age of temporary accommodation are applied as follows:

Temporary Accommodation	Weighting
New Schools up to 3 years old	1
Less than 15% in temps	1.5
More than 15% in temps	2

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 2007/08	4,054,772
Total Assessed need through Activity Led Resourcing (ALR) Assessment	6,435,407
Gross Difference (between ALR theory & available funds)	2,380,635
Scaling assessment to apply to all funding factor Allocations, except Premises and School meals, to keep within existing cash limits	61.22%

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	BESD	Hearing	MLD1	MLD2	MLD3	PD	PMLD	SLD	SpecLD	SD	Visual	KS1	KS2	KS3	KS4
Teaching	6,243	7,491	7,491	4,682	5,351	6,243	6,243	7,491	6,243	6,243	6,243	9,364				
Top up for contact ratios	624	749	749	468	535	624	624	749	624	624	624	936				
Teaching Asst's	6,702	5,629	5,629	2,513	2,872	3,351	6,702	10,053	6,702	3,351	6,702	7,539				
Meal Time Assistants	259	311	311	97	111	129	259	1,554	259	52	52	388				
Staff Absence	518	525	525	288	329	384	518	702	518	384	518	676				
Maternity Cover	129	131	131	72	82	96	129	175	129	96	129	169				
Trade Union time	65	66	66	36	41	48	65	88	65	48	65	85				
Staff Training and development																
Teaching	83	100	100	63	71	83	83	100	83	83	83	125				
Staff Training and Development																
Support Staff	83	70	70	31	36	42	83	125	83	42	83	94				
Curriculum Support													105	145	158	270
Pupil Transport													200	200	200	200
College Link Course													0	0	0	125
Non staffing admin costs													69	69	69	69
Totals	14,706	15,072	15,072	8,250	9,429	11,000	14,706	21,037	14,706	10,922	14,499	19,377	374	414	427	664

Note -Totals are subject to roundings

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 all 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 management 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 all 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 £1,554 (2007/08) 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	£105.00
Key Stage 2	£145.00
Key Stage 3	£158.00
Key Stage 4&5	£395 .00

NB KS 4 reflects £190 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 £200 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 college link courses.

College Link courses - costs

The cost has been estimated at £125 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.

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 30.

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 £3,380 (Sp 9 @ 0.21 FTE) for 2007/08 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 19.

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 £8,770 (Sp11 @ 0.5 FTE) for 2007/08 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 £10,874 for 2007/08 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 10 has been used. 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.

Additional Management Points - role

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.

Additional Management Points - costs

Additional management points have been allocated as stepped fixed costs based on the school's group size. The management points have been set at the management point 1 value of £2,190 and allocated as follows:

<u>School Group size</u>	<u>Management points</u>
2	7
3	11
4	15
5	19
6	23

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 £9,502 for 2007/08 for group size 2 and increasing by £2,112 for each increase in group size thereafter.

Specific Allocations

Special Equipment costs

Mayfield

- Hydrotherapy pool running costs - cost based on an estimate of £82.29 per cubic metre (actual costs to be reviewed during 2007/08).
- Maintenance of hoists – estimated at £14,137 per annum for 2007/08

Coombe Pafford

- Maintenance of hoists – estimated at £2,175 per annum for 2007/08.
- Maintenance of a Lift – estimated at £6,524 per annum for 2007/08.

Torbay

- Maintenance of a Lift – estimated at £6,175 per annum for 2007/08.

Section 3 – Financial Conditions and General Requirements

Contents

- 3.1 General Requirements and Financial Conditions including reporting.
- 3.2 Conditions under which School Budgets may be charged by the Council
- 3.3 Income
- 3.4 Schools operating Local Payments
- 3.5 Community Facilities / Extended Schools
- 3.6 Finance and School premises including insurance, H&S and PFI
- 3.7 Financial Reassurance

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 DfES 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 LEA) 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 Director 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. 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 30 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 Director 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 Director 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 Director 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 Head of Finance. Such agreements will also specify the reporting necessary to the LEA 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 LEA.
- 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 Director 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, 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 Director of Finance

- a. Under Section 151 of the Local Government Act 1972, the Director of Finance is responsible for the probity and regularity of all the Council's financial activities.
- b. The Director of Finance, 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 Director of Finance 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 relevant 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 Governing Body of each school shall ensure that arrangements for deduction and remittance of the General Teaching Council fee are met.

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 Director of Finance, which will be set out in the Financial Regulations for Schools

3.1.19 Virement

- 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 the 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

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

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 THE CHARGING OF SCHOOL BUDGET SHARES

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 intended 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 ensuring 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 school's 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 Director of Finance 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 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; BANKING ARRANGEMENTS

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 Director of Finance 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 Director of Finance from carrying out his 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 COMMUNITY FACILITIES AND EXTENDED SERVICES PROVIDED BY SCHOOLS

3.5.1 Introduction

The Education Act 2002 confers a new power on governing bodies to provide community facilities. Community facilities and services can be provided for the benefit of pupils at the school, their families, or people that live or work locally to the school. The power provides the ability to incur expenditure on the facilities, enter into funding and other agreements, and provide staff time and other services.

The legislation includes a range of controls:

- a. The Secretary of State can specify activities which cannot be undertaken under this power.
- b. Schools must consult the LEA prior to exercising the new power and have regard to advice given in response;
- c. Schools must have regard to advice issued by the Secretary of State;
- d. Schools cannot do anything that is contrary to their own instruments of government;
- e. Schools must comply with the requirements of the LEAs scheme for financing schools which has been extended to include community facilities;

3.5.2 Use of delegated budget for community facilities

With the exception of the School Standards Grant, schools cannot use the delegated budget to subsidise community facilities, either to support start-up costs or ongoing running costs. Similarly the delegated budget cannot be used to support deficits accrued on community facilities.

3.5.3 Consultation with the LEA – Financial Aspects

There is a statutory requirement to consult and to have regard to advice given by the LEA 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

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.

3.5.4 Advice from the LEA

The LEA 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.

3.5.5 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.

3.5.6 Funding Agreements – Third Party Agreements - LEA 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 LEA consent for an agreement to proceed would be a matter for the third party and not this scheme.

3.5.7 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.

3.5.8 Agreements with the LEA

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

3.5.9 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.

3.5.10 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.

3.5.11 Use of surplus accommodation

The Authority may prohibit the use of 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 LEAs revenue or capital budgets.

3.5.12 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.

3.5.13 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.

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.

3.5.14 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 would not be charged for the audit of community facilities.

3.5.15 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 LEA. 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.

d. Deficits

The LEA 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 LEA would have to resubmit proposals for consultation.

3.5.16 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

3.5.17 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.

3.5.18 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.

3.5.19 Taxation and Employment

a. Value Added Tax (VAT)

Schools can not 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.

Schools should seek advice from the LEA 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 LEA 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 LEA 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 LEA would meet the cost of redundancies, premature retirement, or securing the resignation of staff, 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.

3.5.20 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.

3.5.21 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 LEA through the loan scheme described in section 3.1.15 of the main financial scheme.

3.6 FINANCE AND SCHOOL PREMISES

3.6.1 Repairs and maintenance

Schools have direct responsibility for all day to day repair of premises and facilities including operational plan 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 Education Asset Management Plan.

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

3.6.2 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 2005.
- d. If funding for insurance is delegated to any school, the school shall demonstrate to the satisfaction of the Director 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

3.6.3 Health and Safety

- a. In expending schools' delegated budgets, Governing Bodies 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.

3.6.4 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.

3.6.5 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 LEA. For the Financial Year 2003/04 the rules have been relaxed by Government to enable schools with budgetary difficulties to convert devolved capital into revenue funding for general application in a school's budget plan.

3.7 FINANCIAL MANAGEMENT REASSURANCE

3.7.1 All maintained schools must demonstrate compliance with the DfES' Financial Management Standard in Schools in line with the timetable determined by Torbay Council and at any time thereafter.

The Council may require schools to demonstrate compliance through the submission of evidence showing that the school has undergone an external assessment. External assessment must be carried by the Council or by a third party that has been approved to carry out such assessment by either the DfES or the Council.

The Financial Management Standard and Toolkit (FMS&T) was developed and released to schools as a self-management package in June 2004. The standard and toolkit is available at:

<http://www.fmsis.info/>

Annex 2 in this document lays out a summary of the essential items that schools must evidence in order for them to achieve the Financial Management Standard.

3.7.2 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 Chief Financial Officer and the Strategic 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.

3.7.3 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.

3.7.4 Council Monitoring of Schools' Performance

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

3.7.5 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.	

Section 4 - Financial Regulations for Schools

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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.
- 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. contribute to the achievement of best value principles.

4.1.2 These Financial Regulations are supplemented by operational and procedural advice from the LEA 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 LEA, copies of the approved authority forms submitted to the LEA for this purpose are sufficient to create the record.

4.2.5 Headteachers must consult with the LEA 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 by the Council's Internal Audit service acting on behalf of the Director of Finance under s151 of the Local Government Act 1972, in accordance with Torbay LEA'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 Director of Finance access at all times for the purposes of audit.
- 4.4.3 Torbay LEA 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 LEA 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 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 LEA, 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 LEA as soon as the Audit is complete.

4.4.7 **Financial Malpractice / Whistleblowing**

The Council's Internal Audit Section must be notified immediately of any circumstances that suggest the possible existence of any irregularities with a financial implication. The Head of Internal Audit 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 Director of Education and Cultural Services, signed by the Chair of Governors, by the 31st of May each year. The budget should include items from the School Improvement Plan relating to the year.

Revenue Budget Monitoring

- 4.5.2 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.
- 4.5.3 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.

- 4.5.4 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 LEA.
- 4.5.5 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 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 LEA 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 LEA's accounts.

- 4.6.3 If schools are allocated funds by the LEA for capital expenditure, the Governing Body shall submit quarterly reports to the LEA 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 eg 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 - £3,000

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 £3,000 - £10,000

At least two written quotations should be obtained and documentation held on file. Such expenditure to be reported to either the Governing Body or Finance Committee.

Purchase Price £10,000 - £50,000

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

Purchase Price £50,000 and above

Governing Body to obtain at least four tenders or if fewer than four such tenders available, all such 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).

- 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 Stationery Office or other published catalogue may be used in lieu of one of the quotations/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 is using contracts arranged by:

- a. the Education 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 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 LEA'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 LEA's policies and procedures, should be assessed.
- c. invitations to tender should be sent to at least four approved applicants. For second and subsequent invitations, the successful

applicant from the previous invitation as long as the applicants 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 LEA, 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 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 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.

Documentation

4.7.35 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.

4.7.36 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

4.7.37 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 LEA.

4.7.38 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 LEA if they are proposing to take such action.

4.7.39 If a school proposes to lease land the LEA 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 LEA.

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 Education and Cultural Services 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 Director of Finance except for disbursements from petty cash imprests and payments by schools who 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 17.3 to 17.5). The details must be evidenced and recorded on the invoice as set out in 9.3 below. (See paragraph 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 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 with 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 portable property are purchased costing more than £100 an entry has been made in the appropriate Inventory;
- (i) 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.

Direct Debits

4.9.5 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 LEA to arrange an appropriate imprest level to meet these commitments.

4.9.6 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 Director of Finance must be advised.

4.9.7 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 who operate local payments. Care must be taken to ensure that VAT is properly recorded and supported by a tax invoice.

Taxes Management Act

4.9.8 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. 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 Torbay's Human Resources Department have been made. A checklist should be held on personal 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 annually that employees receiving payment are properly employed and that their gross pay agrees with their contracts of employment.

Where appropriate Torbay Council's 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 Director of Finance.

Schools who operate Local Payments.

Choice of Bank

4.11.2 Schools who 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 Director of Finance 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 LEA.

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 who operate local payments one month in arrears.

Credit Cards, Debit Cards or Cheque Guarantee Cards.

4.11.10 Schools may enter into arrangements with providers of Credit Cards, Debit Cards or Cheque Guarantee Cards. However in such circumstances the operation of such cards will be with the express approval of the LEA and subject to the agreed protocol relating to the use of such cards given in Annex 1.

Investments

4.11.11 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.

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 shall 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 paid in weekly or set periods agreed with the Internal Audit Section. 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 LEA 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.
- 4.12.10 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.
- 4.12.11 Surplus assets funded from non-delegated LEA funds should be offered to the LEA for relocation. If these items are sold the income must be refunded to the LEA. 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 LEA must be advised of the individual amounts and the LEA debtors system invoice number if relevant. A summary of sums written off should be provided to the LEA on an annual basis. Governing Bodies are not permitted to write off income relating to the LEA e.g. non-delegated school meals income. Amounts above £1,000 can only be written off by the Director of Finance.

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 LEA of:

- a. all new risks requiring to be insured;
- b. any alterations affecting existing policies;
- c. any event likely to lead 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 LEA with documentary evidence of the initial cover arranged, renewals and amendments so that compliance with the minimum cover required by the LEA 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 STOCKS

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 LEA 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.

4.14.3 Headteachers must arrange for inventories to be checked at least 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.

4.15 Petty Cash Imprest Accounts

4.15.1 All schools who do not operate local payments will be given the option of using 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 LEA, 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 imprests 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 LEA 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 letterheaded 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 LEA.

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 LEA.

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 LEA.

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 LEA.

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 LEA.

Construction Industry Scheme

4.17.3 This Scheme applies to works involving construction and repairs. It requires the person paying for the works to make a deduction for tax from the labour element of a payment and pass that deduction to the Inland Revenue within fourteen days of the end of the tax month.

4.17.4 It is important that Schools obtain invoices from persons covered by the Scheme which separately identify the materials element of the charge from other elements before VAT is added. If this is not provided, the deduction will have to be made from the whole payment, as this will avoid any dispute with the Inland Revenue over the correct application of the Scheme.

4.17.5 The LEA creditors payment system provides facilities for the administration of the Scheme. The following information provides a broad outline of the requirements if a School does not use the LEA creditors payment system:

- a. Payments must not be made to persons who do not hold a certificate (CIS5 or CIS6) or registration card (CIS4) under the Scheme, or employees.
- b. Where a valid certificate CIS5, for companies, is held, payment can be made gross but a voucher (CIS23) must be issued to the Inland Revenue identifying the payments and deductions made in each tax month.
- c. Where a valid certificate CIS6, for individuals, is held, payment can be made gross but vouchers must be issued to the Inland Revenue and the individual identifying the payments and deductions made in each tax month.
- d. Where a valid registration card CIS4 is held, a deduction must be made from the payment equivalent to the basic rate of tax on the labour, travelling and subsistence elements before VAT is added. A voucher (CIS25) must be issued to the Inland Revenue and the payee identifying the payments and deductions made in each tax month.

- e. An annual return of payments (CIS 36) has to be sent to the Inland Revenue by the 19th of May following the relevant tax year.

Income Tax and National Insurance

- 4.17.6 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 earnings from imprest accounts or unofficial funds.
- 4.17.7 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.
- 4.17.8 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 LEA.
- 4.17.9 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.
- 4.17.10 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.
- 4.17.11 The Inland Revenue has agreed that a number of allowances paid by the LEA 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 LEA.

Value Added Tax

- 4.17.12 Schools are responsible for providing information to enable the LEA to maintain proper VAT records and to ensure that returns are made to HM Customs and Excise in accordance with the prescribed regulations. Further details about VAT is available in operational guidance issued by the LEA. HM Customs and Excise have powers to impose penalties and interest where bodies do not properly account for VAT.
- 4.17.13 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 LEA in compliance with the LEA's accounting period end dates;
 - b. information must be submitted within two weeks of the period end date;
 - c. documentation must be in a form approved by the HM Customs and Excise 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, eg creditors payments, debtors and payroll, will require approval by HM Customs and Excise.

Input Tax

- 4.17.14 This relates to payments made. With the exception of parking charges and reimbursement of telephone call costs, VAT can only be reclaimed if the following conditions are satisfied:
- a. a full tax invoice is held, addressed to the school, which includes the date (tax point), the supplier's VAT registration number, the charge excluding VAT, the rate of VAT charged, the amount of VAT charged and the total, or
 - b. a lesser detailed tax invoice is held for charges up to £100, addressed to the School, which includes the date (tax point), the supplier's VAT registration number, the rate of VAT charged and the total, or
 - 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

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

- a. invoices issued are valid tax invoices in accordance with Customs and Excise 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 backups must be stored in a fireproof location, preferably off site. Regular tests should be undertaken to ensure that data can be recovered from the backup.

4.18.6 Schools should ensure that they comply with the advice issued by the LEA concerning the rotation of discs in the backup 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 funds delegated by the LA. Full guidance will be found in the Local Authority’s guidance document “Voluntary Unofficial Funds in Schools and Colleges”. 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, the 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. Specific guidance about thresholds can be found in the LA guidance document referred to in paragraph 4.19.2 above. 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 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 / Debit / Purchase Card Protocol

- a. This protocol must be complied with in all cases where a credit card is requested by a school.
- b. 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.
- a. Credit Card accounts must be in the name of the school/LEA.
- b. The Governing Body must consult with the LEA and obtain approval for the opening of any credit card account.

- c. Credit cards should only be used by the Headteacher or nominated staff and must be kept securely in the safe at all times, and must be signed out if taken off site.
- d. Credit cards must not be used for personal use or for withdrawing cash without the express approval of the LEA.
- e. The maximum credit limit allowed on any credit card account is £3,000.
- f. 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.
- g. Statements must be reconciled when received.
- h. Staff issued with credit cards must sign to accept this protocol and any breach of this code will be considered misconduct.
- i. The protocol also applies where a debit card or purchase card is used.

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 - Children's Services

T: 01803-208283

E: lisa.finn@torbay.gov.uk

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

Claire Shiers, Principal Accountant

T: 01803-208216

E: claire.shiers@torbay.gov.uk

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

Steve Bowden, Senior Finance Assistant

T: 01803-208254

E: steve.bowden@torbay.gov.uk

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

Geoff Davis, Principal Accountant (Schools)

T: 01803-208255

E: geoff.davis@torbay.gov.uk

(For queries in connection with Sections 3 and 4 of the Scheme relating to General
Requirements and Financial Conditions and Financial Regulations)

Martin Gould, Assistant Director, Internal Audit

T: 01803-207320

E: martin.gould@torbay.gov.uk

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

LIST OF SCHOOLS TO WHICH THE SCHEME APPLIES ON 1 APRIL 2006

DfES No **Status**

Special Schools

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

C = Community

Financial Management Standard

Background

This is a new DfES led initiative affecting Secondary schools in the first instance, who are required to meet the Standard by March 2007, to be followed by Primary and Special Schools for whom the eventual deadline will be March 2010.

Torbay Council is working alongside all schools in developing appropriate resources to inform and assist the achievement of Financial Standards in Schools.

The essential items for achieving the Financial Management Standard in Schools are as follows: -

1. Leadership and Governance

1.1 The staff and governors have a shared understanding of their own financial management roles and responsibilities and those of others.

1.2 School governance arrangements ensure that Governors are able to fulfil their financial management roles and responsibilities properly.

1.3 The Head teacher and Bursar (if in post) operate with financial integrity setting an example to governors and staff alike.

1.4 The Governing Body has considered, signed and published a controls assurance confirming that resources have been properly managed.

1.5 The School has effective governance arrangements covering issues, which include conflicts of interest and whistle blowing.

2. People Management

2.1 The Governing Body includes individuals who are able to:

- Be an effective “critical friend” on financial management issues
- Provide strategic leadership on financial management issues
- Ensure financial management accountability

2.2 The staff with financial management responsibilities include individuals who are organised in a way that enables them to:

- Provide a strategic view
- Ensure accountability requirements are met
- Facilitate the effective operation of financial processes

3. Policy and Strategy

3.1 The school has an annual budget that:

- Is realistic and affordable in relation to available resources and cash flows
- Is approved by Governors on a timely basis
- Reflects the school development plan
- Is consistent with any longer term financial plans for recovering deficits or saving up for future developments

3.2 The governors and the staff have compared the School's financial performance with that of similar schools, examined reasons for differences and taken action where necessary.

4. Partnerships and Resources

4.1 The LEA and the school have agreed their respective financial management roles and responsibilities.

4.2 The school has procurement arrangements in place to secure value for money from all suppliers including the LEA and outside contractors.

5. Processes

5.1 The financial management information provided to governors and staff meets their needs by being:

- Relevant
- Accurate
- Timely
- User friendly

5.2 The school provides the LEA with accurate and up to date information in accordance with the LEA's needs.

5.3 The school complies with Consistent Financial Reporting requirements on a timely basis.

5.4 The school has up to date, documented and approved financial regulations that are implemented consistently.

5.5 The school has up to date, documented and approved detailed financial procedures that are, tailored to the school's need and implemented consistently in practice.

5.6 The school maintains proper accounting records throughout the year

5.7 The governors and staff have evidence that there is effective control over:

- Financial management system
- Income received
- Payroll
- Purchasing
- The banking system
- Petty cash holdings and payments
- Taxation system
- Voluntary funds
- The School's assets

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	

Floors

Ground Floor	Structure and dpc in new building	Repair/replacement of small parts of an existing structure
	Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	
	Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room	Replacement and repair of screed and finishes/ Replacement of mats/ matwells. Maintenance e.g. revarnishing wooden floors.
Upper Floor	Structure - as ground floor	As ground floor
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor

Ceilings

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

	Fixed	Repair/ replacement inc. from water damage
	Access panels	Repair/ replacement
Lower storeys	Suspension	Repair/ replacement
	Membrane Fixed	Repair/ replacement
All	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection
<u>External walls</u>		
Masonry/ cladding	Structure Underpinning/ propping for new build External Finish on new build	Repairs Preventive measures e.g. tree removal Repair/replacement of small parts of an existing structure. e.g. repointing/ recladding a proportion of a wall where failure has occurred.
	External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building /replacement build	
Windows and Doors	Framing - new build	Repair/ replacement of individual frames. Repainting frames
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames
	Glazing - new build	Replacing broken glass
	Glazing Upgrading existing glazing	

	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.
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	Jointing including mastic joints	
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	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
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**Masonry
chimneys**

	Structure	
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	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing
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Internal walls

Solid	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
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	Refurbishment and alterations	Minor alterations
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Partitions	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
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	Refurbishment and alterations	Minor alterations
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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
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All	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
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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.
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	Large scale toilet	Small areas of refurbishment
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refurbishment

Provision of disabled facilities, and specialist facilities related to pupils with statements

Repair/ replacement of damaged fittings, waste plumbing etc.

Kitchens

Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.

Maintain kitchen to requirements of LA

Cleaning out drainage systems

Redecoration

General refurbishment

Repairs

Large and costly items of equipment

Repairs/ replacement parts

Mechanical services

Heating/ hot water

Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.

General maintenance of all boiler house plant including replacement of defective parts.

Regular cleaning.
Energy saving projects

Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.

Monitoring systems

Health & safety issues

Planned replacement of old boiler/ controls systems past the end of their useful life

Replacement of defective parts

Emergency replacement of boiler plant/ systems

Cold water

Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects

Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.

Gas

Distribution on new and major refurbishment's, terminal units

Repairs, maintenance and gas safety
All servicing

Ventilation	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units
Other	Swimming pool plant and its complete installation, including heat recovery systems	Repair/ replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.

Electrical services

General	Main switchgear and distribution in major projects.	Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing and bonding to meet Health & Safety. All servicing.
Power	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
Lighting	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
Other	Lightning protection in new build 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	Maintenance and repair Car park and playground markings.
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	major project, including disabled access	
Miscellaneous	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.
Drainage	Drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
Open air pools	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.
Services distribution	Heating mains gas mains water mains Electricity mains, Renewal of any above.	Annual servicing