



**Norfolk County Council**

# **NORFOLK'S SCHEME FOR FINANCING SCHOOLS**

## **2020/21**

Director of Children's Services  
County Hall  
Martineau Lane  
Norwich  
NR1 2DL

# Norfolk's Scheme for Financing Schools

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## The Outline Scheme

### Section 1: Introduction

#### 1.1 The Funding Framework

Since 1995 Norfolk has delegated funding to all its primary, secondary and special schools in accordance with its Local Management of Schools (LMS) scheme as approved by the Secretary of State. Under the terms of the School Standards and Framework Act 1998, local authorities were required to draw up a new scheme for financing schools to replace the existing LMS scheme, and to base their funding framework on the legislative provisions in s.45-53 of that Act. From April 2004 nursery schools also received delegated budget shares. Unless specifically stated otherwise, the provisions of this scheme apply to any nursery school maintained by the Authority.

Under this legislation local authorities determine for themselves, in consultation with schools and the Schools Forum, the size of their schools budget and their non-schools education budget. As a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget but may add an amount to this grant if they wish. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together is all expenditure, direct and indirect, on an authority's maintained schools, except for capital and certain miscellaneous items. The local authority may deduct funds from their schools budget for certain purposes that are defined in regulations made by the Secretary of State under s.45a of the Act (the centrally retained expenditure). The amount to be deducted for these purposes are decided by the authority, subject to any limits or conditions (including gaining the approval of their Schools Forum or the Secretary of State in certain instances)

The balance of the schools budget left after deduction of the centrally retained expenditure is termed the Individual schools Budget (ISB).

Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools)

Local authorities may retain an unallocated reserve within the ISB but must distribute amounts from their ISB amongst their maintained schools using a formula that accords with regulations made by the Secretary of State and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the School Standards and Framework Act 1998 (SSAF).

Section 48 of the SSAF requires the financial controls within which delegation works to be set out in a scheme made by the local authority and approved by the Schools Forum. All revisions to the scheme must also be approved by the Schools Forum, The authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority this document forms the required scheme for Norfolk.

Subject to provisions of this scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on any

additional purposes prescribed by the Secretary of State in regulations made under s.50 of the SSAF. Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under s.27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school subject to there being no detriment to educational standards

A local authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A local authority may also suspend a school's delegated budget for other reasons as set out in s.17 of the SSAF but in that case there is no right of appeal.

The local authority is obliged to publish each year statements setting out details of its planned Schools Budget and LA Budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school.

After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school which must be certified by the county's Section 151 officer. Information in budget and out-turn statements may be collated and published by the Secretary of State.

The detailed publication requirements for financial statements and for schemes are set out in regulations made under the School Standards and Framework Act 1998, but 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. These will be made available to schools via the authority's website.

A budget statement must be published by the beginning of the financial year to which it relates.

## **1.2 The role of the scheme**

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

### **1.2.1 Application of the scheme to the Authority and maintained schools**

This scheme applies to all existing community, voluntary, foundation (including trust) nursery, special and Short Stay schools in the area of the local authority (as listed in Annex A). The scheme will also apply to any maintained schools which open in the future. It does not apply to Academies.

### **1.3 Publication of the scheme**

Schools will be notified of any changes to the scheme, and a full copy will be placed on the Department's website. Any revisions will be published by the date the revised scheme comes into force, together with a statement that the revised scheme comes into effect on this date

### **1.4 Revision of the scheme**

Any proposed revisions to the scheme will be the subject of consultation with the Governing Body and Headteacher of every school maintained by the authority before they are submitted to the Schools Forum for their approval.

### **1.5 Delegation of financial powers to the Headteacher**

Each Governing Body is asked to consider the extent to which it wishes to delegate its financial powers to the Headteacher, and to record its decision (and any revisions) in the minutes of the Governing Body.

The local authority has no wish to impose uniformity on schools but considers that the following level of financial delegation to Headteachers is desirable:

- The Headteacher should present the first formal budget plan of each financial year to the full Governing Body for approval prior to submission to the Authority.
- Each Headteacher should be accountable for the management of staff and the security, custody and control of all other department resources, including land, buildings, plant, materials, cash and stores.
- To ensure effective management of the budget resources Governing Bodies are advised to delegate responsibility for day-to-day financial management to the Headteacher.
- The Governing Body should ensure that the Headteacher reports progress on a regular basis to the full Governing Body or a finance committee of that body.

### **1.6 Maintenance of Schools**

The Authority 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 SSAF.



## **Section 2: Financial Controls**

### **2.1.1 Application of financial controls to schools**

In managing their delegated budgets, schools must abide by the Authority's requirements on financial controls and monitoring. Contract Standing Orders as referred to in Paragraph 2.10 below are reproduced at Annex D.

### **2.1.2 Provision of financial information and reports**

Schools are required to provide the authority with financial information in line with the requirements of the Consistent Financial Reporting framework.

#### **School Bank Account type A**

If a school has all its budget share and earmarked sums paid into its bank account, the following returns will be required:-

##### **Required each month**

A bank reconciliation statement certified by the Headteacher or Responsible officer (electronic return for Star Account users)

A copy of the bank statement used to complete the bank reconciliation if not banking with the Co-op

A VAT reimbursement Claim certified by the Headteacher or Responsible officer (if not using Star Accounts)

##### **Required each quarter**

A summary of actual receipts and payments analysed at subjective code level for its budget share. A summary of actual receipts and payments for other grant allocations (if not using Star Accounts)

Cash flow forecasts.

#### **School Bank Account type C**

If a school uses an imprest style bank account to facilitate local payments and receipts, the following returns will be required:

##### **Required each month**

A bank reconciliation statement certified by the Headteacher or Responsible officer (electronic return for Star account users).

A copy of the bank statement used to complete the bank reconciliation if not using the Co-op bank.

A summary of actual receipts and payments analysed at subjective code level for its budget share, a summary of actual receipts and payments for other grant allocations and an analysis of VAT. This information will be used to generate the monthly imprest reimbursement. This is part of the monthly electronic paperwork created by Star Accounts.

Each month the Authority will provide schools who operate bank account type C with a list of transactions processed by the Authority and, where applicable, a Budget Control Report(s).

### **Exception**

Schools, which the Authority has notified that more regular information is required because of assessed financial concern, will be required to submit all returns, appropriate to the bank account type, on a monthly basis.

### **2.1.3 Payment of salaries; payment of bills**

The procedures for these will vary according to the choices schools make about the holding of bank accounts and the buying back of the Authority's payroll system.

If a school operates a **Bank Account type A**, payroll services can be carried out by the school or using an external provider. If the school is granted an "Inland Revenue collection reference no." all statutory returns are completed and or signed by the school and any penalties levied by the Inland Revenue will be a charge against the school's budget share. Note that the Authority remains the employer for staff in all schools for the purposes of paying over contributions for teachers' pensions to the Teachers' Pensions Agency and additional voluntary contributions (AVC) to the nominated insurance company. A Procedure Note explains how those schools managing their own payroll should pass pension contributions to the Authority.

If a school operates **Bank Account type C**, payroll services will be carried out by Norfolk County Council. The payment of all salaries, wages, pensions, compensation, travelling expenses and other emoluments to employees or former employees of the County Council shall then be made by the Chief Finance Officer or under arrangements approved and controlled by him. Each Headteacher shall notify the Chief Finance Officer as soon as possible, in the prescribed form, of all matters affecting payment of emoluments.

Payment of bills is carried out by the school using its **Bank Account type A, or C**. The Headteacher shall be responsible for all payments and prior to authorising a bill for payment the Headteacher shall carry out such examination and verification of the accounts as the Governing Body shall determine.

Schools are able to make small payments by cash and are encouraged to make other payments by direct debit.

Schools must ensure that payments are made in accordance with the terms specified by the supplier; interest on late payments will be a charge to the school's budget share.

### **2.1.4 Control of assets**

Each school must maintain an inventory of its moveable non-capital assets, in a form determined by the authority, and setting out the basic authorisation procedures for disposal of assets. However, schools may determine their own arrangements for keeping a register of assets worth less than £1,000.

Each Headteacher is responsible for maintaining security at all times for all buildings, stocks, stores, furniture, vehicles, equipment, cash, etc. under his control. He shall inform the Chief Finance Officer in any case where security is thought to be defective. Keys to safes and similar receptacles shall be carried on the person of those responsible at all times; the loss of any such keys must be reported to the Chief Finance Officer forthwith.

The Authority has issued a Procedure Note which details how schools may maintain an inventory and the control and security of assets.

### **2.1.5 Accounting Policies (including year-end procedures)**

Schools must abide by the accounting procedures and policies issued by the Authority.

- Year-end procedures for closing the accounts are issued by the Authority to all schools during March each year; the timetable for closure is as determined by the Chief Finance Officer.
- The financial information system of the County Council shall be the statutory accounts for each school and will be used to assess financial performance.
- All official accounting procedures and the form and content of official financial records shall be as agreed by the Chief Finance Officer in accordance with the Accounts and Audit Regulations.
- Headteachers shall ensure that accounting procedures and financial records are maintained accurately and kept up to date.
- The following principles shall be observed in the allocation of accounting duties:-
  - a) The duties of authorising payments out and issuing demands for payments to the County Council shall be separated as completely as practicable from the duties of making the payments out and collecting the payments in.
  - b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of those transactions.
- All financial records, both manual and computerised, shall be completed in a permanent form agreed by the Chief Finance Officer. Financial records, books, forms or documents shall not be amended by use of correcting fluid. Amendments or corrections shall be shown as such.

Fixed asset accounting is not required by the Authority.

### **2.1.6 Writing off of debts**

Governing bodies are only authorised to write off debts up to a level as stipulated in Procedure Notes issued by the Authority.

In the case of larger debts the school must consult the Finance Business Partner (Children's Services); who must refer the write off to Cabinet.

## **2.2 Basis of accounting**

Annual reports and accounts furnished to the Authority must be on an accruals basis.

## **Section 2.3: Submission Of Budget Plans**

### **2.3 Submission of budget plans and financial forecasts**

Each school will receive formal notification of its Year 1 budget share each year by 28 February and of subsequent years by 2<sup>nd</sup> week in March when required.

Each school is required to submit a formal budget plan to the Authority by 1 May each year. The Authority would consider it good practice for Governing Bodies to agree their budget plan prior to the start of the new financial year on 1 April. The final plan which must be approved by the full Governing Body, should be submitted to the Authority by 31 March if possible but if schools are not able to agree their formal budget plan by this date, no later than 1 May.

The budget plan must show the school's intentions for expenditure and income in the current financial year and the assumptions underpinning the budget plan. The following year's budget plan should be prepared to reflect the full year effect of decisions made in the current year, the estimated effect of pupil number increases, decreases and any other developmental issues. Schools should prepare budgets for a 3 year period.

The Authority require all schools to submit a first revision of the budget plan by the end of the summer term each year. This plan should reflect the actual balance in hand/overspend brought forward from the previous financial year. A second revision must be carried out during the autumn term to reflect actual staffing changes, and the projected number of pupils on roll. This plan should be submitted to the Authority by the end of the autumn term each year. If necessary, a final revision may be carried out early in the spring term; any final revision should be submitted to the Authority no later than 28 February each year.

The Authority will supply schools with all income and expenditure data which it holds and which is necessary to efficient planning by schools. The Authority will provide a timetable to schools stating when such information will be provided.

Budget plans may take full account of estimated deficits/balance in hand at the previous 31 March

With regard to clusters and other entities that are funded by grants received from the Local Authority and other public sources, the same timetable for provision of information from the LA and submission of budget plans to the LA applies.

## **2.4 School Resource Management**

There are significant variations in the effective management of resources between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

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

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

Given the very high proportion of local authority spending which flows through delegated budgets, the government considers it desirable that schools should demonstrate that they are following best value principles in their expenditure. Annex C provides guidance for schools on how they may meet this requirement.

## **2.5 Virement**

Schools are free to vire between budget heads in the expenditure of their budget shares but Governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required. It is good practice that the Headteacher reports on a regular basis to the full Governing Body or a finance committee of that body, of all the virements made. Virement does not apply to specific grants devolved to schools on an earmarked basis, except as allowed by the terms of the specific grant.

## **2.6 Audit: General**

Schools are required to co-operate both with auditors employed by the local authority (internal audit) and auditors appointed by the Audit Commission to audit the local authority itself (external audit).

In regard to internal audit, all maintained schools come within the audit regime determined by the Authority.

Regular internal audit visits will continue and reports will be issued to the Director of Children's Services and Headteachers.

Both the Chief Finance Officer's internal audit staff and the Council's external audit staff shall be given access to all records and given such explanations as they require.

The Chief Finance Officer shall maintain an independent, continuous, adequate and effective internal audit of accounting, financial and other processes of the County Council in accordance with the Accounts and Audit Regulations with regard to the following objectives.

- Review, appraise and report upon the soundness, adequacy and application of financial and related management controls;
- Examine and report upon the extent to which the County Council's assets and financial interests are accounted for and safeguarded from losses of all kinds arising from fraud, waste, extravagance, poor value for money or any other cause;
- Assess and report upon the suitability and reliability of internal financial and related management data;
- Contribute to monitoring the use of resources;

The Chief Finance Officer or his representative shall have authority to:

- enter any Council premises or land;
- have access to all records, documents and correspondence relating to any financial or other transaction of the County Council. This will also apply to unofficial fund records for which an employee of the County Council or a Governor of a school is responsible, by virtue of his position, where expenditure by the unofficial fund leads to a liability on the County Council;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the County Council or governor of a school to produce cash, stores, equipment, vehicles or any other property of the County Council or of the school under his control;

With regard to external audit all schools come within the Authority's external audit regime as determined by the Audit Commission.

## **2.7 Separate external audits**

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

An external audit commissioned by the school would have to take into account the status of the school as a spender of local authority funds.

## **2.8 Audit of voluntary and private funds**

In addition to the normal internal and external audits, schools must provide audit certificates to the Authority within 3 months of the financial year ending in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school. It is the responsibility of the governing body to determine, and comply with, any legal requirements in connection with the audit of such funds, e.g. Charity Commission requirements.

Accounting requirements regarding voluntary and private funds are contained in para 3.7.2.

## **2.9 Register of business interests**

The Governing Body of each school must maintain a register which lists for each member of the Governing Body and the Headteacher:

- any business interests they or any member of their immediate family have;
- details of any other educational establishments that they govern;

- any relationships between school staff and members of the governing body;
- to keep the register up to date with notification of changes and through annual review of entries, and to make the register available for inspection by governors, staff, parents and the local authority, and to publish on a publicly accessible website.

More detailed guidance on the maintenance of such a register can be found in the Finance Procedure Manual.

## **2.10 Purchasing, tendering and contracting requirements**

Schools are required to abide by the Contract Standing Orders for Schools in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority's policies and procedures. However, Contract Standing Orders for Schools shall not apply if they require schools:

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

The full Contract Standing Orders for Schools are reproduced at Annex D.

## **2.11 Application of contracts to schools**

Schools have the right to opt out of Authority-arranged contracts except where they have lost that right for particular contracts (whenever started) in accordance with a specified written procedure: in which case they will be bound into the contract for its length (although the contract might contain clauses allowing variance of its terms and conditions); and for contracts approved by the Secretary of State for services for which funding is delegated after 1 April, 1999. Contracts with the Authority must be limited in duration as set out in Section 8.2.

Schools who received newly delegated funds from 1 April 1999 are bound by the contracts the Authority currently has with external companies relating to the responsibilities delegated. The Authority will charge a school's Budget Share with the costs incurred if the school chooses not to honour these contracts.

Although Governing Bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the

Authority as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the Governing Body, when the Governing Body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

## **2.12 Central funds and earmarking**

The Authority is authorised to make sums available to schools from central funds, in the form of allocations that are additional to and separate from the schools' budget shares (the Standards Fund regulations require Authorities to do this with many grants). Such earmarked allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used: an earmarked allocation may not be spent for purposes other than those specified in the conditions for that allocation.

Schools are free to vire additional money from their budget share to support earmarked funding, but must not vire from earmarked funding into the school's budget share.

The accounting procedures for earmarked sums are issued by the Authority to ensure that expenditure can be separately controlled. Earmarked funds must be returned to the Authority if not spent in year, except where the conditions of grant specify that carry forward is allowed.

The Authority cannot make any deduction, in respect of interest costs to the Authority, from payment to schools of devolved specific or special grant.

## **2.13 Spending for the purposes of the school**

Governing Bodies are free in accordance with s.50(3) of the School Standards and Framework Act 1998 (the SSAF Act 1998) to spend budget shares 'for the purposes of the school', subject to regulations made by the Secretary of State and any provisions of this scheme.

Under s50 (3A), which came into force on 1<sup>st</sup> April 2011 amounts spent by governing bodies on community facilities or services under S27 of the Education Act 2002 will be treated as if spent for any purposes of the school .

S 50 (30(b) permits the Secretary of State to prescribe additional purposes for which expenditure of the budget share may occur and he has done so. This allows schools to spend their budget on pupils who are on the roll of other maintained schools,

## **2.14 Capital spending from budget shares**

Governing Bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the Governing Body of a voluntary aided school on work that is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998.

If the expected capital expenditure from the budget share of any maintained school in any one year is expected to exceed £15,000 the governing body must notify the Authority prior to committing funds and take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure.



Schools are required to identify separately these works within their budget plans and in any financial information and reports provided to the Authority.

## **2.15 Notice of Concern**

The authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer or the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the authority or the school. The 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 the school than the scheme requires for all schools – such as the provision of monthly accounts to the authority
- insisting on regular financial monitoring meetings at the school attended by authority officers
- requiring the governing body to buy into the authority's financial management systems, and
- imposing restrictions or limitations on the manner in which the school manages extended schools activity funded from within its delegated budget share – e.g. by requiring the school to submit income projections and/or financial monitoring reports on such activities
- any other restrictions or requirements deemed necessary

The notice will clearly specify what these requirements are, the way in which and the time by which they must be complied with in order for the notice to be withdrawn

It will also state what further actions the authority will take where the governing body does not comply with the notice

The principal criterion for the issue of a notice is to safeguard the financial position of the authority or school and will not be used in place of withdrawal of delegation where that is the appropriate action to be taken

The notice of concern will be withdrawn when the authority is satisfied that the governing body has fully complied with the requirements it imposes

Any dispute, between the authority and a school that has received a notice of concern, regarding any aspect of the notice will be referred to the authority's Chief Finance Officer for resolution

## **2.16 Schools Financial Value Standard (SFVS)**

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

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner.

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

Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

## **2.17 Fraud**

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

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

## **2.18 School Companies**

Any school wishing to form a company under the provisions of the Education Act 2002 must first seek the approval of the Authority.

## **Section 3: Instalments Of The Budget Share; Banking Arrangements**

### **3.1 Frequency of instalments**

Schools with a **Bank Account type A** (see para 2.1.2) will be paid in 13 instalments. The initial instalment will be paid on 1 April (or the last banking day prior to the 1 April) followed by 12 subsequent instalments paid on the nineteenth of the month or the last banking day prior to the nineteenth.

Schools with a **Bank Account type C** (imprest account) are reimbursed monthly up to the imprest limit.

### **3.2 Proportion of budget share payable at each instalment**

Schools using a school **Bank Account type A** will receive 4% of their estimated non-payroll budget share on 1 April. Schools using NCC payroll facilities will receive an advance each month of 1/12<sup>th</sup> of the remainder excluding rates; other schools will receive, in addition, 1/12<sup>th</sup> of the payroll budget share less rates.

Additions or reductions to the budget share will be advanced or recovered via schools' bank accounts at monthly intervals. Capital sums which are made available to the school after the allocation of the budget share, will be advanced to schools' bank accounts as prescribed by the DfE terms and conditions.

### **3.3 Interest clawback**

The scheme may provide for the authority to deduct from budget share instalments an amount equal to the estimated interest lost by the authority in making available the budget share in advance. However, this provision is not currently made.

#### **3.3.1 Interest on late budget share payments**

The Authority will add interest to late payments of budget share instalments, where such late payment is the result of an Authority error. The interest rate used will be the same as used for the school investments scheme.

### **3.4 Budget shares for closing schools**

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

### **3.5 Bank and building society accounts**

All schools may have an external bank account into which their budget share instalments (as determined by other provisions) are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account.

New bank account arrangements may only be made with effect from the beginning of each financial year. Schools will be required to give a period of notice of 4 months of their wish to opt for a new arrangement.

Any school requesting an external bank account for the first time shall not be able to have one until any existing budget deficit is cleared.

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

### **3.5.1 Restrictions on accounts**

Accounts may only be held for the purpose of receiving budget share payments, at the following banks or building societies which are consistent with those specified in the authority's Treasury Management policy:

Santander UK  
Bank of Scotland  
Barclays Bank  
Co-operative Bank  
HSBC Bank  
Lloyds/TSB  
National Westminster  
Royal Bank of Scotland

Schools are allowed to have accounts for budget share purposes which are in the name of the school rather than the Authority. Money paid by the Authority and held in such accounts remains Authority property until spent (s.49(5) of the SSAF Act 1998). The bank account mandate should also show that the Authority is the owner of the funds, and can also receive statements. The Authority can take control of the account if, in the event, the school's right to a delegated budget is suspended by the Authority. Bank Accounts Type **C** (imprest accounts) are reimbursed monthly up to the imprest limit.

The Authority will continue with the arrangements negotiated now with a nominated corporate banker whereby the accounts are in the name of the Authority but specific to each school, for schools which wish to continue to use School **Bank Accounts type C**, i.e. imprest style accounts.

### **3.6 Borrowing by schools**

Governing Bodies may borrow money only in exceptional circumstances and with the written permission of the Secretary of State.

No overdrafts are allowed and schools are only permitted to use business credit cards in line with Section 17 of the authority's Financial Regulations as set out in Annex K. However, the authority encourages the use of procurement cards by schools as these can be a useful means of facilitating electronic purchase and can enable schools to benefit from significant discounts.

The restriction on Governing Bodies does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to

agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing Bodies do not act as agents of the Authority when repaying loans.

Schools may use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.

### **3.7 Other provisions**

#### **3.7.1 Keeping Your Balance**

This document issued by the Audit Commission provides a useful means for schools to ensure that their internal financial procedures and controls are adequate and are reviewed on a regular basis. Keeping Your Balance should form part of the schools adopted procedures and therefore should be reviewed on a 2 year basis. Schools are encouraged to use the self-evaluation tool on the Audit Commission web site to undertake the task. A model Finance Policy is included in the Finance Procedures Manual.

#### **3.7.2 Accounting for Private/Voluntary Funds**

Where a Headteacher, or a member of staff, or a governor of a school is, by virtue of his/her official position, responsible for money or goods which are the property of an unofficial fund connected with a County Council establishment or service:-

- that person shall keep money or goods belonging to the unofficial fund separate from other money or goods;
- proper records shall be kept of money or goods belonging to the unofficial fund, and such records shall be kept separate from other records;
- an auditor or auditors with suitable qualifications shall be appointed;
- audited accounts shall be submitted annually to the trustees of the unofficial fund;
- a copy of the audited accounts shall be sent to the Authority within three months of the end of the accounting period;

More details are contained in Procedure Notes.

#### **3.7.3 Payment for delegated services bought back and or other financial transactions carried out by the Authority**

Payment for delegated services purchased by schools will all be processed by direct debit wherever possible.

## **Section 4: The Treatment Of Surplus And Deficit Balances Arising In Relation To Budget Shares**

### **4.1 The right to carry forward surplus balances**

Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure for the year plus/minus any balance brought forward from the previous year. Surplus balances are, however, subject to restrictions shown in para 4.2 below.

### **4.2 Restrictions on carrying forward surplus balances**

With effect from 1 April 2013, surplus budget share balances held by schools as permitted under this scheme are subject to the following restrictions:

- a) the Authority shall calculate by 30 September each year the surplus balance, if any, held by each school as at the preceding March;
- b) the Authority shall deduct from the calculated balance any amounts for which the school already has a prior-year commitment to pay from the surplus balance;
- c) the Authority shall then deduct from the resulting sum any amounts which the school declares to be assigned for specific purposes as permitted by the Authority and which the Authority is satisfied are properly assigned;
- d) the legitimate purposes that balances may be held for are:-
  - To provide the school with contingency funding, the amount not exceeding 8% of the final budget share or £20,000 whichever is the greater.
  - Surpluses derived from sources other than the budget share e.g. contributions from parents for school trips where expenditure will not be incurred until the following year or surpluses arising from providing community facilities
  - In exceptional circumstances with authorisation of the Head of Children's Services' Finance, where an individual allocation amounting to more than 1% of the final budget share and was allocated after the 1<sup>st</sup> February.
  - Voluntary Aided schools are allowed to hold revenue monies to fund governors' liabilities towards DfE grant aided capital works. Evidence of the cost and timing of the project will be required to support this.
  - Surpluses derived from Pupil Premium funding - this would mean that, for the purposes of calculating the contingency sum of 8% of the final budget share, the Pupil Premium would be excluded, but would be shown as a separate category in its' own right.
    - The amount of Pupil Premium allowed to be carried forward should not exceed the sum received in that financial year.
    - The Analysis of Surplus Revenue Balances form would be pre-populated, after the year-end closure of accounts, with the maximum sum allowed under this category for each school.

- A school by school justification for an additional exception, subject to the submission of justification data by the 28 February and approval of the exception by the Head of Finance, Leadership and Governance.

Any balances falling outside these categories will be returned to the Authority for redistribution to schools. The actual balances each school has at the end of 2020/21 and subsequent financial years will be analysed and any surplus over and above monies falling into one of the legitimate categories above will be redistributed in the following financial year.

- e) schools not in the Building Maintenance Partnership pool (BMP5) may lodge monies with the Local Authority up to a maximum of £250,000 or £450 per pupil whichever is the lower. This money will be released at any time on production of an appropriate invoice for maintenance or building work that would have been covered by the BMP5 scheme. Interest will be payable on monies lodged in this way. Funds lodged must be transferred before the financial year-end, or they will be deemed to be part of the school's surplus balance for the purposes of the analysis of balances mechanism.

### **4.3 Interest on surplus balances**

Schools without external bank accounts may set aside an earmarked part of an underspend in a centrally held fund. The fund attracts a competitive market rate of interest and will be administered within the County Council's formal accounts. Interest is calculated every six months and schools receive a statement confirming the amount of interest earned.

### **4.4 Obligation to carry forward deficit balances**

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share (see also para 4.9).

#### **4.4.1 Reporting on deficit balances**

In order to allow the Authority to monitor balances in hand and overspending, Governing Bodies are required to provide explanations to the Authority by the end of June following the financial year in cases where the total balances in hand or overspending exceeds:

- £25,000, or
- 5% of the school's previous year budget share

whichever is the larger.

### **4.5 Planning for deficit budgets**

Schools may only plan for a deficit budget in accordance with the terms of para 4.9 below

## **4.6 Charging of interest on deficit balances**

The Authority may charge interest on deficit balances .  
The basis of the calculation of interest shall be as follows:

- Planned (licensed) deficits may be charged interest as described in para 4.10.1;
- All other deficits (unplanned) may be charged interest at the rate, which the Authority would have earned by investing the funds;

## **4.7 Writing off deficits**

The Authority has no power to write off the deficit balance of any school.

## **4.8 Balances of closing and amalgamating schools**

When a school closes any balance (whether surplus or deficit) shall revert to the Authority; a balance cannot be transferred, even to a successor or replacement school to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010. However, there are separate provisions in the Authority's formula to allow successor or replacement schools to be given additional funding equivalent to the surplus balances of closed schools. Deficit balances may be deducted from additional funding that would otherwise be given to the new school, but may not be recovered by reducing the new school's main budget share.

## **4.9 Licensed deficits**

The Authority may permit schools that have no existing deficit to plan for a deficit budget in particular circumstances. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the authority on behalf of schools.

The detailed arrangements applying to this scheme are:

a) the maximum length over which schools may repay the deficit is 3 years (i.e. reach at least a zero balance); NB The 3 years is a fixed period, and will not be allowed to roll forward to a new 3-year agreement each financial year.

b) deficit arrangements will only be agreed by the Authority to bring the school's expenditure in line with the annual budget share;

c) a recovery plan must be produced by the school and agreed with the Authority;

d) an annual review will take place to ensure the deficit will be repaid within the term agreed;

e) primary schools, under this scheme, may plan to have a maximum of £100,000 or 10% of their annual budget share as a deficit, whichever is the lesser. Any planned deficit must last for no more than 3 years without recovery.



- ii). secondary schools, under this scheme, may plan to have a maximum of £250,000 deficit at any time. Any planned deficit must last for no more than 3 years without recovery.
- f) the maximum proportion of the collective balances held by the Authority which will be used to back the arrangement, shall not exceed 40%;
- g) deficit arrangements for any school must be agreed by the Director of Children's Services.
- h) if interest is charged it will be at a rate determined by the County Council's Chief Finance Officer.
- i). If a school has a licensed deficit and the school proposes to spend amounts received by it in respect of ring-fenced Grants such as Pupil Premium on purposes other than reducing the licensed deficit, the Authority will agree to such a proposal, unless, in its view the proposed expenditure is unreasonable in the school's financial circumstances.
- j). Where schools fail to recover from the deficit position within the agreed timescale, or fail to meet any of the other criteria listed above, the Local Authority will invoke its' powers of intervention and will suspend the governors' delegated budget authority.

#### **4.10 Loan schemes**

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

The Authority shall provide a form of loan arrangement for schools which does not operate by way of a licensed deficit but rather by way of actual payments to schools or expenditure by the Authority in respect of a particular school on condition that a corresponding sum is repaid from the budget share.

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

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

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

The arrangements applying to this scheme are:

- a) the maximum length over which schools may repay the loan is 10 years;
- b) loan arrangements will only be agreed by the Authority to facilitate the purchase of large items of expenditure which could not otherwise be purchased in a single year;

- c) if a school makes use of this scheme, there is no upper limit to the amount which can be borrowed subject to the 30% limit in d) not being exceeded;
- d) the maximum proportion of the collective balances held by the Authority which will be used to back the arrangement, shall not exceed 30%;
- e) arrangements under this scheme for any school must be agreed by the Director of Children's Services or the Finance Business Partner (Children's Services).
- f) interest will be charged based upon the Local Authority Internal Finance House Rate.

Loan repayments will be the first charge on school budgets and collected by deductions from budget allocations on 1 April.

## **Section 5: Income**

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

### **5.1 Income from lettings**

Schools may retain income from lettings of the school premises that would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share. However, community, voluntary aided and voluntary controlled schools shall be required to have regard to any directions issued by the Authority as to the use of school premises as permitted under the SSAF Act 1998 for various categories of schools. Income from lettings of school premises should not normally be paid into voluntary or private funds held by the school.

#### **5.1.1 Income from legal leases and other arrangements**

Income from leases and similar legal arrangements relating to school grounds or property shall be distributed according to the terms of the lease or as may be otherwise agreed by the school and Authority.

### **5.2 Income from fees and charges**

Schools may retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the Authority.

Income from boarding charges is collected on behalf of the Authority and should not exceed that needed to provide board and lodging for the pupils concerned.

### **5.3 Income from fund-raising activities**

Schools may retain income from fund-raising activities.

### **5.4 Income from the sale of assets**

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

### **5.5 Administrative procedures for the collection of income**

Because of the potential VAT implications of providing services which lead to fees and charges, fund raising activities and the sale of assets, a VAT user guide has been issued to schools. Schools must comply with the procedures in this guide (See Section 7)

## **5.6 Purposes for which income may be used**

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

## **Section 6: The Charging of School Budget Shares**

### **6.1 General provision**

The budget share of a school may be charged by the Authority without the consent of the Governing Body **only** in circumstances set out in para 6.2 below.

The Authority shall consult a school as to the intention to so charge, and shall notify a school when it has been done.

Schools are reminded that the Authority cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996.

Should a school wish to challenge such a charge they must set out their objections in writing to the Director of Children's Services who will make the final determination.

#### **6.1.1 Charging of salaries at actual costs**

The Authority will charge salaries of school based staff to schools budget shares at actual costs where schools operate **Bank Account C**.

### **6.2 Circumstances in which charges may be made:**

- 6.2.1** Where premature retirement costs have been incurred without the prior written agreement of the Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Authority).
- 6.2.2** Other expenditure incurred to secure resignations where the school had not followed the Authority's advice.
- 6.2.3** Awards by courts and industrial tribunals against the Authority or out of court settlement arising from action or inaction by the Governing Body contrary to the Authority's advice.
- 6.2.4** Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work.
- 6.2.5** The cost of local authority enforcement action in respect of a schools failure to undertake maintenance and monitoring of plant and equipment
- 6.2.6** Expenditure by the Authority incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the Authority or the school has voluntary controlled status.
- 6.2.7** Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover to meet the minimum standards set by the Authority.

- 6.2.8** Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure and the result is that monies are owed by the school to the Authority.
- 6.2.9** Recovery of monies due from a school for services provided to the school under a PFI contract where a dispute over the monies due has been referred to a disputes procedure and the result is that monies are owed by the school to the Authority.
- 6.2.10** Recovery of penalties imposed on the Authority by HM Revenue and Customs, the Contributions Agency, Teachers Pensions, the Environment Agency or other regulatory agencies as a result of school negligence.
- 6.2.11** Correction of local authority errors in calculating charges to a budget share (e.g. pension deductions).
- 6.2.12** Additional transport costs incurred by the Authority arising from decisions by the governing body on the length of the school day, and failure to notify the Authority of non-pupil days resulting in unnecessary transport costs.
- 6.2.13** Legal costs incurred by the Authority because a school acted against the Authority's advice (see section 11.4).
- 6.2.14** Costs of necessary health and safety training for staff employed by the Authority, where funding for training has been delegated but the necessary training not carried out.
- 6.2.15** Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- 6.2.16** Cost of work done in respect of teacher pension remittance and records for schools using payroll contractors other than the Authority, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
- 6.2.17** Costs incurred by the Authority in securing provision specified in a statement of SEN where the Governing Body of a school fails to secure such provision despite the delegation of funds in respect of that statement.
- 6.2.18** Costs incurred by the Authority due to submission by the school of incorrect data.
- 6.2.19** Recovery of amounts spent from specific grants on ineligible purposes.
- 6.2.20** Costs incurred by the Authority as a result of the governing body being in breach of the terms of a contract.
- 6.2.21** Recovery of penalties imposed on the Authority by copyright agencies as a result of the governing body failing in its responsibilities for copyright compliance.
- 6.2.22** Costs incurred by the Authority because the governing body did not abide by the

Scheme resulting in additional work for School's Finance Team or Internal Audit beyond the regular programme of work.

- 6.2.23** Costs incurred by the Authority as a result of withdrawal of delegation.
- 6.2.24** Schools that received newly delegated funds from 1st April 1999 are bound by the contracts the Authority currently has with external companies relating to the responsibilities delegated. The Authority will charge a school's Budget Share with the costs incurred if the school chooses not to honour these contracts.
- 6.2.25** Costs incurred by the Authority in lodging school keyholders' details with Boing Ltd in order for the police to have access to them.
- 6.2.26** Recovery of money to provide education for school refusers and sick pupils as agreed on consultation.
- 6.2.27** A schools budget will be charged the equivalent of the full value of the AWPA funding for any pupil that a school admits unlawfully in year by not following the in-year admissions scheme.
- 6.2.28** Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- 6.2.29** Costs incurred by the authority in terminating any lease entered into by a school where the school has not obtained the prior approval of the Finance Business Partner (Children's Services) to enter into such a lease
- 6.2.30** Costs incurred by the Local Authority relating to the provision of hired facilities e.g. sports facilities, village halls for PE provision etc., where the lease is held and administered by NCC, but the provision is for the benefit of the pupils within the school. The charges relating to the provision, as agreed through the budget setting process, will be downloaded to schools as they arise, but prior to year-end closedown.

## **Section 7:Taxation**

### **7.1 VAT (Value Added Tax)**

A VAT user guide is issued to all schools for their use; amendments to this guide are issued when required. The net amount of VAT incurred by schools can be recovered from HM Revenue and Customs and therefore all schools are required to submit a monthly analysis and or reimbursement claim form.

Schools who need their bank account to be reimbursed will receive payment within 6 weeks of submitting a complete claim. A complete VAT claim consists of all the returns listed in para 2.1.2.

### **7.2 Construction Industry Scheme from 6 April 2007**

The CIS scheme will no longer apply to payments made for construction operations by the Governing Body or headteacher of a maintained school on behalf of the local authority.

Therefore where:

- construction operations are administered directly by the governing body or headteacher of a maintained school
- the money has been made available by Norfolk County Council (e.g. formula capital)
- payment is made after 6<sup>th</sup> April 2007

a maintained school should pay the contractor directly.

The CIS system applies to:

- Construction operations paid for by the Governing Body or headteacher of non maintained schools
- Construction operations where payments are made by Norfolk County Council or Norfolk Property Services as agent for Norfolk County Council
- Construction operations where funding is not provided by Norfolk County Council

If the above apply:

Invoices will be prepared for payment at the school, but the cheque, made payable to Norfolk County Council, together with the invoice, must be passed to the Chief Finance Officer for processing.

If an individual invoice does not exceed £500 exclusive of VAT, this can be paid by the school and charged to a subjective code called Building repairs / maintenance < £500.

CIS certificates will no longer apply and contractors must be registered with HMRC.

Any queries should be addressed to:

Hayley Buckland, Tax Manager 01603 222832



## **Section 8: The Provision of Services and Facilities by The Authority**

### **8.1: Provision of services from centrally retained budgets**

The Authority shall determine on what basis services from centrally retained funds (the term services includes premature retirement costs and redundancy payments) will be provided to schools, but the Authority is debarred from discriminating in its provision of services on the basis of categories of schools except where:

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

### **8.2 Provision of services bought back from the Authority using delegated budgets**

The term of any arrangement with a school starting on or after 1<sup>st</sup> April 1999 to buy services or facilities from the Authority shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services. In the case of contracts for the supply of catering services the periods may be up to five years and seven years respectively.

When a service is provided for which expenditure is not retainable centrally by the Authority under the Regulations made under section 46 of the SSAF Act 1998 it will be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service will be met by the total income, even if schools are charged differently.

#### **8.2.1 Submission of Contract to Purchase Form**

Schools are free to choose from the range of services provided by the Authority. Each school is required to submit a Contract to Purchase Form to the Authority by 1 April each year. This form indicates the subscription type services that each school requires. The Services to Schools booklet setting out terms of agreement will be with schools by 28 February. Other services can be purchased on an ad hoc basis during the financial year.

#### **8.2.2 Packaging**

The Authority may provide any services for which funding has been delegated. But where the Authority is offering the service on a buyback basis it must do so in a way, which does not unreasonably restrict schools' freedom of choice among the services available.

### **8.3 Service level agreements**

If services or facilities are provided under a service level agreement – whether at no cost or on a buyback basis - the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

Services, if offered at all by the Authority, shall be available on a basis that is not related

to an extended agreement, as well as on the basis of such agreements.

### **8.5 Teachers Pensions**

**Annex G** sets out conditions that are imposed on the Authority and the governing bodies of all maintained schools covered by this Scheme in relation to supplying salary, service and pensions data.

## **Section 9: Private Finance Initiative / Public Private Partnerships (PFI/ PPP)**

The Local Authority may issue regulations from time to time relating to Private Finance Initiative or Public/Private Partnership projects. These would deal with the effect on schools and their Governing Bodies of projects. The regulations would take into account the existing and any future guidance issued by the DfE on agreements between the Authority and Governing Bodies and would comply with the requirements included in Section 40 of the School Standards and Framework Act 1998. Issues dealt with in the regulations could include, for instance, the basis of charges to Governing Bodies, the treatment of monies withheld from contractors due to poor performance and the use of schools outside normal school hours. Agreements between the Authority and Governing Bodies will normally be subject to the specific consent of an individual Governing Body. Any proposed regulations applying to schools generally, which would not require the approval of an individual Governing Body, would be consulted on with all Norfolk schools and would be subject to DfE approval.

## **Section 10: Insurance**

### **10.1 Insurance cover**

If funds for insurance are delegated to any school, the Authority will require the school to demonstrate that cover relevant to an Authority's insurable interests, under a policy arranged by the Governing Body, meets the minimum standard cover set by the Authority. The Authority will have regard to the actual risks, which might reasonably be expected to arise in determining the adequacy of cover at each school.

## **Section 11: Miscellaneous**

### **11.1 Right of access to information**

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

### **11.2 Liability of governors**

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

### **11.3 Governors' expenses**

The Authority shall have the power to delegate to the Governing Body of a school yet to receive a delegated budget, funds to meet governors' expenses.

Only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to Governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional Governors appointed by him to schools under special measures. The Authority has issued a Procedure Note that gives details regarding what is considered to be reasonable expenses.

#### **11.4 Responsibility for legal costs**

Funding for legal costs incurred by schools has been delegated for several years. Therefore any legal costs incurred by the governing body should be charged to the school budget share. Legal costs incurred by the Authority will normally be funded centrally. However, where the Authority incurs legal costs as a result of a school failing to act in accordance with the advice of the Authority these costs may be charged to the school's budget share (see section 6.2.13).

The Chief Executive of the County Council offers a legal services subscription service to schools. This will normally include all necessary legal advice and assistance in relation to the matters identified in the Services to Schools Booklet. However, if there is a conflict or a significant risk of a conflict between the interests of the Authority and the Governing Body of the school, the governing body will be expected to seek their own independent legal advice. In these circumstances, Law and Administration will consider making a full or partial reimbursement of the subscription fee at the end of the year.

#### **11.5 Health and Safety**

Governing Bodies are required to have due regard to duties placed on the Authority in relation to health and safety, and the Authority's policy on health and safety matters in expending the school's budget share.

Under Section 39(s) of SSAF Act 1998 the Authority may issue directions to the Governing Body and Headteacher of a community, special or voluntary controlled school on health and safety matters; these directions are enforceable, so far as Governing Bodies are concerned, via S497 of the Education Act 1996 if not complied with.

#### **11.6 Right of attendance for Chief Finance Officer**

Under Section 151 of the Local Government Act 1972 the Chief Finance Officer is responsible for the proper administration of the County Council's financial affairs and he or his nominated representative has the right to attend a Governors meeting and give advice when a significant financial issue is being discussed. The Authority would give prior notice of such attendance unless it is impracticable to do so.

Schools must notify the Authority in advance of a significant financial issue and when it will be discussed by the Governing Body i.e.

- Proposals to enter into significant future year commitments (other than staffing);
- All leasing agreements;
- Budget monitoring reports which indicate that the school is likely to be in deficit,

except in cases where a licensed deficit has previously been agreed.

There will be other circumstances that may also constitute significant financial issues and schools should seek advice from the Director of Children's Services if in any doubt.

### **11.7 Special Educational Needs**

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

### **11.8 Interest on late payments**

Schools are reminded that the terms of this Scheme cannot affect statutory requirements regarding interest that may be charged by a supplier for the late payment of invoices.

### **11.9 'Whistleblowing'**

A County Council whistleblowing policy and procedure exists which may be followed by persons working at school or school Governors who wish to complain about financial management or financial propriety at the school. Annex F of the Scheme contains details of the policy and procedure.

### **11.10 Child Protection**

Schools are reminded of the need to release staff to attend child protection case conferences and other related events. The availability of central funding for supply costs in such circumstances is set out in section 15.

### **11.11 Redundancy/ early retirement costs**

**Annex K** sets out the guidance issued by the Department for Education which summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school budget, the central schools budget or the local authority's non-schools budget.

## **Section 12: Responsibility for Repairs and Maintenance**

### **12.1 School responsibilities for repairs and maintenance**

The attached **Annex B** sets out the categories of work which governing bodies must finance from their budget shares.

### **12.2 De minimis limit**

The Authority has a de minimis limit of £2,000 in determining the split between capital and revenue in the financial accounts.

## **Section 13: Responsibility for School Meals**

### **13.1 School responsibilities for school meals**

A school with a delegated budget for school meals takes on all the legal responsibilities connected with the delivery of school meals (with the exception of the assessment of eligibility for free school meals discussed below).

### **13.2 Assessing eligibility for free school meals**

The Authority is retaining funding to allow it to assess the eligibility of pupils to free school meals, to maintain detailed records of those pupils entitled to free school meals and to conduct regular reviews of entitlement every six months. If schools wish to perform this function themselves they may do so. However, they will not receive any extra funding from the Authority. Schools who do wish to carry out these tasks themselves must register this intention with the Authority and confirm pupils' eligibility using the documentary evidence specified by the Authority.

## **Section 14. Responsibility for Supply Costs**

### **14.1 Local Authority responsibilities for supply costs**

The Authority retains centrally funding for supply cover for staff in certain special circumstances listed below. The exact definition for each of these circumstances is laid down in DfE regulations.

- maternity leave, ante-natal care
- carrying out trade union duties
- performing public duties
- undertaking jury service
- carrying out duties as a safety representative
- acting as a member of the reserve forces
- suspensions of staff
- attendance at meetings of the General Teaching Council or its Committees

- carrying out duties directly related to child protection including Looked After Children

## **14.2 School responsibilities for supply costs**

Schools are responsible for all supply cover not covered by the special circumstances listed in 14.1. In particular schools are responsible for supply costs related to sickness absence. The Authority operates a sickness insurance scheme to allow schools to manage these costs. Schools are able to obtain sickness insurance cover from other insurance companies.

## **Section 15: Community Facilities**

Annex H sets out the range of controls that will apply to schools that choose to exercise the power conferred by s. 27(1) of the Education Act 2002 to provide community facilities

## **Section 16: Responsibility For Early Retirement And Redundancy Costs**

**The authority's policy in relation to early retirement and redundancy costs is currently subject to a separate consultation with schools and any changes that are agreed will be set out in the scheme when the consultation process is complete**

## Annex A

### List of Schools to which this scheme applies

Acle St Edmund V C Primary School  
Alburgh with Denton C of E Primary School  
Aldborough Primary School  
All Saints CE VA Primary, Winfarthing  
Alpington & Bergh Apton C of E VA Primary School  
Ashill VC Primary School  
Ashleigh Primary School and Nursery, Wymondham  
Ashwicken C of E VA Primary School  
Attleborough Primary School  
Avenue Junior School  
Aylsham High School  
Bacton Primary School  
Barford Primary School  
Barnham Broom C of E VA Primary School  
Blakeney C of E VA Primary School  
Blofield Primary School  
Bluebell Primary School  
Brancaster C of E VA Primary School  
Bressingham Primary School  
Brooke Voluntary Controlled Church of England Primary School  
Browick Road Primary and Nursery School  
Brundall Primary School  
Bure Valley School Aylsham  
Buxton Primary School  
Caister Infant, Nursery School and Children's Centre  
Caister Junior School  
Cantley Primary School  
Carleton Rode C of E VA Primary School  
Caston C of E VA Primary School  
Catfield VC C of E Primary School  
Catton Grove Primary School  
Cecil Gowing Infant School  
Chapel Break Infant School  
Clover Hill VA Infant and Nursery School  
Colby Primary School  
Colman Infant School  
Colman Junior School  
Coltishall Primary School  
Cringelford CE VA Primary School  
Denver VC Primary School  
Dereham C of E Infant & Nursery School  
Dersingham Primary School  
Docking Primary School (C of E)  
Drayton VC CofE Junior School  
Earsham CE VA Primary  
East Harling Primary School & Nursery

Edmund de Moundeford VC Primary School  
Ellingham VC Primary School  
Erpingham VC Cof E Primary School  
Fairstead Community Primary & Nursery School  
Falcon Junior School  
Fleggburgh C of E VC Primary School  
Forncett St. Peter C of E VA Primary School  
Freethorpe Community Primary and Nursery School  
Frettenham Primary School  
Garboldisham Church Primary School  
Great Dunham Primary School  
Great Ellingham Primary School  
Great Massingham VC CofE Primary School  
Hainford VC Primary School  
Happisburgh CE VA Primary and Early Years School  
Hapton C of E VC Primary School  
Harpley CofE VC Primary School  
Hempnall Primary School  
Hemsby Primary School  
Hethersett VC Junior School  
Hevingham Primary School  
Hickling CofE VC Infant School  
Hillcrest Primary School, Downham Market  
Hillside Primary School  
Hindringham C of E VC Primary  
Hingham Primary School  
Holly Meadows School, Grimston  
Holt Community Primary School  
Homefield VC Primary School  
Horning Community Primary School  
Horsford C of E VA Primary School  
Hunstanton Primary School  
Ingoldisthorpe C of E VA Primary School  
John of Gaunt Infant and Nursery School  
Kelling CE Primary School  
Kinsale Infant School  
Lakenham Primary School  
Langham Village School  
Little Melton Primary School  
Little Plumstead C of E Primary School  
Loddon Infant & Nursery School  
Loddon Junior School  
Ludham Primary School & Nursery  
Lyng C of E Primary School  
Magdalen Gates Primary School  
Marsham Primary School  
Mile Cross Primary School  
Millfield Primary School  
Morley C of E VA Primary School  
Mulbarton Primary School  
Mundesley Infant School



Mundesley Junior School  
Neatishead Church of England Primary School  
Necton VA Primary School  
Newton Flotman C of E (VC) Primary School  
North Denes Primary School  
North Elmham VC Primary  
Northrepps Primary School  
Old Catton CofE VC Junior School  
Ormesby Village Infant School  
Ormesby Village Junior School  
Overstrand, The Belfry, C of E VA Primary School  
Parker's C of E Primary School  
Poringland Primary School  
Preston (C of E) VC Primary School  
Pulham C of E Primary School  
Queen's Hill Primary  
Rackheath Primary School  
Recreation Road Infant  
Redcastle Family School  
Reedham Primary School  
Robert Kett Primary School  
Rocklands Community Primary School  
Rollesby Primary School  
Rosecroft Primary School  
Roydon Primary School  
Sacred Heart RCVA Primary School  
Salhouse VC Primary School  
Saxlingham Nethergate C of E VC Primary School  
Scarning VC Primary School  
Scole C of E VC Primary School  
Sedgeford Primary School  
Sheringham Community Primary  
South Walsham, Fairhaven C of E VA Primary School  
South Wootton Infant School  
South Wootton Junior School  
Southtown Primary School  
Sparhawk Infant School & Nursery  
Spixworth Infant School  
Sprowston Infant School  
Sprowston Junior School  
St George's Primary & Nursery School, Great Yarmouth  
St John's Community Primary School and Nursery  
St Mary's Community Primary School, Beetley  
St Nicholas Priory CofE VA Primary School  
St. Andrew's C of E VA Primary School, Lopham  
St. Faiths C of E Primary School  
St. Mary's (Endowed) VA C of E Primary

School, Roughton  
St. Michael's School, Aylsham C of E VA Nursery and Infant School  
St. Michael's VA Junior School  
St. William's Primary School  
Stibbard, All Saints CE VA Primary  
Stoke Holy Cross Primary School  
Suffield Park Infant & Nursery School  
Sutton C of E Infant School  
Swaffham Infant and Nursery School  
Swanton Abbott Community Primary School  
Swanton Morley Primary School  
Tacolneston Church of England Primary  
Taverham VC CE Junior School  
Terrington St Clement Community School  
Terrington St. John Primary School  
The Bawburgh School  
Thetford, Drake Primary School  
Thurton Primary School  
Tilney St. Lawrence Community Primary  
Toftwood Community Junior School  
Toftwood Infant School  
Trowse Primary School  
Tunstead Primary School  
Walpole Highway Primary School  
Walsingham CE VA Primary School  
Watlington Community Primary School  
West Earlham Infant and Nursery School  
West Earlham Junior School  
West Walton Community Primary  
West Winch Primary School  
White Woman Lane Junior School  
Wicklewood Primary School  
Woodland View Junior School  
Woodside (Primary) & Nursery School  
Woodton Primary School  
Worstead Church of England Primary School  
Wreningham V.C. Primary School  
Yaxham C of E VA Primary

### **Nursery Schools**

Earlham Nursery School  
Emneth Nursery School  
King's Lynn Nursery

### **Special Schools**

Chapel Green School  
Fred Nicholson School

Hall School  
Harford Manor School  
John Grant School  
Sheringham Woodfields School  
Sidestrand Hall School  
The Clare School  
The Parkside School

## **Annex B**

### **School Premises Responsibilities**

All schools have full responsibilities for repairs and maintenance of their premises.

As a consequence of this, a buy-back project, known as the Building Maintenance Partnership (BMP5) has been developed; this project is available to all schools.

Schools can join the “Pool”, if they wish, by paying an annual premium, which is determined as a percentage of the amount identified in their Budget Share. A Management Board made up of Headteachers, Governors, Diocesan Boards (not presently represented) and County Council representatives will manage the pool.

The County Council’s Property Adviser (NPS Property Consultants Ltd) manages the BMP5 on a day to day basis).

The pool is managed in two parts: -

1. Earmarked element
2. Contingency element

Schools join the pool for a 5-year contract period and are guaranteed to have the earmarked sum spent on their school over the contract period. The remaining balance represents a contingency element for the unforeseen, this is managed on a pooled basis.

### **BMP5 Prospectus 2020 – 25 Maintaining Norfolk Schools**

This is issued to all schools and contains the detailed workings of the buyback project.

Your Governors will need to make a decision on whether to subscribe to the BMP5 and at what level, ‘Full’ or ‘Compliant’.

### **School responsibilities – not included in the Partnership**

These are as follows:-

- Internal decoration
- Floor finishes
- Glazing
- Trees

### **List of maintenance responsibilities**

The A-Z List within the BMP5 prospectus (dependent on the level purchased) identifies in detail which school responsibilities for maintenance will be covered by the BMP5, should schools join the project.

## Compliance Membership

The following equipment will be serviced and tested in accordance with full and comprehensive specifications laid down by NPS Property Consultants Ltd.

For critical building services, the service contractors guarantee a 4hr. response time 24hrs per day / 365 days per annum.

- |  |  |
|--|--|
| • Heating and hot water plant            | 2 visits per annum   |
| • Fans                                   | 1 visit per annum  |
| • Small Gas Appliances                   | 1 visit per annum  |
| • Emergency Lighting                     | 12 visits per annum  |
| • Fire Alarms                            | 4 visits per annum   |
| • Security / CCTV / Automatic Doors      | 1 visit per annum  |
| • Lifts                                  | 4 visits per annum (Passenger)<br>2 visits per annum (Goods)<br>2 visits per annum (Fixed Hoists)<br>4 visits per annum (Disabled Lifts) |
| • Swimming Pool Dosing Pumps             | 1 visit per annum  |
| • Lightning Protection System            | 1 visit every 11 months  |
| • Air conditioning / ventilation systems | 2 visits per annum   |

In addition to these servicing arrangements, contracts are arranged to ensure that the following tests are carried out: -

- Testing of the Fixed Electrical Installation – 5 yearly\*

- Testing of the Fixed Electrical Installation (Swimming Pools and school meals kitchens) – annually

- Testing of Gas Distribution Pipework – 5 yearly\*

\*Frequency may be increased subject to the condition of pipework.

- Testing and monitoring of Hot and Cold Water Installations\*

\*Frequency will be determined by the risk assessment.

## Annex C

### Best Value for Schools

#### 1. An Introduction to Best Value

There is a statutory duty on local authorities to obtain Best Value by securing economic, efficient and effective services. The Best Value framework, within which local authorities are required to respond to local needs and make decisions locally, primarily focuses on the balance between cost and quality in striving continuously to improve services.

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

In practical terms the main features of Best Value can be summarised as a need for the governing body of a school to act on the outcomes of self-review with the aim of securing continual improvement. Existing mechanisms such as school development plans, post-OFSTED inspection action plans and the Norfolk School Self Review model provide opportunities for the governing body to demonstrate that they are applying the four principles of Best Value: Compare, Challenge, Compete and Consult.

Schools apply these principles by:

- **comparing** their performance against that of other schools;
- **challenging** whether the performance is good enough and how and why services are provided;
- **consulting** stakeholders, especially parents and pupils;
- considering **competition** as a means of securing economic, efficient and effective services.

In order to assure that the principles of Best Value are being applied to all local authority spending, schools are, through the Scheme for Financing Schools, required to adopt the principles of Best Value.

Guidance on the criteria for inspecting Best Value in schools can be found in the OFSTED Handbook for school inspection.

## **2. Audit Commission Guidance on Best Value**

The Audit Commission has included guidance for schools on Best Value in its self-evaluation tool 'Managing School Resources'.

“Schools which are successfully implementing the principles of best value work in the following ways:

### **Compare**

The school makes use of all available sources of comparison to measure its performance against national indicators and the performance of similar schools. It compares the educational attainment of its pupils and other educational outcomes such as attendance and exclusions and identifies where it needs to improve. It also compares its performance in meeting its own targets by measuring progress in achieving objectives. It makes these comparisons on an annual basis to provide the focus for its next school development plan. The school also makes use of self-evaluation to compare its performance against standards in such areas as the development of its staff (Investors in People) and its management processes (Business Excellence Model). The school also compares its use of resources by benchmarking its expenditure against that of other similar schools.

### **Challenge**

The school asks itself difficult questions about its performance. Is it good enough? What more should we be doing? The school listens to and acts on the messages received through monitoring by its local education authority and OFSTED inspection. The school investigates under-achievement and its causes and takes necessary action. The school's governors play an active role in challenging the school by questioning its direction and priorities. They are well placed to advise the school on whether it is meeting the needs of parents, pupils and the local community. The school gains the views of these stakeholders about its performance and responds to them. The school development plan identifies all significant areas for development and sets out the actions needed to bring about improvement. In addition to questioning its educational performance, the school also challenges its use of resources and investigates whether there are more cost-effective ways of providing the curriculum and other services.

### **Compete**

The school ensures that it delivers value for money by securing services in the most efficient and effective way. It looks critically at the services offered by a variety of providers to secure the best service at the most economical price. It reviews the cost, quality and impact of services purchased from other providers to ensure they are providing value for money. It knows what it expects from providers and has performance targets against which to measure their performance. The school shops around as much as possible to make the most efficient use of its resources.

## **Consult**

The school engages in meaningful consultation with its own staff, parents, pupils and the local community. It consults on major changes to the use of its resources where they might affect the educational opportunities it provides. It also seeks the opinions of its stakeholders to check how well it is doing in meeting their needs and uses their views to challenge its performance. The school uses consultation to secure the support of parents for its educational objectives set out in policies such as the home-school agreement and homework policy. It can demonstrate how it has taken the results of consultation into account and balanced the views of its consultees, including its own staff, with the school's overall priorities.

## **Effective management of improvement**

The school's development plan shows how the school intends to turn its aims into action and what outcomes it is seeking. It defines its success criteria or performance indicators and has systems for regularly monitoring and measuring achievement of its goals. The school makes best use of its staff and resources. Plans have been effectively communicated within the school so that all parties are clear about what they are trying to achieve and their own roles within the process. Staff have personal objectives and take responsibility for how their performance affects the whole. The school can provide evidence that it is implementing its actions, achieving key targets and that outcomes meet its aims.

School using the Audit Commission self-evaluation tool 'Managing School Resources' will be able to identify the extent to which they apply the principles of Best Value. The Authority recommends that all schools use the tool as part of their self-review process.

### **3. Schools' adherence to Best Value principles**

As discussed above, the statutory framework of Best Value does not bind schools. However, schools must demonstrate that they are following the principles of Best Value.

It should be remembered that finance is just one, albeit very important, resource. Schools should, when considering their adherence to Best Value principles, review all their decision-making processes, not just the financial ones.

## BEST VALUE PRINCIPLES - CHECKLIST FOR SCHOOLS

### ***Challenge – why do you do what you do?***

|   |  |
|---|--|
| Is the budget reviewed annually with reference to the school's priorities?  |  |
| Does the School Development Plan set costed objectives and targets with clear links to the budget?                  |  |
| Are evaluation measures built into the school's planning process allowing the school to learn from its experiences? |  |
| Do the headteacher and governing body anticipate new demands and opportunities?                                     |  |
| Does the school plan over more than one year - including proposals to utilise any balances held?                    |  |

### ***Compare – does anyone else do it better?***

|  |  |
|--|--|
| Does the school use comparative financial and other information to compare its position with similar schools and to inform its planning process? |  |
| Would the school be interested in further developing comparative information to benchmark their performance against other schools?               |  |

### ***Consult – do other people know what you do, and what do they think about it?***

|   |  |
|---|--|
| Are parents kept regularly informed of developments in school?  |  |
| Are all appropriate staff adequately trained on the use of financial systems and consulted during the budget-setting process? |  |
| Are governors fully involved in the budget-setting process as well as formally agreeing the budget?                           |  |
| Do staff and governors generally understand the school's priorities and how it plans to achieve them?                         |  |
| Is a report taken to the governing body at least once a term summarising the financial position of the school?                |  |

### ***Compare – are you getting the best deal?***

|  |  |
|--|--|
| Are sound controls in place to ensure probity? (e.g. certification, internal check, segregation of duties) |  |
|--|--|



|  |  |
|--|--|
| Are quotations/tenders obtained for the purchase of goods and services in accordance with the Scheme for Financing Schools?                      |  |
| Are decisions on the purchase of support services from the Authority or another provider discussed with the governing body or finance committee? |  |
| <i>Is there a clear understanding of the limits of delegation within the school?</i>   |  |
| Is a register of business interests maintained?  |  |

## **Annex D**

### **Standing Orders — Contracts (Authority Maintained Schools)**

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2. Alternatives to Chair of Governors
3. Application and Exceptions
4. Pre-estimate
5. Limited Exceptions for Proprietary Articles, Urgent Contracts, etc.
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##### **Below £50,000**

10. Contracts below £50,000

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11. Contracts over £50,000 including those over the relevant EU Procurement Threshold - Tenders
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22. Post Tender Negotiations

## **Over £50,000 Tenders**

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25 E-Procurement

26 Constructing Excellence

27 Procurement Guide

N.B. Contract Standing Orders add to existing statutory requirements, e.g. Health and Safety at Work legislation etc.

## Standing Orders Relating To Contracts

The overall purpose of these Contract Standing Orders is threefold:-

- (a) to ensure transparency and fairness in the procurement of works, goods and services
- (b) to ensure the County Council gets best value from its procurements
- (c) to protect those involved in the procurement process

### 1. Interpretation

1.1 In these Standing Orders the words and phrases listed below shall unless the context otherwise requires be interpreted in accordance with this Standing Order:

- 1.1.1 'Headteacher' shall mean the Headteacher of a school responsible for the function to which the contract relates or any other person or body duly authorized by the Governing Body.
- 1.1.2 'Governing Body' shall mean the Board of Governors to which the power of making the contract has been delegated.
- 1.1.3 'Appropriate Committee' shall mean the Committee or Sub-Committee to which the power of making the contract has been delegated.
- 1.1.4 The 'Chair of Governors' shall be the person duly elected as Chair of the Board of Governors at a school.
- 1.1.5 'Estimated value' shall mean the value of the contract estimated under Standing Order 4.
- 1.1.6 'Person' shall include partnership, body corporate or unincorporated association.
- 1.1.7 "In writing" or "written" includes transmission by email and any other electronic means which is approved by the County Council's Head of Law and Monitoring Officer and Chief Finance Officer.
- 1.1.8 The Procurement Guide means the manual issued by the Chief Finance Officer containing best practice guidance on procurement and known by that name.
- 1.1.8 Words imparting the masculine gender shall be interpreted as including also the feminine gender.

## **2. Alternatives To Chair**

- 2.1 The Governing Body may designate the Clerk to the Governors or another Governor (excluding the Headteacher) to carry out the Chair of Governor's responsibilities listed in paragraphs 7, 17, 18, 19 and 22 of these Standing Orders.

## **3. Application Exceptions**

- 3.1 These Contract Standing Orders shall apply to every procurement or disposal made by or on behalf of the Norfolk County Governing Body except contracts:-

3.1.1 for the acquisition or disposal of any interest in land; or

3.1.2 for the lending or borrowing of money; or

3.1.3 of employment for an individual employee; or

3.1.4 for goods to be purchased at an auction or by ESPO or any other consortium, association or similar body of which the Council is a member.

3.1.5 for the disposal of property (including any interest in land).

3.1.6 for the engagement of Counsel

- 3.2 The engagement of consultants and other professional advisers shall be in accordance with these Contract Standing Orders insofar as reasonably practicable unless the governing body directs otherwise.

N.B. If the estimated value of the engagement exceeds the relevant EU threshold EU Procurement Directives and UK Regulations will apply.

3.2.1 The Headteacher must ensure so far as possible that no conflict of interests exists for any chosen consultant, etc., either as between the Governing Body and other clients or as between different pieces of work by that consultancy, etc., for the Governing Body.

- 3.3 Exceptions to these Standing Orders may only be made within the relevant law and with the authority:-

3.3.1 of the Council by a direction given generally or in relation to contracts of a specified class;

3.3.2 of the Governing Body especially in relation to a specific contract either in an emergency or for other special reason, but shall be reported to the Council.

#### **4. Pre-Estimate**

- 4.1 Before any procurement is begun the Headteacher shall estimate the value of the contract and that estimate shall be recorded.
- 4.2 In the case of contracts for the supply of goods or services, the estimated value for the purposes of these Standing Orders shall be the total estimated value of the goods or services to be supplied over the period covered by the contract.

#### **5. Limited Exceptions For Proprietary Articles, Urgent Contracts Etc.**

- 5.1 EU Directives, Acts of Parliament (e.g. requiring Compulsory Competitive Tendering) and UK Regulations will prevail over some of these Standing Orders but otherwise these Standing Orders do not require tendering:
- 5.1.1 for goods or materials which are available only as proprietary or patented articles from one contractor or supplier and for which no reasonably satisfactory alternative is available in the European Union; or
- 5.1.2 for a procurement which constitutes a variation or extension and either:
- (i) the variation or extension is specifically provided for in the original contract (although in such cases the Headteacher should first consider whether re-tendering would be likely to result in better value for the school), or
  - (ii) the estimated value of the variation or extension is less than the greater of £5,000 or 10% of the original contract sum.
- 5.1.3 for works of art, museum specimens or historical documents; or
- 5.1.4 for the execution of work or for the supply of services or goods or materials certified by the Headteacher as being required so urgently as to preclude the invitation of quotations or tenders. (Where the contract exceeds £100,000 in estimated value such certificate is to be reported to the governing body; otherwise the certificate is to be retained on the appropriate file); or

- 5.1.5 for repairs to, or the supply of, parts of existing proprietary or patented articles, including items of equipment or machinery; or
- 5.1.6 for something which it is not reasonably practicable in the Governing Body's interest so to do, subject (if the contract exceeds £100,000 in estimated value) to a report to the next meeting of the governing body.

## **6. Deciding the Evaluation Criteria**

- 6.1 Before any tender is sought the Headteacher shall decide and record the evaluation criterion to be used when the tenders are received.
- 6.2 The evaluation criterion must be either:
  - 6.2.1 the lowest price (where the school is to pay the supplier); or
  - 6.2.2 the highest price (where the supplier is to pay the school); or
  - 6.2.3 the most economically advantageous tender.
- 6.3 If the chosen evaluation criterion is defined as the 'most economically advantageous', the Headteacher will then decide and record in a list of criteria (in descending order of significance) upon which the tenders will so be evaluated. The list will accord with the appropriate list prescribed under EU Public Procurement Directives.
- 6.4 The Headteacher shall notify all those invited to tender which evaluation criterion is being used in the case of the contract in question.
- 6.5 In respect of contracts to be awarded under the Open Tendering Procedure (Standing Order 12) the Headteacher must in addition to the other requirements of this Standing Order determine and publish in the Invitation to Tender the minimum criteria to be applied in determining whether a tenderer will be disqualified under Standing Order 12.
- 6.6 For contracts involving innovative forms of procurement where the scheme is not defined at the tender stage, the award criterion will be the most economically advantageous tender. In the case of such contracts, the Headteacher must decide and record the basis on which tenders will be evaluated and must also inform those invited to tender of the process for awarding and developing the contract

## **7. Pecuniary Interests Of Employees And Governing Bodies**

7.1 If any governor, or any employee of the governors, or anyone employed at the school by the Authority, becomes aware of a current or proposed contract with the governing body (i.e. the governing body itself or the Governing Body as agent of the Authority), and that governor or employee has a direct or indirect pecuniary interest in that contract, he shall as soon as practicable inform the Chair of Governors in writing. The Chair of Governors shall record that information in a register to be kept by the Chair of Governors for that purpose and open for inspection at the school by any member or officer of the governing body or the County Council and OFSTED.

## **8. Supervision of Contracts by Third Parties**

8.1 It shall be a condition of any contract between the governing body and any person (not being an employee of the governors or anyone employed at the school by the Authority) who is required to supervise a contract on behalf of the Governing Body that in relation to that contract he shall comply with the requirements of these Standing Orders as if he were a member of the governing body.

8.2 Such person shall:-

8.2.1 at any time during the carrying out of the contract produce to the Headteacher or his representative on request all records maintained by him in relation to the contract; and

8.2.2 on completion of the contract transmit all records to the Headteacher.

## **9. Nominated Sub-Contractors and Suppliers**

9.1 Where a sub-contractor or supplier is to be nominated to a main contractor, the following provisions shall have effect:-

9.1.1 Where the estimated amount of the sub-contract or estimated value of the goods to be supplied by the nominated supplier does not exceed £50,000 then, unless the Headteacher is of the opinion in respect of any particular nomination that it is not reasonably practicable to obtain competitive tenders, tenders shall be invited for the nomination in accordance with Standing Order 10.

9.1.2 Where the estimated amount of the sub-contract or estimated value of the goods to be supplied by the nominated supplier exceeds £50,000 then, unless the Governing Body determines in respect of any particular nomination that it is not reasonably practicable to obtain



competitive tenders, tenders shall be invited in accordance with Standing Order 11.

9.1.3 The terms of the invitation under paragraph 9.1.1 or 9.1.2 above require an undertaking by the person submitting the tender that if he is selected he will be willing to enter into a contract with the main contractor on terms which indemnify the main contractor against his own obligations under the main contract in relation to the work or goods included in the sub-contract.

9.1.4 The Headteacher concerned shall comply with Standing Order 6 in deciding the person whose tender is to be nominated to the main contractor.

**NOTE**

*Care must be taken when nominating sub-contractors and suppliers in technical specifications. In particular it must be justified by the subject matter of the contract or accompanied by the words "or equivalent". In other words, the Governing Body must be genuinely open to the consideration of alternatives.*

**10. Contracts Below £50,000**

10.1 Contracts, the estimated value of which is below £50,000 shall be let in accordance with rules to be made by the Governing Body for use within the school. These rules shall require competitive quotations to be obtained unless impracticable. The Headteacher shall obtain the approval of the governing body to the text of its rules and to any amendment thereof.

**11. Contracts Over £50,000 Including Those Over the Relevant Ec Procurement Threshold - Tenders**

*From 1.1.2014, EU thresholds are £172,514 for Supplies & Services for aggregated requirements across all departments and £4,322,012 for each single Works. These values change every two years – for current values see:).*

<http://www.ojec.com/thresholds.aspx>

11.1 Where the estimated value of the contract is over £50,000 the governing body shall, unless impracticable, invite not less than four written tenders and shall enter in the record particulars of all persons invited to tender.

11.2 The invitation shall appoint the place and the latest day and hour for receipt of tenders and shall state the content of Standing Order 17.

11.3 Unless the Governing Body has authorized, whether specifically or generally, the use of an ad hoc list or a standing list, the Headteacher shall invite tenders on the basis of open tendering.

## **12. Open Tendering (Over £50,000 Tenders)**

12.1 Where contracts are to be let on the basis of open tendering the Headteacher **must** at least fifteen days before the last date for the receipt of tenders give public notice expressing the nature and purpose of the contract or stating where further details may be obtained and inviting tenders for its execution.

12.2 If the estimated value of the contract exceeds £100,000, notice shall be published in at least one local newspaper and if the estimated value of the contract exceeds the relevant EU Threshold in at least one appropriate trade or professional journal and place an award notice in the Official Journal of the European Union

12.3 Standing Order 16 applies to contracts above the EU Threshold.

## **13. Ad Hoc List**

13.1 This Standing Order shall apply where the governing body, or (where the estimated value of the contract is between £50,000 and £100,000) the Headteacher has authorised the use of an ad hoc list

13.2 If the estimated value of the contract exceeds £100,000, notice shall be published in at least one local newspaper and if the estimated value of the contract exceeds the relevant EU Threshold in at least one appropriate trade or professional journal and place an award notice in the Official Journal of the European Union.

13.3 The Headteacher may also give notice to all or a selected number of persons included in any relevant standing list.

13.4 The notice shall:-

13.4.1 specify details of the contract into which the Governing Body wishes to enter; and

13.4.2 invite persons interested to apply for permission to tender; and

13.4.3 specify a period, being not less than ten days, within which such applications are to be submitted to the Headteacher.

13.5 After the expiry of the period specified in the Public Notice invitations to tender for the contract shall be sent to:

13.5.1 not less than four of the persons who apply for permission to tender, selected by the Headteacher; or

13.5.2 where fewer than four persons have applied or are considered suitable, to all those persons whom the Headteacher considers suitable.

13.6 **In the case of contracts with an estimated value over £100,000**, the names of all persons who applied and of those invited to tender shall be reported to the Governing Body on a quarterly basis.

13.7 Standing Order 16 applies to contracts above the EU Threshold.

#### **14. Standing List (Over £50,000 Tenders)**

14.1 This Standing Order shall apply where the Governing Body has authorised the use of a standing list for a contract or for a category of contracts.

14.2 The list shall:

14.2.1 be compiled and maintained by the headteacher; and

14.2.2 contain the names of all persons who are approved by the Governing Body; and

14.2.3 indicate the categories of contract and the values or amounts in respect of those categories for which those persons are approved.

14.3 At least four weeks before a list is first compiled notice inviting applications for inclusion in it shall be published:

14.3.1 in at least one local newspaper; and

14.3.2 in at least one appropriate trade or professional journal.

14.4 The notice referred to in Paragraph 14.3 must include any minimum criteria to be applied in determining whether a contractor will be selected for the list or any part of the list

14.5 The list shall be submitted to the Governing Body for approval together with details of any person whose name is not included in the list but who had requested that it should be.

14.6 The list be amended as required from time to time and shall be reviewed at intervals not exceeding three years. At least four weeks before each review, each person whose name appears in the list

shall be asked whether he wishes his name to remain there and notices inviting applications for inclusion in the list shall be published in the manner provided by paragraph 14.3 of this Standing Order.

14.7 At each review the list shall be reported to the Governing Body with particulars showing those invited to tender, those responding and those successful, since the last review, and individual amendments shall also be reported to the Governing Body.

14.8 Invitations to tender for a contract shall be sent to:

14.8.1 not less than four persons selected by the Headteacher, from among those approved for a contract of the relevant category and amount or value: or

14.8.2 where fewer than four persons are approved for a contract of the relevant category and amount or value, all those persons.

14.9 Standing Order 16 applies to contracts above the EU Threshold.

## **15. Invitations to Tender (Over £50,000 Tenders)**

15.1 Every invitation to tender shall specify the latest day and hour and the place appointed for the receipt of tenders and shall state the effect of Standing Order 17.

15.2 Persons to whom tender documents are sent shall be asked to acknowledge receipt.

15.3 **Where the estimated value of the contract is over £100,000**, the Headteacher shall on inviting tenders send to the governing body a note of the subject and the closing date and time and (where appropriate) a list of the persons invited to tender together with the estimated value.

## **16. Contracts With An Estimated Value Exceeding The Relevant Eu Directive Threshold (Over £50,000 Tenders)**

**From 1.1.2010, EU thresholds are £156,442 for Supplies & Services for aggregated requirements across all departments and £ 3,497,313 for each single Works. These values change every two years – for current values see:).**

<http://www.ogc.gov.uk/sdtoolkit/reference/ogc-library/procurement/thresholds.html>

- 16.1 For contracts with an estimated value above the relevant EU threshold the Headteacher will comply with all of the Procedures set out in the relevant EU Directives and consequent UK Regulations, including:
- 16.1.1 inserting at each stage the requisite Notices in the Official Journal of the European Communities; and
  - 16.1.2 applying all relevant time limits correctly; and
  - 16.1.3 issuing the correct number of invitations to tender; and
  - 16.1.4 not rejecting abnormally low prices without first giving the tenderer(s) the opportunity to explain their tender(s);
  - 16.1.5 complying with technical EU requirements, e.g. on Open Systems for IT computers.

## **17. Invalid Tenders (Over £50,000 Tenders)**

- 17.1 An invalid tender must not be accepted.  
**(NOTE:- Tenders estimated at below £100,000 are addressed to and opened by the Headteacher. Tenders estimated at over £100,000 are addressed to and opened by the Chair of Governors).**
- 17.2 A tender shall not be valid unless it has been delivered to the place appointed by the Chair of Governors, (or, where the estimated value of the contract was below £100,000, by the Headteacher) not later than the appointed day and hour in a plain sealed envelope or parcel addressed to the Chair of Governors, (or, where the estimated value of the contract was below £100,000, to the Headteacher) bearing the word “tender” followed by the subject to which it relates and shall not be valid if the envelope, parcel or packaging bears any name or mark indicating the sender (regardless of the identity of the person causing the name or mark in question to be visible).

## **18. Receipt Of Tenders (Over £50,000 Tenders)**

- 18.1 On receipt envelopes containing tenders shall be date and time stamped by the Chair of Governors or the Headteacher and shall remain in his custody until they are opened.

## **19. Opening Of Tenders (Over £50,000 Tenders)**

- 19.1 Tenders shall be opened at one time in the presence of not less than two members of staff designated by the Chair of Governors, (or, where the estimated value of the contract was below £100,000, by the Headteacher), who shall both initial each tender.

- 19.2 Tenders received at the appointed place later than the day and hour specified under Standing Order 15 shall not be opened.
- 19.3 Particulars of all tenders received shall be entered upon the record which shall be signed by the members of staff present at the opening, together with a note of the number of unopened tender envelopes.
- 19.4 Where the estimated value of the contract exceeded £100,000 the Chair of Governors shall forthwith send a copy of the record to the Headteacher (with the tender documents) and to the Chief Finance Officer and shall retain a copy himself.
- 19.5 All tenders received, including any invalid tenders, shall be retained with their envelopes by the Headteacher for at least two years and in the case of a successful tender, for at least seven years.

## **20. Errors or Discrepancies In Tenders (Over £50,000 Tenders)**

- 20.1 Where examination of tenders reveals errors or discrepancies that would affect the tender figures in an otherwise successful tender, the tenderer is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing his offer.
- 20.2 Where the tender is for a fixed sum and is for measured work calculated on Bills of Quantity with rates or Activity Schedules and the arithmetical calculations are erroneous the tenderer may confirm either the rate (or rates) or the total for that particular item or the tenderer may withdraw the offer. Where the Contractor has agreed to confirm the offer, any revision to the arithmetic total will require a compensating adjustment to provide a build up of cost to agree with the tendered sum.
- 20.3 Where a tender is for measured work calculated on Bills of Quantity with rates or Activity Schedules and is not for a fixed sum and the arithmetical calculations are erroneous the tenderer may confirm either the rate (or rates) or the total for that particular item or the tenderer may withdraw the offer.
- 20.4 If the tenderer withdraws, the next tender in competitive order is to be examined and dealt with in the same way.
- 20.5 Any exception to this procedure may be authorised only by the governing body after consideration of a report by the Headteacher, or in cases of urgency, by the Headteacher after consultation with the Chair of the Governors

## 21. Acceptance of Tenders (Over £50,000 Tenders)

- 21.1 The Headteacher may accept from valid tenders in accordance with the decided evaluation criteria:-
- 21.1.1 the lowest tender, if that was the evaluation criterion, provided that the tender is not more than 10 per cent above the estimated value; or
  - 21.1.2 the highest tender, if that was the evaluation criterion, provided that the tender is not more than 10 per cent below the estimated value; or
  - 21.1.3 the most economically advantageous tender, if that was the evaluation criterion and if one tender clearly meets that criterion more closely than any other; or
  - 21.1.4 any other tender only after consultation with the Chair of Governors and after taking legal advice on the impact of EU Directives and subject to the Headteacher making a written report to the Governing Body subsequently.
- 21.2 A Headteacher may not reject an abnormally low tender without first giving the tenderer the opportunity to explain the tendered price.
- 21.3 Acceptance of a tender must be in writing and may in some cases be in the form of an official purchase order and shall be signed by the Headteacher or by a member of staff designated by him. The 'acceptance' must not prejudice any formal contract required by Standing Order 23.
- 21.4 Where the estimated value of the contract was over £100,000 the Headteacher shall forthwith inform the Chair of Governors of the name of the successful tenderer.
- 21.5 The Headteacher shall inform all tenderers of the name of the successful tenderer and (where practical) the amount of the tender accepted and (without connecting particular prices to particular tenderers) the prices submitted by other tenderers.
- 21.6 The file copy of the record shall be endorsed to indicate the tender accepted.

### Note

In the case of contracts which have been tendered via the EU procurement process, a 10 calendar day standstill period between notification of an award to the successful and unsuccessful tenders and the entering into the contract must be applied. Advice on the nature of the notification, and the details to be included, are set out in Chapter 25 of the County Council's Procurement Guide.

## 22. POST TENDER NEGOTIATIONS

22A.1 **In the case of contracts whose estimated value was between £50,000 and the EU Threshold**, the Headteacher may (following the closing date for receipt of tenders but before acceptance of any tender) carry out Post Tender Negotiations to attempt to secure an improvement in the contract price or other conditions in one or more of the following circumstances:

22A.1.1 where the lowest submitted tender or the most economically advantageous tender (where this is the award criterion) exceeds the estimated value of the contract;

22A.1.2 where the Headteacher considers that the price of the lowest tender submitted does not represent the best value for money that can reasonably be obtained;

22A.1.3 where tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items;

22A.1.4 where the lowest submitted tender or the most economically advantageous tender (where this is the award criterion) contains conditions, trading terms, specification, performance, guarantees, or service delivery less favourable than in other tenders, or than stipulated for AND this defect may be overcome by post tender negotiations.

22A.2 In Post Tender Negotiations carried out under Standing Order 22A.1 where the price is the award criterion the tenderers submitting the lowest tender and all those the value of which is within 5% of the lowest tender or, if there is no such tender, the tenderer submitting the second lowest, shall be invited to participate in Post Tender Negotiations.

22A.3 In Post Tender Negotiations carried out under Standing Order 22A.1 where the most economically advantageous tender is the award criterion the tenderers submitting the most economically advantageous tender and the second most economically advantageous tender must be invited to participate in the Post Tender Negotiations.

22A.4 Post Tender Negotiations may only be authorised by the Headteacher. In the case of contracts with an estimated value exceeding £50,000 the Headteacher must also obtain the consent of the Head of Law and Monitoring Officer who must thereafter be notified of the time and venue of all negotiations carried out and who must have the right to be represented at any such negotiations.



22A.5 In the case of all Post Tender Negotiations the Headteacher shall record in writing the objective to be secured by such negotiations and in the case of contracts with an estimated value exceeding £100,000, forward a copy of this record to the Head of Law and Monitoring Officer.

22B.1 **In the case of contracts with an estimated value exceeding the relevant EU Directive Threshold**, the Headteacher may (following the closing date for receipt of tenders but before acceptance of any tender) carry out Post Tender Negotiations in order to:

22B.1.1 ensure that the tender is constructed correctly; or

22B.1.2 ensure that the tenderer has fully understood the specification; or

22B.1.3 seek clarification from tenderers of quality and performance indicators.

No other discussions may take place. Where such discussions are held, the procedures in this Standing Order at paragraphs 22A.4 to 22A.5 above and 22E.1 to 22J.1 below will apply with the necessary consequential amendments so as to refer to “discussions” rather than “negotiations.”

22B.2 Headteachers may not enter into Post Tender Negotiations if that would:

22B.2.1 distort competition; or

22B.2.2 change the specification tendered on; or

22B.2.3 change the contract award criteria.

22C.1 Post Tender Negotiations may only be authorized by the Headteacher with the consent of the Chair of Governors who shall thereafter be notified of the time and venue of all negotiations carried out and who shall have the right to be represented at any such negotiations.

22D.1 No negotiations shall take place under this Standing Order unless the tender documents specifically reserve the right to do so.

22E.1 Unless other arrangements are specifically authorised by the Chair of Governors all negotiations held under this Standing Order shall take place at the school with both the tenderer and the relevant school representatives present.

22F.1 During negotiations with the tenderer there shall always be present at least two school representatives.

- 22G.1 A note of the negotiations will be made by one of the representatives present recording those present, the time and location of the negotiations, detail of the discussion and any agreement reached. The note shall be signed by all representatives present and will be kept with a file copy of the record and a further copy will be sent to the Chair of Governors.
- 22H.1 At no time shall a tenderer be informed of the detail of any other tender submitted or as to whether or not the tender he submitted was the lowest or the most economically advantageous tender (where that is the award criterion).
- 22I.1 Acceptance of tenders following Post Tender Negotiations shall be in accordance with Standing Order 21 except that the Headteacher shall also inform the Chair of Governors of the name of the successful tenderer and of the price regardless of the estimated value of the contract.
- 22J.1 The Chair of Governors will maintain a record of all Post Tender Negotiations in which will be recorded the date of the tender, the date of any Post Tender Negotiations, the names of tenderers involved in negotiations, the original price, the revised price, the revised specification, the names of the representatives involved and the details of the contract awarded.

## **23. Form Of Contract**

23.1 Every contract whose estimated value was over £50,000:

23.1.1 must be in writing; and

23.1.2 shall specify the goods, materials or services to be supplied, the price to be paid and shall contain a statement as to the amount of any discount or other deductions, the period within which the contract is to be performed and such other conditions and terms as may be agreed between the parties; and

23.1.3 shall include a clause prohibiting the contractor from transferring or assigning or sub-letting to any person any portion of the contract without the written permission of the governing body signified by the Headteacher; and

23.1.4 shall where relevant contain a clause requiring that all goods and materials used or supplied and all the workmanship shall be at least of the standard required by any appropriate British or equivalent EU or International Standards Specification or Code of Practice current at the date of the tender; and

23.1.5 shall contain a clause empowering the Governing Body to cancel the contract and to recover from the contractor the amount of any resulting loss if the contractor or any person employed by him or acting on his behalf whether or not to his knowledge shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for taking or for not taking any action in relation to the contract or any other contract with the Governing Body, or, in relation to any contract with the Governing Body, shall have committed any offence under the Prevention of Corruption Acts 1889 to 1916, or shall have given any fee or reward the receipt of which is an offence under Section 117(2) of the Local Government Act 1972.

23.2 Every such contract shall be signed by the Headteacher.

23.3 **Every contract whose estimated value exceeds £100,000** shall in appropriate cases provide for the payment of liquidated damages by the contractor where he fails to complete the contract within the time specified.

## **24 Transfer Of Undertakings (Protection of Employment) Regulations 1981 (TUPE)**

In relation to contracts where there is a likelihood that employees may be transferred to a new employer the invitation to tender will state that the school assumes TUPE will apply unless evidence to the contrary is produced.

### **Note**

Advice should be sought in relation to human resource and pension issues before starting a procurement which might involve a transfer of staff.

## **25 E-Procurement**

### **25.1 E-Tendering**

These Contract Standing Orders apply equally to e-tendering.

### **25.2 E-Auctions**

**25.2.1 Procurements by E-Auction are acceptable in order to achieve the final contract price provided all appropriate guidelines have been complied with and indicative process obtained.**

**25.2.2 The requirements in the Contract Standing Orders apply to procurements by E-Auction except that Paragraphs 17.2, 18 and 19.1 will not apply.**

## **26 Constructing Excellence**

The County Council endorsed the principle of working with contractors in accordance with the principles of Constructing Excellence and encourages Chief Officers to apply these principles where appropriate.

## **27 Procurement Guide**

Those applying these Standing Orders are also advised to refer to the County Council's Procurement Guide which can be found at <http://intranet.norfolk.gov.uk/purchasing/default.htm> under Service Review and Procurement. This Guide provides advice on a range of matters to be considered in connection with the procurement of goods, services and works including advice on the following:-

- (a) the extent to which non-commercial considerations can be taken into account in awarding contracts:
- (b) what the invitation to tender should say regarding the transfer of staff and the requirement to provide workforce information.
- (c) evaluation of tenderers and tenders
- (d) Post Tender Negotiation

## Annex E

### The Whistleblowing Policy

The Department for Education guidance for schools on Whistleblowing states that governing bodies of maintained schools are responsible for agreeing and establishing the school's whistleblowing procedure which should be based on the Local Authority procedure. This model policy and procedure has been developed for schools to consider adopting. It has been the subject of consultation with the Local Authority's lead officer for whistleblowing and with trade unions at county level.

The DfE guidance also states that the Governing Body should:-

- (i) minute and record the adoption of their whistleblowing policy and procedure (either this model policy and procedure or an alternative which is also based on the County Council's own policy and procedure).
- (ii) inform every employee of the school's whistleblowing arrangements
- (iii) appoint at least one member of staff and at least one governor who other members of staff can contact if they wish to report concerns.

Normally the Governing Body would identify the Headteacher as the member of staff responsible for whistleblowing and so this policy and procedure makes reference to the Headteacher throughout. Should the Governing Body allocate this responsibility to a member of staff other than the Headteacher, this will need to be reflected in the adopted policy and procedure.

There is no requirement for an academy or a multi-academy trust to base their whistleblowing policy on the Local Authority's version but this model is offered as an appropriate process for adoption in academy settings. In considering adoption, decisions around who has responsibility to act in response to concerns being raised will need to be taken, i.e. responsibility may be given to an individual employed centrally in a multi-academy trust.

#### 1. Introduction

- 1.1 An employee may be the first person to realise that there could be something seriously wrong within the school. However, they may feel that speaking up would be disloyal to colleagues or to the school. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.2 The purpose of this policy and procedure is to make it clear that employees can raise concerns in confidence without fear of victimisation, subsequent discrimination or disadvantage. Employees are encouraged to raise serious concerns in the first instance **within** the school rather than overlooking a problem or 'blowing the whistle' outside, and it is preferred that the matter is raised when it is just a concern rather than waiting for proof.
- 1.3 The school (and the Local Authority for maintained schools) is committed to the highest possible standards of openness, integrity and accountability. The Governing Body expects employees, and others involved in the work of the

school, who have serious concerns about any aspect of the school's work to come forward and voice those concerns.

- 1.4 This policy and procedure applies to all employees and those contractors working for the school on school premises, for example, agency staff, builders and drivers. It also covers suppliers, those providing services under a contract with the school and organisations working in partnership with the school.
- 1.5 This policy and procedure has been prepared in accordance with the Public Interest Disclosure Act 1998 and Government guidance on the issue. The policy has been formally adopted by the Governing Body and publicised widely to all those who may wish to use it.

*\* Note: Consultation with local trade union representatives should take place in any case, but will be particularly important if the Governing Body plans to move away from this model.*

- 1.6 The school recognises that employees may wish to seek advice and be represented by their trade union representative when raising a concern and acknowledges and endorses the role trade union representatives play in this area. Trade union representatives acting in accordance with the policy and procedure will not suffer detriment in their employment with the school.

## **2. Aim and scope**

- 2.1 This policy aims to:
  - encourage employees to feel confident in raising serious concerns and to question and act upon concerns;
  - provide avenues for employees to raise those concerns and receive feedback on any action taken;
  - ensure that employees receive a response to concerns and that they are aware of how to pursue them if they are not satisfied;
  - reassure employees that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have raised any concern in good faith.
- 2.2 There are existing procedures in place to enable employees to lodge grievances relating to their employment. This policy and procedure is intended to cover concerns that fall outside the scope of other procedures, including the school's complaints procedure. This policy therefore includes concerns about:-
  - any unlawful act, whether criminal or a breach of civil law;
  - maladministration, as defined by the Local Government Ombudsman
  - breach of any statutory code of practice
  
  - breach of, or failure to implement or comply with, Financial Regulations or Standing Orders
  - any failure to comply with appropriate professional standards
  - fraud, corruption or dishonesty
  - actions which are likely to cause physical danger to any person, or to give rise to a risk of significant damage to property

- loss of income to the school
- abuse of power, or the use of the school's powers and authority for any unauthorised or ulterior purpose
- discrimination in employment or the provision of education
- any other matter that staff consider they cannot raise by any other procedure

\* Complaints relating to harassment of, or discrimination against an employee will be dealt with under the specific procedures relating to those matters.

2.3 It should be emphasised that this policy and procedure is intended to assist individuals who have discovered malpractice or serious wrongdoing, provided they make the disclosure in accordance with the policy. It is not designed to question financial or business decisions taken by the school nor may it be used to reconsider any matters that have already been addressed under the harassment, complaint or disciplinary procedures. Individuals who make disclosures outside the arrangements set out here will not be protected under this policy and may not be protected under the Act.

2.4 All employees are expected to adhere to this policy and procedure in line with their obligations under equality legislation. The Headteacher (or other appropriate manager) must ensure that all reasonable adjustments or supportive measures are considered to allow equality of access and opportunity regardless of age, gender, ethnicity, sexual orientation, disability, faith or religion, gender identity, pregnancy or marital status.

### **3. The school's commitment**

3.1 The school is committed to good practice and high standards and wants to be supportive of employees.

3.2 It can be difficult for an employee to make the decision to report a concern. If a concern is raised in good faith and based on reasonable belief, there is nothing to fear. An employee has a duty both to their employer and the public under The Public Interest Disclosure Act 1998, which will protect them from dismissal or other detriment. If an employee's concern is not confirmed by the investigation, no action will be taken against them. If, however, an employee makes an allegation frivolously, maliciously or for personal gain, disciplinary action may be taken against them.

3.3 The school will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect an employee when they raise a concern even if they are genuinely mistaken in their concerns. Any harassment or victimisation of a whistleblower may result in disciplinary action against the person responsible.

3.4 Any investigations arising from whistleblowing will not influence or be influenced by any other procedures to which an employee may be subject.

## **4. Confidentiality**

- 4.1 All concerns will be treated in confidence and every effort will be made not to reveal the identity of the employee if that is their wish. If the school are not able to resolve the employee's concern without revealing their identity (e.g. because their evidence may be needed in Court), it will be discussed with them beforehand, whenever possible.

## **5. Anonymous allegations**

- 5.1 This policy and procedure encourages an employee to put their name to their concern whenever possible.
- 5.2 Concerns expressed anonymously are much less powerful but may be considered by the school taking into account:
- the seriousness of the issues raised;
  - the credibility of the concern; and
  - the likelihood of confirming the allegation from attributable sources.
- 5.3 The Headteacher or Chair of Governors will decide in each case whether a complaint made anonymously should be investigated.

## **6. How to raise a concern**

- 6.1 If an employee is unsure whether or how to raise a concern they can contact the independent voluntary organisation Public Concern at Work on 020 7404 6609 for guidance.
- 6.2 The earlier an employee expresses concerns the easier it is to take action.
- 6.3 An employee is not expected to provide proof but they will need to demonstrate to the person contacted that there are reasonable grounds for their concern.
- 6.4 It is hoped that in most cases an employee will feel able to raise any concerns internally with the Headteacher, speaking to them in person or putting the matter in writing if they prefer. They may be able to agree a way of resolving a concern quickly and effectively. In some cases, the matter may be referred to the Governing Body via the Chair of Governors or a nominated Governor who has responsibility for whistleblowing.
- 6.5 The Headteacher (or Chair of Governors or nominated Governor) will arrange a meeting with the employee as soon as practicable to discuss their concern. They will record sufficient details to enable the matter to be thoroughly investigated. As a minimum, they will record the name of the employee but also indicate whether the individual wishes his or her identity to remain confidential and the nature of the concern. In some cases, it will not be possible to maintain confidentiality and the Headteacher (or Chair of Governors or nominated Governor) should explain this to the employee. In such instances, the employee will have the choice of either withdrawing or agreeing to his/her identity becoming known to enable the concern to be effectively dealt with.



- 6.6 The employee may bring a colleague or trade union representative to any meetings under this policy. The colleague or trade union representative must respect the confidentiality of the disclosure and any subsequent investigation.
- 6.7 The Headteacher (or Chair of Governors or nominated Governor) will take notes and produce a written summary of the concern raised and provide the employee with a copy as soon as practicable after the meeting, along with an indication of how they propose to deal with the matter, where possible.
- 6.8 If a concern against a Governor is received, then this will be treated in the same way as any other concern. It will receive the same serious consideration. Such a concern would normally be raised with the Chair of Governors, who will decide how it will be dealt with.
- 6.9 If the concern is against the Chair of Governors, it should be taken to the Headteacher who will consider, with the Governor responsible for whistleblowing (where appropriate), how it should be dealt with. In these cases it would be advisable for guidance to be sought from the Local Authority.

## **7. External disclosures**

- 7.1 The aim of this policy and procedure is to provide an internal mechanism for reporting, investigating and remedying any wrong doing in the workplace. In most cases, employees should not find it necessary to alert anyone externally.
- 7.2 The law recognises that in some circumstances it may be appropriate for employees to report their concerns to an external body such as a regulator. It will very rarely, if ever, be appropriate to alert the media. Employees are strongly encouraged to seek advice before reporting a concern to anyone external. Public Concern at Work referred to in paragraph 6.1 above, operates a confidential helpline and they have a list of prescribed regulators for reporting certain types of concern.
- 7.3 Whistleblowing concerns usually relate to the conduct of school employees but they may sometimes relate to the actions of a third party, such as a service provider. The law allows employees to raise a concern in good faith with a third party where the employee reasonably believes it relates mainly to the third party's actions or something that is the third party's responsibility. Employees are, however, encouraged to report such concerns internally first as outlined in 6 above.

## **8. Investigation and outcome**

- 8.1 Once an employee has raised a concern, the Headteacher (or Chair of Governors or nominated Governor) will carry out, within 10 working days, an initial assessment to determine the scope of any investigation. The employee will be informed of the outcome of this assessment. The employee raising the concern may be required to attend additional meetings in order to provide further information.

- 8.2 In some cases, the Headteacher (or Chair of Governors or nominated Governor) may consider it appropriate to refer the concern to an external agency for consideration in advance of any internal investigation. This may be appropriate where concerns about child safeguarding, potential criminal activity or unsafe working practices are raised. Where this is deemed appropriate, no further internal investigation should be undertaken until clearance is given.
- 8.2 In most cases, a panel of three Governors will investigate any issue. In rare cases, the school may appoint an investigator or team of investigators, including staff with relevant experience of investigations or specialist knowledge of the subject matter. The investigator(s) may make recommendations for change to enable the school to minimise the risk of future wrongdoing.
- 8.3 The Headteacher (or Chair of Governors or nominated Governors) will aim to keep the employee informed of the progress of the investigation and likely timescale. Sometimes the need for confidentiality may mean that the employee cannot be given specific details of the investigation or any disciplinary action taken as a result. The employee is required to treat any information about the investigation as strictly confidential.
- 8.4 If it is concluded that an employee has made false allegations maliciously, in bad faith or with a view to personal gain, they will be subject to disciplinary action under the school's disciplinary policy and procedure.
- 8.5 Whilst it cannot always be guaranteed that the outcome will be in line with the employee's expectation, concerns will be dealt with fairly and in an appropriate way. If an employee is not happy with the way their concern has been handled, they can raise it with the Chair of Governors.
- 8.6 There is no right of appeal against any decisions taken under this policy and procedure. The employee or the Headteacher will have the right to refer any particular case to the nominated Governor for Whistleblowing for review.
- 8.7 Any employee raising a concern under this policy and procedure will be informed, where appropriate, of the final outcome. In some circumstances, e.g. where disciplinary action has resulted from the concern, it may not be appropriate to provide specific details due to the confidentiality and sensitivity of such matters.

## **9. Protection and support for whistleblowers**

- 9.1 It is understandable that an employee may be worried about possible repercussions. Employees are encouraged to be open and will be supported, where genuine concerns are raised in good faith under this policy and procedure, even if they turn out to be mistaken.
- 9.2 Employees must not suffer any detrimental treatment as a result of raising a concern in good faith. Detrimental treatment would include dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If an employee believes that they have suffered any such

treatment, they should inform the Headteacher immediately. If the matter is not remedied the employee should raise it formally using the school's grievance procedure.

- 9.3 No employee should threaten or retaliate against a whistleblower in any way. Any individual involved in such conduct will be subjected to disciplinary action.
- 9.4 All employees are responsible for the success of this policy and procedure and should ensure that they use it to disclose any suspected danger or wrong doing. Employees are invited to comment on this policy and procedure and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Headteacher in the first instance.
- 9.5 The school will do what it can to minimise any difficulties which an employee may experience as a result of raising a concern. For instance, if they are required to give evidence in criminal or disciplinary proceedings the school will arrange for them to receive advice about the procedure and other appropriate support.

## **10. Child safeguarding**

- 10.1 If an employee suspects that there is a serious safeguarding issue that they feel is not being taken seriously by the Headteacher, or if there is a serious safeguarding issue involving the Headteacher, they should in the first instance contact the designated Governor for Child Protection.

## **11. Responsibility for the policy**

- 11.1 The responsibility for the effectiveness and efficiency of this policy and procedure rests with the Governing Body. The Governing Body will be advised about and maintain records of, the concerns raised and the outcomes in a form which does not endanger confidentiality and will report if necessary to the Local Authority.

## **Annex F**

### **Supply of Information for the Purposes of the Teachers' Pension Scheme**

In order to ensure the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pension Regulation 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget share and come into effect on 1 November 2002:

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

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

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

## **Annex G**

### **Application Of Scheme To The Community Facilities Power**

#### **1 Introduction**

1.1 Schools wishing to develop services or facilities for the community are encouraged to discuss proposals with the County Council in the first instance.

1.2 Schools that choose to exercise the power conferred by s 27(1) of the Education Act 2002 to provide community facilities will be subject to a range of controls.

1.3 Community facilities are defined in the Act as “ any facilities or services whose provision furthers any charitable purpose for the benefit of – (a) pupils at the school or their families, or (b) people who live or work in the locality in which the school is situated.”

#### **2 Controls**

2.1 There are a number of controls that schools need to be aware of when proposing to develop community facilities or services.

2.2 Expenditure incurred in the exercise of this power may, with effect from 1 April 2011, be met from the school budget share including any accumulated surplus on the budget share, providing there is no detriment to school standards

2.3 Regulations made by the Secretary of State under s.(2), if any, which can specify activities that may not be undertaken at all under the main enabling power (see Section 4).

2.4 Schools' legal obligations to consult the County Council and have regard to advice from the authority.

2.5 Guidance issued by the Secretary of State to governing bodies about a range of issues connected with exercise of the power to which the school must have regard.

2.6 The requirements under s.28(1), to act within the limitations and restrictions contained in a school's own instruments of government.

2.7 These additional provisions in the Norfolk County Council scheme for financing schools (made under section 48 of the School Standards and Framework Act 1998 extended to the powers of governing bodies to provide community facilities by paragraph 2 of Schedule 3 to the Education Act 2002)

#### **3 Relationship with existing community agreements**

Where a school is already carrying out any of the activities covered by this power under the terms of an existing funding or management agreement with the County Council then the terms of that agreement continue to apply.

## **4 Consultation with the County Council**

4.1 Section 26(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the County Council and have regard to the advice given to them.

4.2 Schools are likely to benefit from informal contacts and advice from officers with the relevant professional expertise well before the formal consultation itself. It could also be helpful to all parties if schools gave the County Council notice of their intent to exercise the power in advance of the formal consultation itself.

4.3 Formal consultation with the County Council will commence when the full consultation material has been submitted in writing and the response period will begin from receipt of the full material. Major uses of the power where services have an annual turnover in excess of £100,000 or capital schemes costing more than £100,000 are involved will lead to the County Council providing formal advice in writing (which may be e-mail) within eight weeks. In the case of more minor uses advice will be provided within six weeks. Subsequently the governing body should inform the council of the action taken in response to this advice.

4.4 The school should provide the following information in the formal consultation document:

- a full business plan for the provision of the proposed community facilities or services covering the first three years of operation;
- in the case of capital projects affecting the existing buildings on the school site and/or the construction of new buildings, then the full plans and costing of the works proposed ;
- details of any planning and environmental considerations and evidence of discussions with relevant regulatory agencies;
- expressions of support from potential user groups, district and parish councils, local community groups, neighbouring schools, business representatives, as appropriate;
- details as to how the facility will be managed and how this relates to the management of the school;
- a statement that the proposed activities will not interfere with the over riding purpose of the school in achieving higher standards for pupils [ section 26(3) of the Act ];
- details of any proposed funding agreements with third parties;
- the insurance arrangements proposed.

4.5 Normally the consultation document should be sent to the Lifelong Learning and Development Officer, Education Department, County Hall, Martineau Lane, Norwich, NR1 2DL and where Early Years and Child Care developments are included then a copy should also be sent to the Head of Early Years and Childcare Strategy, Education Department, County Hall, Martineau Lane, Norwich, NR1 2DL.

## **5 Consultation with other bodies**

5.1 School governing bodies should consult the planning and service provision bodies

in their neighbourhoods that are currently involved with those sorts of facilities. For example; district councils for leisure facilities, adult education providers, local colleges and the local Learning and Skills Council if adult education is involved. Often the relevant bodies will have plans that affect the activities proposed and may be interested in becoming a partner in the particular project.

5.2 Bodies with plans covering the community to be served by the facility or services should be consulted and the degree of fit with the relevant planning frameworks and policies assessed. In particular the following should be consulted if their work could be affected:

- The Early Years and Child Care Strategy where any developments affecting early years education or child care are proposed – the early years and child care development plan as it covers the community served by the facility is an important document, it may also be advisable to consult existing local providers;
- The local parish councils (where they exist) and the local district council. These will have relevant physical planning policies. Community development plans and the priorities contained therein will be very important for community facility developments. There may also be specific plans for young people, area regeneration, leisure facilities and /or arts/sports plans and so on.
- Agencies such as Sports England and the Arts Council will have policies and strategies, if not specific plans, that will affect not only their funding attitudes but also set out their priorities.
- All the schools within the cluster and neighbouring secondary schools.
- Local adult and community learning providers, if such provision is proposed and the Learning and Skills Council (LSC) for Norfolk. The school's proposals should be consistent with the Adult Learning Plans for Norfolk.

## **6 Funding Agreements with Third Parties**

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

6.2 Any funding agreements with third parties (as opposed to funding agreements with the County Council itself) should be submitted to the County Council for its comments and advice. Such draft agreements should form part of the consultation with the County Council. Schools must have regard to the advice. The County Council may wish to set conditions upon access, egress and use of other facilities on the site.

6.3 Funding agreements with third parties should contain adequate provision for access by the County Council to the records and other property of those parties which are held on the school premises in order for the County Council to satisfy itself as to the propriety of expenditure on the facilities in question.

6.4 Schools are reminded that if an agreement has been or is to be concluded against the wishes of the County Council or has been concluded without informing the County Council and is judged to be seriously prejudicial to the interests of the school or the County Council, that may constitute grounds for suspension of the right to a delegated budget.

## **7 Financial Accounts and Information**

7.1 Best practice in respect of these community facilities is to use the same accounting and reporting systems as are used for the school's main budget share but with the activities separately identified on a full cost basis. However, where this is not practicable then schools that exercise the community facilities power must provide a summary statement every six months, showing the income and expenditure for the school arising from the facilities in question for the previous six months and, on an estimated basis, for the next six months. The form of these statements will be notified to schools and the forms will be returned to Children's Services Finance.

7.2 If the County Council believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power then it may, after giving notice to the school, require financial statements to be supplied every three months.

7.3 Financial information relating to community facilities also has to be included in returns made by schools under the Consistent Financial Reporting Framework.

7.4 Schools are required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

## **8 Treatment of Income and Surpluses**

8.1 Schools may retain all income derived from community facilities except where otherwise agreed with a funding provider. When a surplus has been derived after a proper charging of all costs including relevant overheads then the surplus may be carried over from one financial year to the next. The recommended practice would be to account for this as a separate community facilities surplus. It would be possible for the school to add it to any budget share surplus but in that case the amount added to the main budget share surplus should be separately identified, in case it is required to offset any subsequent deficit in the operation of the community facility.

8.2 The school must ensure that no deficit arises from the operation of the community facility.

8.3. Schools' budget shares will not include allocations for rates in respect of any community facilities since the cost of community facilities cannot be charged to schools' budget shares.

8.4 All the costs of maintaining any facility used for these purposes needs to be covered by the income.

8.5 When a school ceases to be maintained by the County Council, any accumulated retained income obtained from exercise of the community facilities power reverts to the County Council unless there is some other agreement with a funding provider.

8.6 Liabilities to third parties incurred in the exercise of this power are a charge on all the income retained by the school from these activities.



## **9 VAT**

9.1 As with existing community activities, schools may only reclaim VAT for expenditure on community facilities where this is funded from local authority funds. Expenditure from funds obtained direct by schools from private (or indeed, central government) sources are not covered by the VAT reclaim procedures. An update to the VAT manual for schools will be issued.

## **10 Banking and Borrowing**

10.1 These are covered by Section 3 this Scheme, which also applies to the use of the community facilities power.

## **11 Health and safety**

11.1 The health and safety provisions of the main Scheme (see Section 11) also apply to the community facilities power.

## **12 Service Level Agreements (SLAs)**

12.1 The community facilities powers are not covered by schools' existing SLAs with the County Council. This means local authority services like payroll, bill payments, ICT support, personnel and so on, in respect of staff employed or expenditure incurred in the exercise of these powers, will only be provided at an extra cost beyond the SLA subscription rate. When making these arrangements with the County Council or other providers, schools will need to ensure the issues surrounding National Insurance and taxation of employees have been fully dealt with.

## **13 Insurance**

13.1 It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power. Details of these arrangements should be included in the formal consultation material sent to the County Council. Such insurance should not be funded from the school budget share. The County Council is not able to offer this insurance under a SLA arrangement.

13.2 A school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary.

13.3 The County Council will undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. This is particularly to safeguard the council against possible third party claims.

## **Annex H**

### **Norfolk County Council Anti-Fraud and Corruption Strategy, Policies and Guidance,**

#### **November 2017 Edition**

'Norfolk County Council has adopted the staged strategic approach detailed within the document: 'Fighting Fraud and Corruption Locally (FFCL)', the local government counter fraud and corruption strategy 2016-19.

A standard Policy has been produced for schools to adopt by Norfolk Audit Services. This can be viewed at [www.efs.norfolk.gov.uk](http://www.efs.norfolk.gov.uk) under Anti-Fraud, Bribery and Corruption Policy for Schools

**FINANCIAL REGULATIONS  
(LA Maintained Schools)**

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20. Investments, Borrowings and Trust Funds
21. Goods & Stores (Including Vehicles, Plant, Furniture, Equipment etc.)
22. Unofficial Funds
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**1. General**

- 1.1 The County Council approves financial regulations as necessary for the supervision and control of its finances, accounts, income, expenditure and assets.
- 1.2 Under Section 151 of the Local Government Act 1972 the Chief Finance Officer is responsible for the proper administration of the County Council's financial affairs and he or his representative has the right to attend a governors meeting and give advice when a significant financial issue is being discussed.
- 1.3
  - 1.3.1 These Financial Regulations establish the principles of good financial administration. They shall apply to the Governing Bodies of schools covered by the County Council's Scheme for Financing Schools.
  - 1.3.2 A Finance Procedure Manual is also issued to all schools. This promotes good practice providing wide ranging financial directives and information to aid better accounting in schools.

- 1.4 Each Headteacher is accountable for the management of staff and the security, custody and control of all other departmental resources, including land, buildings, plant, materials cash and stores.

## **2. Managing The Budget Share**

- 2.1 Each school will receive formal notification of its budget share each year by the 28<sup>th</sup> February.
- 2.2 Each school with delegated responsibility must notify the LA how it intends to use its budget share preferably by 31 March, i.e. before the start of the budget year, and by 1 May at the latest. The budget should also include expenditure to be funded from other sources of income expected to be received by the school e.g. letting income, Government and other grants, donations, parents' contributions.
- 2.3 Each school with delegated responsibility will have freedom to deploy its budget share according to its needs, subject to the provisions of this document and other County Council regulations.
- 2.4 Governing Bodies are required to manage the delegated budget to keep expenditure within their budget share as allocated at the start of the financial year, taking into account estimated income and any agreed additions from contingency funds. Governing Bodies should lay down procedures, as contained in the school's financial policy document, for approving detailed budgets by the start of the financial year, and once the budgets are approved by the Governing Body or Finance Committee there is authority to incur expenditure. Schools shall prepare a three-year budget plan, taking account of the funding implications of forecast changes in pupil numbers and the staffing needs dictated by pupil number forecasts and by curriculum requirements. There should be a clear link between the three-year budget plan and the goals and objectives as contained in the school's improvement and development plan.
- 2.5 Once fixed, the Governing Body should ensure that expenditure is incurred only within the approved budget.
- 2.6 Governing Bodies have the power to switch monies between all budget headings (known as virement) with the exception of 'earmarked' capital allocations or grants. The Governing Body or Finance Committee shall monitor and review the budget and notify the LEA of budget changes at least every term to ensure that financial records and budget control reports are kept up to date.
- 2.7 The budget share will be held by the Chief Finance Officer on behalf of Governing Bodies as part of the County Council's Fund, although part of the budget share may be deposited in a local bank account for school use.
- 2.8 Subject to government legislation on capital expenditure control, schools will have freedom to redeploy expenditure from their delegated budget into capital items. Schools must not enter into finance leases. Schools must not

enter into operating leases without the approval of the Children's Services Assistant Director - (Business and Compliance)

- 2.9 The financial information system of the County Council shall be the statutory accounts for each school and will be used to assess financial performance. Where there are local banking arrangements, schools should provide sufficient details of their income and expenditure to enable the County Council's accounts to be updated each quarter.

### **3. Carry-Forward Provisions**

- 3.1 All underspendings compared to the budget share shall be carried forward to the next financial year.
- 3.2 Schools must not plan for a deficit, except with the express agreement of the LEA and following the submission of a three-year deficit recovery plan. Any unplanned deficit which arises in one year will be a first charge on the school's following year budget share.
- 3.3 In very exceptional circumstances when the LA feel that the financial situation is out of control, they may withdraw the delegated budget from a school's Governing Body. When delegation is withdrawn the LA may cancel all or part of any overspend via the Contingency Fund.
- 3.4 Schools are required to provide an explanation for any overspending in excess of 5% of the previous year's budget, or £25,000, whichever is the larger amount.
- 3.5 Schools' surplus balances will be analysed and any sums determined to fall outside the defined legitimate categories, for which balances may be held, will be redistributed to all schools in the following year through the normal funding formula.

### **4. Financial Control – Value For Money**

- 4.1 Each Governing Body shall, at all times, endeavour to secure the best value for money and shall establish sound arrangements for the planning, appraisal, authorisation and control of its resources and ensure that these are working properly in order to achieve economy, efficiency and effectiveness in its operations.

## **5. Interest On Working Capital/Savings**

- 5.1 Schools will not be charged interest on their working capital where this is administered by the Chief Finance Officer, except where schools have local banking arrangements.
- 5.2 Schools may set aside an earmarked part of an underspend in a centrally held fund. The fund attracts interest at a competitive rate and will be administered within the County Council's formal accounts.
- 5.3 Schools operating local banking arrangements, which involve monthly advances of budget share to the schools' bank accounts, will receive funds from the Council net of interest, i.e. subject to loss of interest to the County Council being clearly specified and justified. Schools may receive/pay interest on balances on their local bank account.

## **6. Monitoring And Evaluation**

- 6.1 Schools shall provide information appropriately requested by the LA and give access to records required for monitoring and evaluation by the LA. Such duties also exist on the part of schools in providing information requested by the Secretary of State.
- 6.2 To facilitate benchmarking comparisons, the financial information provided by schools must comply with the framework of Consistent Financial Reporting as laid down by the DfE.

## **7. Delegation To Headteachers**

- 7.1 To ensure effective management of the budget resources Governing Bodies are advised to delegate responsibility for day-to-day financial management to the Headteacher.
- 7.2 The Governing Body should delegate responsibility to the Headteacher to vire budget provision within the approved detailed budget up to a specified maximum sum.
- 7.3 The virement of sums in excess of any sum predetermined by the Governing Body, should be agreed by the Governing Body or by a finance committee of that body.
- 7.4 The Governing Body should ensure that the Headteacher reports progress on a regular basis to the full Governing Body or a finance committee of that body.
- 7.5 The Headteacher is responsible for presenting monitoring reports to the Governing Body or Finance Committee each month, investigating discrepancies and advising the Governing Body promptly of any action that must be taken. A revised budget plan should be approved by the Governing Body or Finance Committee at least every term.

- 7.6 To facilitate effective budget monitoring, the Headteacher must ensure that the school's financial records are up to date and that the necessary financial returns are submitted to the Local Authority promptly. Where there is a local bank account, the Headteacher must ensure that there is an adequate cash balance to meet current requirements.

## **8. Manpower Budgets**

- 8.1 Staffing costs form such a significant part of a school's budget that each school must produce an estimate of its staffing requirements person by person, both in terms of numbers and cost, and submit this information each year with its detailed financial budget.
- 8.2 The staffing budget should be monitored regularly and the County Council informed of significant changes.

## **9. Accounting**

- 9.1 All official accounting procedures and the form and content of official financial records shall be as agreed by the Chief Finance Officer in accordance with the Accounts and Audit Regulations.
- 9.2 Before introducing, amending or withdrawing any books, forms or procedures (including any uses of information technology) relating to official accounting procedures or financial records, Headteachers shall consult with the Chief Finance Officer.
- 9.3 Headteachers shall ensure that accounting procedures and financial records are maintained accurately and kept up to date.
- 9.4 The following principles shall be observed in the allocation of accounting duties: -
- 9.4.1 The duties of authorising payments out and issuing demands for payments in to the County Council shall be separated as completely as practicable from the duties of making the payments out and collecting the payments in.
- 9.4.2 Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of those transactions.
- 9.5 All financial records, both manual and computerised, shall be completed in a permanent form agreed by the Chief Finance Officer. Financial records, books, forms or documents shall not be amended by use of correcting fluid. Amendments or corrections shall be shown as such.
- 9.6 Schools are legally required to record their income and expenditure in the form stipulated by Central Government in Consistent Financial Reporting (CFR), the main purpose of which is to facilitate benchmarking comparisons at a national level and encourage value for money.

## **10. Audit**

- 10.1 The Chief Finance Officer shall maintain an independent, continuous, adequate and effective internal audit of accounting, financial and other processes of the County Council in accordance with the Accounts and Audit Regulations with regard to the following objectives.

To: -

10.1.1 Review, appraise and report upon the soundness, adequacy and application of financial and related management controls.

10.1.2 Examine and report upon the extent to which the County Council's assets and financial interests are accounted for and safeguarded from losses of all kinds arising from fraud, waste, extravagance, poor value for money or any other cause.

10.1.3 Assess and report upon the suitability and reliability of internal financial and related management data.

10.1.4 Contribute to monitoring the use of resources.

- 10.2 The Chief Finance Officer or his authorised representative shall have authority to: -

10.2.1 enter any Council premises or land;

10.2.2 have access to all records, documents and correspondence relating to any financial or other transaction of the County Council. This will also apply to unofficial fund records for which an employee of the County Council or a governor of a school is responsible, by virtue of his position, where expenditure by the unofficial fund leads to a liability on the County Council;

10.2.3 require and receive such explanations as are necessary concerning any matter under examination.

10.2.4 require any employee of the County Council or governor of a school to produce cash, stores, equipment, vehicles or any other property of the County Council or of the school under his control.

## **11. Suspected Irregularities**

- 11.1 A Headteacher shall immediately inform the Chief Finance Officer of any irregularity or suspected irregularity affecting the finances or property of the County Council. The Chief Finance Officer shall take such steps as he considers necessary by way of investigation and report.

## **12. Banking Arrangements and Cheques**

- 12.1 Banking arrangements, including choice of bank, authorised signatories,



and limits on the amount of individual payments that may be authorised by the Headteacher, must be considered and formally approved by the Governing Body as part of the school's finance policy.

- 12.2 Responsibility for day-to-day management of the bank account shall be delegated to the Headteacher.
- 12.3 When official funds are administered through an imprest type account, the bank account can be opened, closed or amended, or arrangements made to withdraw cash, only through the Chief Finance Officer.
- 12.4 Bank accounts must not be allowed to become overdrawn and schools must not enter into any loan agreement with their bank or other institution.
- 12.5 Official, personal and School Fund monies must always be kept entirely separate.

### **13. Retention Of Records**

- 13.1 Headteachers shall keep up-to-date schedules detailing all financial records used within their schools.
- 13.2 The Chief Finance Officer shall prescribe retention periods for financial records.

### **14. Income**

- 14.1 All income must be identified and included in the budget plan and procedures must be developed to ensure that the income is received on the due date.
- 14.2 The Governing Body is responsible for approving policies for the setting of charges, letting of school premises, collection of debts due, the issue of receipts, the records to be maintained, arrangements for shared use of school premises, and writing off of bad debts.
- 14.3 The Headteacher is responsible for ensuring that all income due is collected and accounted for in accordance with the Governing Body's charging policies.
- 14.4 Receipts shall be issued for all income above an agreed minimum sum.
- 14.5 There should, as far as possible, be subdivision of duties among staff with responsibilities for collecting, recording and banking income

- 14.6 All income must be banked promptly and intact, without deductions for refunds or petty cash payments; and there must be no encashment of personal cheques.
- 14.7 Bank paying-in slips must show the split between cash and cheques; and each cheque must be identified with its drawer. The total sums collected should be reconciled with the total banked.
- 14.8 VAT on income must be calculated and correctly accounted for.
- 14.9 Further guidance on income can be found in section 9 of the Schools Finance Procedure Manual.

## **15. Orders For Work, Goods And Services**

- 15.1 Official orders shall be in a form approved by the Chief Finance Officer and shall be signed only by officers authorised by the Headteacher as agreed by the Governing Body in the school's finance policy.
- 15.2 Schools are required to comply with the County Council's Standing Orders (see section 5 of the Schools Finance Procedure Manual).

## **16. Payment Of Accounts**

- 16.1 Responsibility for day-to-day management shall be delegated to the Headteacher, subject to limits agreed by the Governing Body.
- 16.2 The Governing Body must ensure that, as far as possible, staff responsibilities are distributed so that more than one person is involved in the process of checking goods received, keeping accounting records, and making payments to suppliers.
- 16.3 The school must ensure that invoices have been thoroughly checked and certified before payment and that payment is made only against an original VAT invoice. Payment should comply with the terms set out on the invoice.
- 16.4 VAT and CIS rules must be complied with.

## **17. Use Of Business Credit Cards**

- 17.1 The use of credit cards must be approved by the Governing Body.
- 17.2 Cards can only be obtained from the school's approved bankers and the credit card limit must not exceed £3,000.
- 17.3 All applications for staff use must be approved by the Headteacher and use by the Headteacher approved by the Chair of Governors or Chair of the Finance Committee. All approved users must complete a certificate stating that they understand the rules for usage.

- 17.4 Cards will normally be securely stored in the finance office with a register recording its use. It must not be used to obtain cash or for personal transactions. Users will be responsible for obtaining an appropriate VAT invoice. The account will be paid in full at the end of each period and a termly report made of the use of cards.
- 17.5 The school will notify Children's Services Finance immediately of any loss or irregularity

## **18. Salaries, Wages And Pensions**

- 18.1 The Governing Body is responsible for ensuring that employees are paid in accordance with their employment contracts and that all income tax, national insurance, and pension contributions are correctly accounted for and paid over.
- 18.2 The Governing Body can choose to use the County Council's payroll provider or to use an alternative payroll provider or to manage the payroll within the school.

## **19. Travelling And Subsistence**

- 19.1 The Headteacher is responsible for ensuring that travel and subsistence claims are checked and authorised, that the claims are accurate and made by means of the correct forms, and that the claims are processed via the payroll so that tax regulations are complied with.

## **20. Formula Capital**

- 20.1 Devolved Formula Capital Grant allocations should be directed towards essential capital expenditure on premises and the basis of such expenditure should follow the priorities agreed locally and set out within the Premises Development Plan (PDP) and ICT Development Plan.
- 20.2 Devolved Formula Capital Grant (DFC) falls outside the scope of the school's budget share and should not be included as part of the budget plan. The County Council has no discretion over the use of DFC Grant. It can be spent only in accordance with DfE guidelines and, therefore, virements from Devolved Formula Capital Grant cannot be made. In all cases if an allocation is not used within three years it is lost.
- 20.3 From 2006/07 the Devolved Formula Capital allocation includes funding for ICT equipment and schools, therefore, have to balance the needs of buildings' improvements and ICT development. For this reason, schools are now required to produce and submit to the County Council each year a three year capital budget plan to show how they intend to use their DFC funding.

## **21. Insurance**

- 21.1 The Governing Body is responsible for ensuring that the school adheres to the minimum insurance standards as set out by the County Council. These are sent out annually to those schools that do not use the County Council's policy. If the school chooses to obtain cover through an independent insurer, rather than through the County Council's policy, the school must seek at least three confidential quotes and make careful evaluation of both the price and the extent of the cover provided.
- 21.2 Headteachers shall promptly notify the Chief Finance Officer of: -
- 21.2.1 all new risks for consideration by the Chief Finance Officer as to whether they should be insured; and
- 21.2.2 any changes affecting existing insurances.
- 21.3 Where an event is covered by an insurance policy, Headteachers shall promptly notify the Chief Finance Officer of any occurrence which might result in a claim against the insurer or against the Council.
- 21.4 Any separate insurance arrangements in which the County Council has an interest shall be promptly notified to the Chief Finance Officer.

## **22. Investments, Borrowing And Trust Funds**

- 22.1 All investments of unofficial money under the control of the Governing Body or a member of staff shall be made in the name of the school or in the name of nominees approved by the Governing Body.
- 22.2 All officers acting as trustees by virtue of their official position shall deposit all securities, etc. relating to the trust with the Chief Finance Officer unless the deed otherwise provides.

## **23. Goods and Stores (Including Vehicles, Plant, Furniture, Equipment Etc.)**

The Headteacher shall maintain a suitable Assets Register to an extent and in a form agreed by the Chief Finance Officer. A copy of the Assets Register should be kept off-site.

The Headteacher shall arrange for all goods and stores to be checked and reconciled with the records at least annually and all discrepancies investigated promptly.

Headteachers may, in accordance with arrangements approved by the Governing Body, dispose of obsolete or otherwise unrequired goods and stores of the type which were or could have been purchased by the school from its share of the Individual Schools Budget.

Governing Bodies have the discretion to write-off goods and stores' deficiencies. All write-offs over £500 shall be notified to the County Council.

Items of school property should not be removed from school premises without authority. A register should be kept to record all items of school property taken off site.

## **24. Unofficial Funds**

- 24.1 Section 18 of the Schools Finance Procedure Manual contains detailed guidance on the operation of Unofficial Funds (or School Funds).
- 24.2 These funds often provide a substantial additional source of income with which to supplement the official budget share. They fall within the responsibility of the Governing Body and are subject to the same rigorous standards of accountability as official funds.
- 24.3 Some Unofficial Funds are eligible for charitable status and certain tax concessions. Monies from the School Fund may be spent only to advance the education of the pupils by providing or assisting in the provision of educational, recreational and other charitable facilities.
- 24.4 The Governing Body is responsible for approving banking arrangements and authorised signatories, for appointing a Fund Treasurer and Fund Auditor, and for agreeing a policy on the refund of deposits and surpluses on educational visits.
- 24.5 The Headteacher is responsible for the day-to-day management of the Fund, for the delegation of duties to staff, and for ensuring that records are kept up to date and reconciled to the bank statement every month.
- 24.6 The Headteacher must ensure that the accounts and supporting records are audited as soon as possible after the end of the accounting year. The audited accounts must be submitted to the Governing Body for approval and a copy sent to the County Council.
- 24.7 Where transactions relating to a trading activity, eg a tuckshop or the sale of sweatshirts, are processed through the School Fund, there should be a supplementary trading account in order to demonstrate the surplus or loss on the activity.

## **25. Security**

- 25.1 Each Headteacher is responsible for maintaining security at all times for all buildings, stocks, stores, furniture, vehicles, equipment, cash, etc. under his control. He/she shall inform the Chief Finance Officer in any case where security is thought to be defective.
- 25.2 Keys to safes and similar receptacles shall be carried on the person of those responsible at all times; the loss of any such keys must be reported to the Chief Finance Officer forthwith.

## Annex K

### RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools budget.

Section 37 of the 2002 Education Act says:

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

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

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

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

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

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

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

Costs of new early retirements or redundancies can also be charged to the central part of the Schools Budget if the Schools Forum agree and the local authority can demonstrate that the "revenue savings achieved by any termination of employment are equal to or greater than the costs incurred". The Schools Forum must agree to any increase in this budget over the previous financial year. If the Schools Forum does not agree with the local authority's proposal, then the authority can appeal to the Secretary of State. The Schools Forum would also be involved if the additional expenditure resulted in a breach of the central expenditure limit, whereby central expenditure increases faster than the Schools Budget as a whole.

An example of where a charge to the central Schools Budget might be appropriate would be a school reorganisation. A reorganisation involving the closure of a number of schools would be likely to result in savings because there would be a reduced amount being allocated through the formula for factors such as flat rate amounts to all schools or floor area. If the savings in the formula exceeded the ongoing costs of the VER/redundancy then this would qualify.

It would be possible to consider savings at an individual school level as well, but this needs to be carefully managed so that there are clear ground rules in place for applications, recommendations and approval. It may be sensible to agree criteria for eligibility which are consistent with the general approach as to when costs should be centrally funded.

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

There are clearly difficulties in setting a budget, whether inside or outside the Schools Budget, at a point prior to the beginning of the financial year before schools have set their budgets and made staffing decisions. Local authorities can only make a best estimate of what may be needed, based on past experience, local knowledge of the financial position of individual schools and the context of that year's funding settlement. There are dangers in raising expectations that costs will be met centrally if the budget is set too high, and so an alternative would be to keep the budget tight and use contingency or schools in financial difficulties budgets if there is an unexpected need for staffing reductions and it is not appropriate for delegated budgets to fund VER/redundancy costs. To achieve best use of resources, local authorities should also have an active redeployment policy, to match staff at risk to vacancies.

One of the permitted uses of the contingency is where "a governing body has

incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share" while local authorities are also allowed to retain funding for schools in financial difficulties "provided that the authority consult the schools forum on their arrangements for the implementation of such support."

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

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

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

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

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