

Cambridgeshire's Scheme for Financing Schools

Effective Date – 1 April 2008

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1 Introduction

1.1 The Funding Framework: Main Features

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

Under this legislation, Local Authorities (LA) determine for themselves the size of their Schools Budget and LA Budget – although at a minimum a local authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their School Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the LA budget must be retained centrally (although earmarked allocations may be made to schools).

Local authorities must distribute the 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 Act. The financial controls within which delegation works are set out in a scheme made by the authority in accordance with s.48 of the Act and approved by the Secretary of State. All revisions to the scheme must be approved by Cambridgeshire Schools Forum. If Schools Forum does not approve the revisions, the authority may apply to the Secretary of State for approval. The Secretary of State has power to modify schemes or impose one.

Subject to provisions of the 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.

An 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 school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.

Each authority is obliged to publish each year a statement 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.

The detailed publication requirements for financial statements and for schemes are set out in regulations, 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.

The authority will publish the scheme on the Education Portal for all schools to access.

1.2 The role of the scheme

The Schools Standards and Framework Act and this scheme set out the separate responsibilities of governing bodies on the one hand and the LA on the other. These separate responsibilities provide the framework by which the LA manages the school system and governors and headteachers manage their own schools. However, there has developed in Cambridgeshire a philosophy and practice that brings together those with different responsibilities into a close management partnership. So, for example, chairs of governors act collectively and have a part in the decision making processes of the authority; groups of heads work with officers to develop strategies and to contribute to decisions that will affect all schools. These management arrangements are founded in collaboration and a shared vision about the need to plan and deliver a high quality of education for all pupils in the county. The future provides opportunities to enhance and strengthen this partnership under the new statutory framework provided by the Schools Standards Framework Act.

1.2.1 Application of the scheme to the Authority and maintained schools

This scheme covers all Cambridgeshire nursery, community, voluntary aided, voluntary controlled, foundation and community special schools. The schools covered by the scheme are shown in annex 1.

New schools maintained by the LA are covered by the scheme from the time when their temporary governing body is constituted.

The requirements of the scheme are reflected in Cambridgeshire's Scheme of Financial Management for Schools and as such any conflicting information, this scheme will be deemed to override.

1.3 Publication of the scheme

The Scheme will be made available to schools and governing bodies via the Education Portal. For other relevant partners and stakeholders, the scheme will be made available via the internet.

All approved changes to this scheme will be notified to each school and governing body.



1.4 Revision of the scheme

All revisions to the scheme will be approved by Schools Forum. Full consultation with all schools will take place when requested by Schools Forum. Where revisions to the scheme cannot be agreed locally, the Local Authority is able to seek approval from the Secretary of State.

1.5 Roles & Responsibilities

1.5.1 Role of the Local Authority (LA)

The LA will:

- determine total resources available to schools collectively
- allocate resources to individual schools on the basis agreed after consultation and in accordance with any relevant regulations
- set out conditions and requirements within which governing bodies must operate
- monitor the performance of schools, give advice and take corrective action where necessary. In extreme cases, this may include withdrawing delegation and charging items against the school's delegated budget.

1.5.2 Role of the Governing Body

The governing body will:

- have formal responsibility for the running of the school
- together with the Headteacher, draw up and carry out a development/management plan for the school
- be able to delegate authority but not responsibility to the Headteacher
- deploy resources and ensure they are used appropriately
- determine the number of teaching and support staff
- appoint and dismiss staff
- formulate school policies, eg health and safety, lettings, pay
- provide such information as the Local Authority requires
- approve and monitor the school's budget
- report to parents annually on its stewardship of the school's finances.

The governing body should consider the extent to which it wishes to delegate its financial powers to a finance committee or the Headteacher, and to record its decision (and any revisions) in its minutes. The first formal budget plan of each year must be approved by the governing body under the Education (School Government) (Terms of Reference) (England) Regulations 2000.

1.5.3 Role of Headteacher

The Headteacher will:

- manage the school's financial position at a strategic and operational level



- have responsibility for the day-to-day running of the school, including effective systems of internal control and other financial issues
- have a key role in helping the governing body draw up a development plan for the school, and carry it out
- ensure financial statements are properly presented and adequately supported
- have responsibility for all tasks delegated by the governing body.

The Headteacher has overall executive responsibility for the school's activities, of which financial activities are clearly a part.

1.5.4 Role of Director of Finance, Property and Performance (FP&P)

The Director of FP&P is the CFO of the Local Authority and, as such, must ensure the probity and regularity of the Local Authority's financial activities. The Director will make statutory financial returns, oversee financial processes, provide advice where requested and ensure financial controls are adequate. To fulfil this responsibility, the Director may prescribe which financial systems and which financial service providers may be used. The Director, or representative, also has the right to attend meetings of the governing body to advise or report on major financial matters.

1.5.5 Role of Audit

All schools come within the internal audit regime determined by the Director of Governance and the external audit regime of the Local Authority, as determined by the Audit Commission, and must co-operate with it. Internal audit will test, review, report and make recommendations on the financial controls operating within the Local Authority and individual schools. This will include examining the economic, efficient and effective use of resources. External auditors will test, review and report their opinion on the accuracy of the accounts produced by the Director of Finance, Property & Performance.

1.6 Maintenance of Schools

The Local Authority is responsible for maintaining the schools covered by the scheme, and this includes the duty to defray 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 or the DCSF). Part of the means through which an authority maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

2 Financial requirements; Audit

2.1.1 Application of financial controls to schools

The LA's relationship with schools is such that schools have freedom and flexibility in managing their delegated budgets with the LA setting a framework for schools to abide by and operate within to ensure that financial control and monitoring is consistent with the LA's financial control and monitoring arrangements. The key documents are:

- Scheme of Financial Management for Schools which includes School Financial Regulations and School Contract Regulations



- Bank Account Manual

In the event of inconsistencies on financial control and monitoring arrangements within these documents, the scheme will take precedence.

2.1.2 Provision of financial information and reports

Schools are required to provide the authority with details of anticipated and actual expenditure and income, in a form and at times determined by the authority as set out in this scheme. Schools are required to submit financial returns as prescribed in the Bank Account Manual and Corporate Requirements document four times a financial year, the last return being the year end financial return.

If the LA is concerned with the financial arrangements within a school or the school is in deficit or the school is in its first year of bank account operation, the LA is able to request more frequent reporting from schools providing that the request is in writing.

2.1.3 Payroll Requirements

To fulfil statutory S151 responsibilities, the Director of Finance, Property & Performance must approve the providers of all payroll services to all schools.

All payroll responsibilities - such as effective administration, payments and submission of returns - will rest with the school. This will include submitting information to the Local Authority as requested by the due dates. If the school fails to provide this, or similar information specified by the Director of FP&P, it may result in the suspension of delegated funding to the school and/or a charge against the school's budget.

All payments to employees, except cash reimbursements, must be made via the payroll service.

The Headteacher is responsible for verifying that all who are paid via the payroll are properly appointed employees.

The Chairman of the governing body must authorise in writing any change in the Headteacher's salary except standard incremental and inflationary increases. A copy of the Chairman's signature must be sent to the payroll service provider, to be held on file, in order to validate any request for amendment.

2.1.4 Control of Assets

Each school must maintain an inventory of its moveable non-capital assets. Individual schools may determine the format of their own asset register for items less than £1,000; guidance on appropriate formats is available from the LA if required.

2.1.5 Accounting Policies (including Year End Procedures)

Schools must report their income and expenditure in accordance with instructions issued by the LA.

2.1.6 Writing off debts

Governing bodies may write off debts up to a limit of £250. Where the debt involved is higher the school must refer to the Financial Regulations for Schools for relevant action.



The LA will not invoke their debt management recovery policy to recover the charges made by the LA to the school but will endeavour to find a resolution to the disputed charge. However, if an invoice that is not in dispute remains unpaid or no resolution is found, the LA reserves the right to deduct the outstanding amount from the school's funding statement in accordance with Section 6. The debt would only be taken from the funding statement if the school failed to respond to the 'Final Notice' letter.

2.2 Basis of accounting

Schools are required to submit regular reports and accounts to the LA in a prescribed format as agreed by the LA.

Schools are free to select their own financial software, although the LA provides guidance to schools on packages capable of producing reports in the format required by the LA. The corporately supported financial system is SIMS FMS. Schools are responsible for meeting the cost of maintaining software packages in order to meet the reporting requirements of the LA.

2.3 Submission of budget plans

Schools will be notified of their budget allocations by the **31st March** and they will provide the LA with the budget submission agreed by the governing body or a committee with responsibility for budget planning no later than six weeks after receiving their budget allocation via email to the LA using either the budgeting toolkit or equivalent template agreed by the LA.

Schools must take account of their estimated deficit/surplus balances (carry forward) when submitting their annual budget plan.

Schools may not plan for a deficit (except in accordance with section 4.4 below) and they should aim to stay within budget during a financial year.

2.3.1 Submission of financial forecasts

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

2.4 Best Value

In setting their annual budget the governing body of each school should have regard to the principles of "best value". Where schools are planning to let service contracts with an estimated annual value greater than £75,000 they are required to submit a statement setting out what steps they will be taking to ensure that the expenditure reflects the principles of the best value regime. The LA will provide guidance on Best Value. See Annex 3.

2.5 Virement

Schools may move money (vire) from one budget heading to another within their delegated budgets, though not at the expense of their statutory duties. This would include, for



example, the duty to use their best endeavours to secure appropriate provision for pupils with special educational needs.

2.6 Audit: General

Schools' finances will be subject to the internal audit regime determined by the Director of Finance, Performance and Property, and the external audit regime determined by the auditors appointed by the Audit Commission to audit the LA. Schools are required to provide access to the school's records to both internal and external auditors, and to co-operate fully with them.

2.7 Separate External Audits

A governing body is allowed to spend funds from its delegated budget share to obtain external audit certification of its accounts. The LA's internal and external auditors have absolute discretion as to whether to have regard to such non-statutory external audits in determining their audit activity.

2.8 Audit of voluntary and private funds

Schools must provide the LA no longer than six months after the financial year-end, audit certificates in respect of voluntary and private funds held by schools and accounts of any trading organisations controlled by the school.

The Consistent Financial Reporting framework requires that private funds under the control of the governing body be included. At present the audit requirements for such funds remain as above, but regulations bringing them into the scope of a revised audit requirement may be made under Section 44 of the Education Act 2002.

2.9 Register of Business Interests

Each school must hold a register which lists for each member of the governing body, headteacher, members of the senior management team and bursar any business interests they or any member of their immediate family have; keep the register up to date with notification of changes and through annual review of entries; and make the register available for inspection by governors, staff, parents or the authority.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the authority's financial regulations and contract regulations. Where relevant, schools are required to assess in advance the health and safety competence of contractors, taking account of the LA's policies and procedures.

Contract regulations exist to ensure that transactions involving public money receive an appropriate amount of care and attention, are conducted in an open and competitive environment and are not influenced (whether consciously or unconsciously) by any kind of personal interest.

Schools have the right to opt out of LA arranged contracts except where the scheme provides otherwise. However, any contractual arrangements schools wish to put in place must be done so in compliance with the contract regulations.

2.11 Application of contracts to schools



Governing bodies are empowered under paragraph 3 of schedule 10 of the School Standards and Framework Act 1998 to enter into contracts, however they do this, in most cases, on behalf of the LA as maintainer of the school and the owner of the funds in the budget share.

However contracts may be entered into solely by the Governing body, where 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 LA may make devolved allocations to schools outside the formula for specific activities or responsibilities. These sums will be 'earmarked' for the purpose for which they are allocated and will be subject to the guidelines issued for their use. In particular, such devolved funding may not be assimilated into the school's budget share, and the LA may require any unspent allocation to revert to the LA.

Schools should ensure that they have a mechanism in place to ensure they can demonstrate that devolved funds have been spent in accordance with the terms of their allocation.

No interest deduction will be made in respect of the clawback of unspent grant.

Earmarked sums may be allocated in respect of:

- some LA initiatives
- Standards Fund grant-related expenditure
- Teaching support assistants or teachers for pupils with statements, and some additional provision for such pupils
- safeguarding allowances (redeployment) or protected salaries
- supply costs for staff on approved public or official duties, and staff to replace union/TCC representatives
- certain specified areas of structural maintenance
- other items which the LA may determine from time to time should be allocated as earmarked funding.

2.13 Spending for the purposes of the school

Governing bodies have the freedom to spend their budgets as they see fit in the best educational interest of the pupils. The overriding requirement is that the school's budget share may be spent only "for the purpose of the school". This requirement precludes the use of funds from the delegated budget to support non-school activities, even where these take place on the school premises and the governors and headteacher have overall responsibility for their management. In addition, governing bodies may not make use of their delegated budgets to support the further education which they are empowered to provide under section 12 of the Further Higher Education Act 1992.

Community Education budgets may only be spent "for the purpose of community education" as per the local patch plans and service level agreement.



2.14 Capital spending from budget shares

Schools may use some of their budget share to meet the cost of capital expenditure on their premises. If the expected capital expenditure from the budget share in any one-year will exceed £20,000 the governing body must notify the Deputy Chief Executive (OCYPS) and must take into account any advice from the Directors as to the merits of the proposed expenditure. If the premises are owned by the LA, or the school has voluntary controlled status, the governing body must seek the consent of the LA to the proposed works. The consent of the LA would only be withheld if there were grounds in respect to Health and Safety.

2.15 Financial Management Standard

All maintained schools must demonstrate compliance with the DCSF Financial Management Standard in Schools in line with the timetable determined by the authority, and at any time thereafter.

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

The cost of the external assessment must be met by the schools budget share.

2.16 Notice of concern

The authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Director of Finance, Performance and Property and the Deputy Chief Executive (OCYPS), the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

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

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

The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn.



It will also state the actions that the authority may take where the governing body does not comply with the notice.

Once a governing body of a school has complied with the requirements of the notice of concern and provided supporting evidence it will be withdrawn at once.

This provision in the Scheme does not replace the withdrawal of financial delegation where it is appropriate to take such action.

3 Banking arrangements; Instalments of the budget share

The authority adopts the CIPFA Code of Practice for Treasury Management in Local Authorities. The following sections do not cover the full detail of operating an external bank account. Please refer to the School Bank Account Manual.

3.1 Frequency of instalments

All maintained schools within the authority must operate their own bank account through an approved bank to receive formula budget from the LA each month in accordance with prescribed funding dates made available at the beginning of each year.

3.2 Proportion of budget share payable at each instalment

Instalments are funded on the basis of 8% of a schools formula budget a month, with an initial instalment on 1st of April of 4%.

If a school is entitled to Devolved Formula Capital funding, this will be distributed in 12 equal instalments starting in April.

Instalments may also include additional one off funding or clawback of funding as notified during the year, one month in arrears.

Funding dates for bank account schools are published annually prior to the relevant financial year.

3.3 Interest clawback

The funding schedule reflects the cash flow that the Council would otherwise have anticipated in the absence of bank accounts. It is therefore deemed neutral in cash flow terms to the Council, with the exception of the start-up instalment on 1 April.

3.3.1 Interest on late budget share payments

The LA will pay interest to any school receiving its budget share through a bank account when that budget share instalment is late as a result of LA error. The interest will be calculated using the current Bank of England base rate.

3.4 Budget shares for closing schools

Schools where discontinuation has been secured will continue to receive budget share instalments in line with 3.1 up until and including the month of school closure.



3.5 Bank and Building Society Accounts

3.5.1 Using the Local Authority's Bank

A school wishing to take advantage of the Local Authority's contract with its own bank (currently Barclays) may open one current account at a branch of their choice and interest will be given or charged on the balance based on the rates that the Local Authority obtains.

3.5.2 Using Another Approved Bank

Schools should seek LA approval to choose a bank other than the Local Authority's. Schools may open one current and one investment account with one of the approved banks at a branch of their choice. However, a school that has surplus funds which it can invest for fixed periods of one month or longer may deposit these with the Local Authority. In this way they can benefit from the rate of interest available to the Local Authority, although a reasonable charge may be made for this service.

At present the Local Authority does not set out an approved list of Bank Accounts or Building Societies. Schools may open an account at any reputable High Street Bank or Building Society.

Schools that had accounts with other Banks prior to April 2001 are able to retain that account.

The scheme allows schools to have accounts for budget share purposes which are in the name of the school rather than the LA. However, if a school chooses such an account the account mandate must provide that the LA is the owner of the funds in the account; that it is entitled to receive statements; and that the LA can take control of the account if the school's right to a delegated budget is suspended by the LA. Budget share funds paid by the LA and held in school accounts remains LA property until spent (s.49(5) of the Act)

Schools must allow an LA officer to be a signatory of their LA funded bank account.

3.5.3 Bank Account Name

School bank accounts must be opened in the name of "Cambridgeshire County Council" or "CCC" followed by the school name.

3.6 Borrowing by schools

Governing bodies can only borrow money with the express permission of the Secretary of State.

For clarification this regulation is applied to any overdraft a school may have. The only exceptions are

- this applies to Trustees and Foundations, whose borrowing has no impact on LA accounts. However these debts may not be serviced from delegated budgets.
- Schools are able to use Purchase Cards

This provision does not apply to loan schemes run by the LA.



Overdrafts are not permitted on school bank accounts irrespective of whom the school banks with. Any school wishing to spend more money than it has in the bank will need to request a loan through the LA. Appropriate interest and administrative costs will be charged on any loan. Loan requests will only be accepted by the LA if accompanied by an appropriate cash flow and budget plan forecast covering the length of the loan requested, and where appropriate is part of a licensed Deficit Budget Recovery Plan.

Debit Cards are not classified as borrowing and are a useful means of facilitating electronic purchase. Schools are able to use debit cards in accordance with the Local Authority's scheme on using Debit Cards.

3.7 Managing the Accounts

Schools should so manage their accounts that they avoid an investment account credit balance if they have a current account **loan from the LA in order to avoid an overdraft**. The requirement is that a school's budget commitments must be the first call on the school's money at all times.

3.8 Overdraft Facilities

Overdrafts are not allowed on school bank accounts – see 3.6

3.9 Accounting

Schools are required to use their own financial accounting system as the prime accounting record and to comply with accounting instructions issued by the LA.

It is the school's responsibility to:

- maintain accurate and up-to-date accounts
- retain supporting records such as invoices, etc.
- undertake monthly bank reconciliation
- ensure that computerised financial records are backed-up and access is restricted
- submit the required returns to Finance & Performance (OCYPS) in accordance with the specified timetable.
- Where schools do not submit their returns on time, or returns are incomplete, the LA will notify the school. If improvements are not made the LA reserves the right to cease funding a schools bank account, and or charge the school for any work required to be carried out to the schools financial system to ensure it is accurately reflecting the schools position.

At the end of each financial year the records from the local accounting system must be consolidated with the Local Authority's mainframe accounting system. This is done in order to provide the statutory accounts of the Local Authority.



3.10 Access

Schools must provide access to records as required by the Director of Finance, Performance and Property and produce such information as is required for monitoring purposes.

3.11 Statutory Responsibilities

The statutory responsibilities of the Director of Finance, Performance and Property, deriving from the Local Government Act 1972 and Local Government Finance Act 1988, are not altered by the implementation of local bank accounts.

3.12 Withdrawal of Bank Accounts

If, in the judgement of the Director of Finance, Performance and Property, a school is failing to carry out the above conditions and requirements satisfactorily, the facility to hold an account may be withdrawn.

4 The treatment of surplus and deficit balances arising in relation to budget shares

4.1 The right to carry forward surplus balances

Every school will carry forward any budget underspend or overspend at the end of each financial year to the next financial year.

4.2 Reporting on and control of the use of surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2007.

- a. The authority shall calculate by 31 March each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b. The authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay for the surplus balance and any unspent Standards Fund grant for the previous financial year;
- c. The authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the authority. In considering whether any sums are properly assigned the authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
- d. If the result of steps a-c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that



is greater than either percentage threshold), then the authority shall deduct from the current year's budget share an amount equal to the excess.

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

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

The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the Schools Budget of the authority, and distributed within relevant sectors via the Age Weighted Pupil Amount (AWPU).

4.3 Interest on surplus balances

Schools can earn interest on balances held within the official bank account. Where schools use a Local Authority sub-account, they will benefit from corporately negotiated interest rates.

4.4 Obligation to carry forward deficit balances

Where a school has a deficit carry forward from a previous financial year, the school are obliged to carry forward this deficit and make appropriate budget plans to bring the schools financial position into balance the following year unless the school have agreed a deficit budget recovery plan with the authority.

4.5 Planning for deficit budgets

Schools may not approve a deficit budget without the consent of the LA. That consent will only be given where:

the governing body has explained to the LA the consequences of setting a budget within its available resources

the governing body has agreed an action plan with the LA to pay back the deficit loan

the deficit arises because of factors beyond the management control of the school other than policy decisions of the LA

the deficit can **normally** be rectified within a maximum of **three** years

the size of the deficit does not exceed 10% of the school's share of the ISB or £100,000, whichever is the greater

The maximum period of time over which a school may repay a deficit must not exceed **3** years.

the Director of Finance, Performance and Property and the Deputy Chief Executive (Childrens and Young Peoples Services) have satisfied themselves that all alternative avenues have been explored by the school



the Director of Finance, Performance and Property and the Deputy Chief Executive (Childrens and Young People's Services) have satisfied themselves that in the event of a deficit budget not being approved the educational opportunities for pupils in the school would be adversely affected to an unacceptable degree

The Director of Finance, Performance and Property and the Deputy Chief Executive (Children and Young People's Services) have confirmed in writing to the governing body of the school that a deficit budget has been agreed by the LA and the terms under which it has been agreed, including maximum length of the deficit

The Director of Finance, Performance and Property and the Deputy Chief Executive (Childrens and Young People's Services) will not approve any deficit budget without first seeking the views of the Resources Service Advisory Group.

The Director of Finance, Performance and Property and the Deputy Chief Executive (Children and Young People's Services) will not approve a deficit budget where School Standards Grant has been allocated to areas of expenditure other than reducing that deficit, unless the proposed expenditure is unreasonable in the school's circumstances.

Please see Appendix 3 titled Deficit Budget Protocol, which sets out in more detail how we plan to work with schools that submit deficit budgets.

4.6 Charging of interest on deficit balances

Agreed deficit budgets will be financed by means of a loan from the Authority. This loan will be repaid by the school in agreed instalments. Instalments will be charged against schools budgets in accordance with the loan agreement at the start of each financial year. The school should contact the LA for further details on the operation of this loan scheme.

4.7 Writing off deficits

The LA cannot write off the deficit of any school except in exceptional circumstances with agreement from the DCSF.

4.8 Balances of closing and replacement schools

When a school closes, any balance (whether surplus or deficit) will revert to the LA. The LA will determine whether and how much of any balances would transfer to a replacement school.

The LA may make additional funding available to a new school to recognise the effect of any deficit from a preceding school. However the amount of any previous deficit is not allowed to be offset against any 'normal' formula funding a school would receive.

4.9 Licensed deficits

The authority will approve licensed deficits providing that appropriate deficit planning in section 4.5 has been considered. Schools will be expected to follow the budget deficit protocol.



4.10 Loan Schemes

The authority operates a loan scheme whereby schools can apply for a loan and repay over an agreed time period making instalments, including administration costs, from the school's budget share.

4.11 Balances in schools which were formally GM

See section 11.

5 Income

5.1 Income from lettings, fees and charges and fund raising activities

Schools are free to raise income from fees, charges and fund raising activities, as permitted under the Schools Standards and Framework Act 1998 for various categories of schools. Income accruing from activities such as lettings, or donations or endowments is credited to the school. Where a governing body operates a charging and remissions policy that is more generous than that of the LA, the LA reserves the right to charge the school's budget with an estimate of the income foregone as a result of that more generous policy.

5.2 Income from the sale of assets

Where a school derives income from the sale of an asset for which responsibility is delegated, or which was purchased by virement from the delegated budget, that income is retained by the school. However, income from the sale of items purchased from funds retained centrally by the LA reverts to the LA.

5.3 Administrative procedures for the collection of income

The LA publishes separately from the scheme administrative procedures relating to the collection of income.

5.4 Level of income

Expenditure by the governing body may only be for the purposes of the school (paragraph 2.11). Governing bodies must therefore ensure that income they collect from activities which are not for the purposes of the school more than cover the additional costs borne by the school in arranging such activities.



6 The charging of school budget shares

6.1 General provision

The budget share of a school may be charged by the LA without the consent of the governing body only in circumstances expressly permitted by the Scheme. The LA will consult schools as to the intention so to charge and will notify them when the charge has been made.

The scheme requires the LA to charge salaries of school-based staff to school budget shares at actual cost.

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

Other expenditure incurred to secure resignations where the school had not followed LA advice.

Awards by courts and industrial tribunals against the LA arising from action or inaction by the governing body contrary to the LA's advice.

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

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

Expenditure incurred by the LA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least at the level which would be arranged by the LA.

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

Recovery of penalties imposed on the LA by HM Revenues & Customs, the Contributions Agency, or Teachers Pensions as a result of school negligence.

Correction of LA errors in calculating charges to a budget share (e.g. pension deductions)

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

Legal costs that are incurred by the LA because the governing body did not accept the advice of the LA.



Costs of necessary health and safety training for staff employed by the LA, or out of court settlements, where funding for training had been delegated but the necessary training not carried out.

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.

Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.

Costs incurred by the LA in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of that statement.

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

Recovery of amounts spent from specific grants on ineligible purposes.

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

6.2 General Teaching Council

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

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

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

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



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

where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by the Authority to the GTC. The governing body shall meet any consequential costs from the school's budget share;

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

where the governing body directly administers the payroll, deduct and remit the fees to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share.

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

where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by the Authority to the GTC on the governing body's behalf. The Authority shall agree to any such amendment. The governing body shall meet any consequential costs from the school's budget share;

where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by that person to the GTC or to the governing body for onward transmission to GTC. The governing body shall meet any consequential costs from the school's budget share; and

where the governing body directly administers the payroll, deduct and remit the fees to the GTC. The governing body shall meet any consequential costs from the school's budget share.

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



7 Taxation

7.1 Value added tax

HM Revenues & Customs have agreed that VAT incurred by schools when spending any funding made available by the LA is treated as being incurred by the LA and qualifies for reclaim by the LA. This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings nor capital works at Foundation Schools funded directly by DCSF.

7.2 CIS (Construction Industry Taxation Scheme)

Schools must abide by procedures issued by the Authority in connection with CIS.

8 The provision of services and facilities by the authority

8.1 Provision of services from centrally retained budgets

The LA will determine the basis on which services from centrally retained funds will be provided to schools. Such services encompass PRC and redundancy payments, which might not ordinarily be regarded as such services.

The LA is barred from discriminating in its provision of services on the basis of category of schools, except where (a) funding has been delegated to some schools only, and (b) such discrimination is justified by differences in statutory duties.

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

The rules relating to the operation of the internal market for support services will apply between schools and the LA. They require either party (school or LA provider unit) to give six months notice of changes to contracts.

Contracts to provide services or facilities will not exceed 3 years (or 5 years, for subsequent agreements relating to the same services). In the case of contracts for the provision of catering services, these timescales may be extended to 5 and 7 years respectively.

Where a service is provided by the LA for schools to purchase with delegated funding, the charges made to schools for that service must not be less than the cost of the service being provided. i.e., the income charged must meet the cost of the service being provided. It is not acceptable for the LA to be subsidising these services from centrally held budgets.

8.2.1 Packaging

Services which are provided by the LA on a buyback basis will not be packaged in such a way as to unreasonably restrict schools' freedom of choice among the services available.

8.3 Service Level Agreements

So that schools have at least a month to consider draft service level agreements, and also to ensure that SLAs are in place for the start of a financial year, details of draft SLAs are provided to schools each year with or before publication of S52 budget data.



8.4 Teachers Pensions

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

The conditions only apply to governing bodies of maintained schools 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 or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

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.

9 Insurance

9.1 Insurance Cover

If funds for insurance are delegated to any school the LA will require the school to demonstrate that cover relevant to the LA's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LA. When arriving at the cost for minimum cover, the LA will take into account the actual risks likely to be prevalent at a school in question rather than arriving at an arbitrary minimum figure for all schools.

In the insurance cover provided by the LA for governors in the exercise of their duties as governors, in respect of any potential legal liability they may incur towards pupils, staff or third parties governors are jointly named with the LA in the legal liability, motor, engineering and property risk sections of the Policy. Governors may add to the basic cover from their delegated budget if they so choose.

If requested, schools must provide details of buildings asset values, in order that the LA can ensure that all its risks are adequately covered.



10 Miscellaneous

10.1 Right of access to information

A governing body must provide such information as is required by the LA and/or the Secretary of State and must give access to such records as necessary to allow monitoring of the work of the school and its financial management.

The LA will only contact schools for data required that is not available from any other source. Schools are therefore expected to respond to such requests in a timely manner. The LA reserves the right to deduct budget share from any school whose failure to respond to reasonable requests in a timely manner results in additional expenditure.

Where inaccurate information is provided by a school, for example in relation to the annual School Census pupil numbers, which has resulted in a larger budget being given to the school than was warranted, the LA has the right to reduce that school's budget in-year, to the correct amount.

10.2 Liability of Governors

Under the terms of section 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.

10.3 Governors expenses

Governing bodies with delegated budgets have the right to spend their resources as they think fit for the purposes of the school. They may therefore pay travel and subsistence allowances (but no other allowances) to their members from their delegated budgets, if they think fit for the purposes of the school. Schools may not pay expenses which duplicate those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

The LA may delegate to the governing body of a school yet to receive a delegated budget funds to meet governors' expenses.

10.4 Responsibility for legal costs

Legal costs incurred by the governing body (unless they relate to the statutory responsibility of aided school governors for buildings) are the responsibility of the LA. However, where the governing body fails to act in accordance with LA advice, the LA may charge such expenses to the school's budget share. Governing bodies are expected to discuss potential legal issues with the LA at an early stage, to reduce the risk of conflicts of interest/opinion between the LA and the governing body.

10.5 Health and safety

Governing bodies are required to have due regard to duties placed on the LA in relation to health and safety and to the LA's policy on health and safety matters in the management of the budget share.



10.6 Right of Attendance for Chief Finance Officer

Governing bodies are required to permit the LA's Chief Finance Officer or his/her nominee to attend meetings of the governing body at which any agenda items are relevant to the exercise of his/her responsibilities.

10.7 Delegation to new Schools

The LA will delegate funds to governing bodies of new schools in accordance with the provisions of its formula.

10.8 Whistleblowing

The Local Authority has a formal policy on whistleblowing. If an employee of a school or school governor should wish to make a complaint about the financial management or financial proprietary at their school, they should do so following the guidelines and instructions contained in the document entitled The Whistleblowing Policy, which is available in all schools.

10.9 Child Protection

The authority strongly recommends the release of staff to attend child protection case conferences and other related events.

11 GM and GM Special Schools

11.1 Balances of schools which were formally GM and GM Special Schools

Where a deficit balance existed at the end of FAS funding, that was carried forward; and that any schedule for eliminating the deficit agreed with the FAS (or the authority in the case of deficits incurred when the school was previously maintained by the authority, and carried over into the change of status under the GM Finance Regulations) will continue to be adhered to.



12 Responsibility for Repairs and maintenance

12.1 LA and School Responsibilities

The responsibility for repairs and maintenance is delegated to schools. Illustrative examples of capital expenditure items in line with the DCSF interpretation of the CIPFA code of practice are included at annex 2. For voluntary aided schools, the liability of the Authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the *de minimis* limit applied by DCSF to categorise such work, not the *de minimis* limit used by the Authority.

12.2 De-minimis Level

Replacement of whole elements valued at greater than £2,000 and likely to last longer than 10 years may be classed as capital items. Servicing, testing and repair of elements should be classed as Revenue. The de-minimus level does not apply to ICT hardware.

13 Community facilities

13.1 Application of schemes for financing schools within the community facilities power

Schools wishing to develop services or facilities for their community are encouraged to discuss their proposals with the authority in the first instance.

Community facilities are defined in the Act as:

“Any facilities or services whose provision furthers any charitable purpose for the benefit of:

Pupils of the school or their families

People who live or work in the locality in which the school is situated”

This Power allows the Governing Body, in setting up Community Facilities to:

Incur expenditure

Enter into agreements with any person or co-operate with, or facilitate, or co-ordinate the activities of any person

Provide staff, goods, services and accommodation to any person

Additionally Governing Bodies may charge for any services or facility provided in this respect.

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



First, regulations made under s.28 (2), if made, can specify activities that may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

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

- a. those contained in schools' own instruments of government, if any; and
- b. in the maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

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

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

13.2 Schools Budget Share

Schools must not use any part of their budget share, or any accumulated surplus on their budget share, to fund either the start up costs, ongoing expenditure or to meet deficits arising from community facility activity.

The mismanagement of community facilities funds, can be grounds, within primary legislation, for the suspension of the schools delegated budget.

In cases where the LA would not wish to suspend a schools delegated budget, the Local Authority reserves the right to charge the facility, for costs incurred in righting the situation.

13.3 Consultation with the Local Authority– Financial Aspects

13.3.1 Requirement to consult the Local Authority

Section 28(4) of the Education Act 2002 requires that before exercising the power to provide community facilities, governing bodies must consult the Local Authority and have regard to the advice given to them by the Local Authority.

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 Local Authority notice of their intent to exercise the power in advance of the formal consultation itself.

13.3.2 Requirements relating to the provision of advice

Formal consultation with the Local Authority 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 where capital schemes costing more than £100,000 are involved, will require the Local Authority to provide 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.



This advice will not be charged for. Subsequently the governing body should inform the Council of the action taken in response to this advice within similar timeframes.

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 borrowing arrangements 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.

Normally the consultation documents should be sent to the Director of Planning & Development, Cambridgeshire County Council, OCYPS, Castle Court, Cambridge, CB3 0AP.

13.4 Consultation with other bodies

13.4.1 Who to consult

School Governing Bodies must consult the staff of the school and the parents of the pupils; in some instances it may be appropriate to consult the pupils.

School governing bodies should consult with the planning and service provision bodies in their neighbourhoods that are currently involved with these 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.

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 Local Early Years and Child Care Partnership 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 bodies will have relevant physical planning policies. Local Strategic Partnerships, 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, the Arts Council will have policies and strategies, if not specific plans that will affect not only their funding attitudes but also set their priorities.

All the schools within a local grouping or cluster along with those, which would be within the sphere of influence of the programmes.

Local adult and community Learning providers, if such provision is proposed and the Learning and Skills Council (LSC).

13.5 Funding agreements

13.5.1 Funding agreements with third parties

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

Any funding agreements with third parties (as opposed to funding agreements with the Local Authority itself) should be submitted to the Local Authority for its comments and advice. Such draft agreements should form part of the consultation with the Local Authority. The Local Authority will respond within eight weeks for major projects and six weeks for minor projects. Schools must have regard to the advice. The Local Authority may wish to set conditions upon access, egress and use of other facilities on the site.

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

13.5.2 Agreements seriously prejudicial to the interests of the school or the Local Authority

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

A governing body may be required by the Local Authority to make arrangements to protect the financial interests of the Local Authority by either carrying out the activity concerned through the vehicle of a limited company or by obtaining indemnity insurance for the risks associated with the project.

13.6 Supply of financial information



13.6.1 Financial statements

Schools must adopt the same financial arrangements for the community facilities as they operate for their budget share and report in the same timescale.

Where schools are operating community facilities, they are required to submit three monthly returns to the LA. The format for this return is that of a simple income and expenditure report covering the whole area of the community facility. This return must also contain an estimate of the following three months activity.

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

13.7 Audit

13.7.1 Access to schools records

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

13.8 Treatment of income and surpluses

13.8.1 Retention of income

Schools may retain all net income derived from community facilities except where otherwise agreed with a funding provider. Retained net income may be carried from one financial year to the next as a separate Community Facilities surplus or subject to Local Authority approval, transferred in part or as a whole, to the budget share balance. The community facilities surplus should be sufficient to cover any potential deficit in future years.

13.8.2 Schools ceasing to be maintained

Should the school cease to be maintained by the Local Authority, any accumulated retained income from the exercise of the community facilities power reverts to the Local Authority, unless otherwise agreed with a funding provider.

13.8.3 Recovery of Funds

All the costs of maintaining any community facility need to be covered by the income of those facilities and schools must ensure that no deficit arises. If there is a deficit on community facilities and the Local Authority needs to recover funds to meet third part liabilities it may only do so from any accumulated community facilities surplus. If this is insufficient the Local Authority will meet the liabilities from its own resources.

13.9 Health and safety matters

13.9.1 Extension of Health and Safety provisions

The health and safety provisions of the main Health and Safety scheme apply also to the community facilities power.



13.9.2 Criminal records clearance

The governing body has responsibility for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies are free to pass on such costs to a funding partner as part of an agreement with that partner.

13.10 Insurance

13.10.1 Schools' responsibility for insurance arrangements

The governing body is responsible for ensuring that adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance must not be funded from the school budget share. Schools are asked to seek the Local Authority's advice before finalising any insurance arrangements for community facilities.

13.10.2 Local Authority's insurance responsibility

The Local Authority reserves the right to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs cannot be charged to the school's budget share.

13.11 Taxation

13.11.1 Value Added Tax

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

13.11.2 School / Local Authority employees

If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section 11), the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

13.11.3 Construction industry scheme

Schools are required to follow LA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

13.12 Banking

13.12.1 Banking arrangements

Schools must use the main bank account but maintain separate financial records for the community facility to that of the schools budget share.



ANNEX 1 – Cambridgeshire Maintained Schools (April 2008)

DCSF	School Name	Sector
8731005	Brunswick N	Nursery
8731006	Colleges N	Nursery
8731003	Histon N	Nursery
8731002	Homerton N	Nursery
8731007	Huntingdon N	Nursery
8731001	The Fields Early Years Centre	Nursery
8732450	Abbey Meadows P	Primary
8733373	Abbots Ripton P	Primary
8733061	Alconbury P	Primary
8732087	Alderman Jacobs P	Primary
8733383	All Saints P, March	Primary
8732118	Arbury P	Primary
8732217	Ashbeach P	Primary
8733000	Babraham P	Primary
8732058	Bar Hill P	Primary
8733067	Barnabas Oley P	Primary
8733001	Barrington P	Primary
8733301	Barton P	Primary
8732002	Bassingbourn P	Primary
8732082	Beaupre P	Primary
8733943	Bellbird P	Primary
8732060	Benwick P	Primary
8732200	Bottisham P	Primary
8733002	Bourn P	Primary
8733942	Brampton Pri	Primary
8733081	Brington P	Primary
8733063	Buckden P	Primary
8733004	Burrough Green P	Primary
8732076	Burrowmoor P	Primary
8732327	Burwell P	Primary
8733367	Bury P	Primary
8732452	Bushmead P	Primary
8732004	Caldecote P	Primary
8733008	Castle Camps P	Primary
8732206	Cavalry P	Primary
8733050	Cherry Hinton I	Primary
8732312	Cherry Hinton J	Primary
8733009	Cheveley P	Primary
8732091	Clarkson I	Primary
8732065	Coates P	Primary
8732119	Colville P	Primary
8733011	Coton P	Primary
8732006	Cottenham P	Primary
8732451	Cromwell Park P	Primary
8735203	Crosshall I	Primary
8735204	Crosshall J	Primary
8732057	Ditton Lodge F	Primary
8733044	Downham Feoffees P	Primary



8733012	Dry Drayton P	Primary
8733041	Duxford P	Primary
8732299	Earith P	Primary
8732246	Eastfield I	Primary
8733046	Elm P	Primary
8732092	Elm Road P	Primary
8733308	Elsworth P	Primary
8733368	Elton P	Primary
8732444	Ely St John's P	Primary
8733362	Ely St Mary's J	Primary
8733074	Eynesbury P	Primary
8733064	Farcet P	Primary
8732336	Fawcett P	Primary
8732009	Fen Ditton P	Primary
8732010	Fen Drayton P	Primary
8732208	Fenstanton and Hilton P	Primary
8733065	Folksworth P	Primary
8733014	Fordham P	Primary
8732321	Fourfields P	Primary
8732011	Fowlmere P	Primary
8732012	Foxton P	Primary
8732068	Friday Bridge P	Primary
8732328	Fulbourn P	Primary
8732014	Gamlingay F	Primary
8732015	Girton Glebe P	Primary
8732448	Glebelands P	Primary
8732209	Godmanchester P	Primary
8732069	Gorefield P	Primary
8732016	Great Abington P	Primary
8733066	Great Gidding P	Primary
8733068	Great Paxton P	Primary
8732210	Great Staughton P	Primary
8733017	Great Wilbraham P	Primary
8732123	Grove P	Primary
8733310	Gt & Lt Shelford P	Primary
8733018	Guilden Morden P	Primary
8733056	Guyhirn P	Primary
8732315	Hardwick P	Primary
8732018	Harston & Newton P	Primary
8732252	Hartford I	Primary
8732229	Hartford J	Primary
8733035	Haslingfield P	Primary
8732056	Hatton Park P	Primary
8732205	Hauxton P	Primary
8732211	Hemingford Grey P	Primary
8732319	Histon & Impington I	Primary
8732318	Histon & Impington J	Primary
8733070	Holme P	Primary
8733071	Holywell P	Primary
8732212	Houghton P	Primary
8732228	Huntingdon I	Primary
8732227	Huntingdon J	Primary
8732202	Icknield P	Primary



8733022	Isleham P	Primary
8732021	Kennett P	Primary
8732442	Kettlefields P	Primary
8732331	Kinderley P	Primary
8732446	Kings Hedges P	Primary
8732003	Kingsfield P	Primary
8733387	Lantern P	Primary
8732072	Leverington P	Primary
8732204	Linton Heights J	Primary
8733317	Linton I	Primary
8732066	Lionel Walden P	Primary
8732293	Little Paxton P	Primary
8733053	Little Thetford P	Primary
8732074	Littleport P	Primary
8732075	Manea P	Primary
8732077	Maple Grove I	Primary
8732121	Mayfield P	Primary
8732201	Meadow P	Primary
8732028	Melbourn P	Primary
8732029	Meldreth P	Primary
8733060	Mepal & Witcham P	Primary
8732059	Meridian P	Primary
8732257	Middlefield P	Primary
8732447	Millfield P	Primary
8733026	Milton P	Primary
8733386	Milton Road P	Primary
8732449	Monkfield Park P	Primary
8732107	Morley Memorial P	Primary
8732080	Murrow P	Primary
8732093	Nene I	Primary
8732088	New Road P	Primary
8732109	Newnham Croft P	Primary
8732260	Newton P	Primary
8733321	Oakington P	Primary
8732214	Offord P	Primary
8733390	Orchard Parks	Primary
8733885	Orchards P	Primary
8732031	Over P	Primary
8732213	Overhills P	Primary
8735201	Park Lane P	Primary
8733350	Park Street P	Primary
8732083	Payne P	Primary
8732094	Peckover P	Primary
8732033	Pendragon P	Primary
8733331	Petersfield P	Primary
8732239	Priory J, St Neots	Primary
8732219	Priory Park I	Primary
8732333	Queen Edith P	Primary
8733058	Rackham P	Primary
8732095	Ramnoth J	Primary
8732218	Ramsey J	Primary
8732453	Ridgefield P	Primary
8732070	Robert Arkenstall P	Primary



8732255	Sawtry I	Primary
8732220	Sawtry J	Primary
8732115	Shirley P	Primary
8732221	Somersham P	Primary
8732222	Spaldwick P	Primary
8732335	Spinney P	Primary
8732216	Spinning I	Primary
8732329	Spring Meadow I	Primary
8733360	St Alban's P	Primary
8733083	St Andrew's P, Soham	Primary
8733384	St Anne's P	Primary
8735200	St Helen's P	Primary
8733072	St John's P, Huntingdon	Primary
8733366	St Laurence P	Primary
8733352	St Luke's P	Primary
8733369	St Mary's P, St Neots	Primary
8732317	St Matthew's P	Primary
8733356	St Paul's P	Primary
8733365	St Peter's J, Wisbech	Primary
8733358	St Philip's P	Primary
8732041	Stapleford P	Primary
8733029	Steeple Morden P	Primary
8733075	Stilton P	Primary
8732084	Stretham P	Primary
8732443	Stukeley Meadows P	Primary
8733052	Sutton P	Primary
8733037	Swaffham Bulbeck P	Primary
8733030	Swaffham Prior P	Primary
8732046	Swavesey P	Primary
8733325	Teversham P	Primary
8733389	The Vine Inter-Church Primary School	Primary
8732090	Thomas Eaton P	Primary
8732454	Thongsley Fields P	Primary
8732241	Thorndown I	Primary
8732253	Thorndown J	Primary
8733326	Thriplow P	Primary
8732064	Townley P	Primary
8732226	Upwood P	Primary
8732256	Warboys P	Primary
8732048	Waterbeach P	Primary
8732339	Weatheralls P	Primary
8732232	Westfield J	Primary
8732079	Westwood J	Primary
8733392	Wheatfields P	Primary
8733054	Wilburton P	Primary
8733371	William de Yaxley J	Primary
8733032	William Westley P	Primary
8732054	Willingham P	Primary
8732440	Winhills P	Primary
8733363	Wisbech St Mary P	Primary
8732240	Wyton P	Primary
8732254	Yaxley I	Primary
8734603	Abbey College	Secondary



8735401	Bassingbourn VC	Secondary
8734002	Bottisham VC	Secondary
8734029	Chesterton CC	Secondary
8734083	City of Ely CC	Secondary
8734031	Coleridge CC	Secondary
8735406	Comberton VC	Secondary
8734038	Cottenham VC	Secondary
8734045	Cromwell CC	Secondary
8735400	Gamlingay VC	Secondary
8734503	Hinchingbrooke S	Secondary
8734004	Impington VC	Secondary
8735416	Linton VC	Secondary
8735411	Longsands C	Secondary
8734057	Manor CC	Secondary
8734040	Melbourn VC	Secondary
8734501	Neale-Wade CC	Secondary
8734061	Netherhall S	Secondary
8734027	Parkside CC	Secondary
8735408	Sawston VC	Secondary
8735403	Sawtry VC	Secondary
8734051	Sir Harry Smith CC	Secondary
8735415	Soham VC	Secondary
8734602	St Bede's S	Secondary
8734064	St Ivo S	Secondary
8734077	St Neots CS	Secondary
8735412	St Peter's S, Huntingdon	Secondary
8734007	Swavesey VC	Secondary
8734604	Thomas Clarkson	Secondary
8734055	Witchford VC	Secondary
8737026	Castle Special School	Special
8737025	Granta Special School	Special
8737007	Highfield Sp	Special
8737021	Meadowgate Sp	Special
8737023	Samuel Pepys Sp	Special
8737018	Spring Common Sp	Special
8737001	The Harbour	Special



ANNEX 2 – LA Capital / Revenue split and items which are the separate responsibility of Governors in VA Schools

ILLUSTRATIVE EXAMPLES IN LINE WITH DCSF INTERPRETATION OF THE CIPFA CODE OF PRACTICE

NB ACTUAL INTERPRETATION OF CIPFA CODE OF PRACTICE FOR THESE PURPOSES WILL BE FOR EACH LOCAL AUTHORITY

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



ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
<u>Pitched</u>	Replacement of all/substantially all on existing roof	
	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof
	Insulation. Replacement /repair of substantially all. Improve insulation to current standards	
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/ damaged small parts



Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/ replacement/ Repainting
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Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters
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Drainage.
Replacement of all/substantially all on existing roof

Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/ Replacement /cleaning
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Other

Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link
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Rebuild or substantially repair structure of existing covered link Add porch etc. to existing building	Minor repairs, maintenance to existing structure
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Rebuild or substantially repair structure of existing porch

Floors

Ground Floor

Structure and dpc in new building	Repair/replacement of small parts of an existing structure
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Structure and dpc -
Replacement of all or
substantial part of an
existing structure to
prevent imminent or
correct actual major
failure of the structure

Screed and finish in
new build, replacement
of all/substantially all
on existing floor - e.g.
replacement of most
carpets/ tiles in a room

Replacement and
repair of screed and
finishes/ Replacement
of
mats/ matwells.
Maintenance e.g.
revarnishing wooden
floors.

Upper
Floor

Structure - as ground
floor

As ground floor

Screed and Finish - as
ground floor

Repairs of finishes/
Replacement - as
ground floor

Ceilings

Top/ only
storey

Suspension

Repair/ replacement
incl. From water
damage, & necessary
decoration

Membrane

Fixed

Repair/ replacement
inc. from water
damage

Access panels

Repair/ replacement

Lower
storeys

Suspension

Repair/ replacement

Membrane
Fixed

Repair/ replacement



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

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

<u>Windows and Doors</u>	Framing - new build	Repair/ replacement of individual frames. Repainting frames
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Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames
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Glazing - new build	Replacing broken glass
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Glazing
Upgrading existing
glazing



Ironmongery
Improved security

Repair/ replacement,
upgrading locks etc.

Jointing including
mastic joints

Internal and external
decorations to new
build

Internal and external
decoration to include
cleaning down and
preparation.

Masonry
chimneys

Structure

Jointing including
expansion and mortar
joints/ pointing/ DPC

Repair/ re-pointing

**Internal
walls**

Solid

Complete including
various internal
finishes, linings and
decorations

Repairs and
re-decoration to internal
plaster/ linings tiles, pin
boards etc.

Refurbishment and
alterations

Minor alterations

Partitions

Complete structure
including linings,
framing, glazing,
decoration etc.

Repairs and
re-decoration.

Refurbishment and
alterations

Minor alterations

Doors &
Screens

Framing/ Screens/
Doors to new buildings
including glazing,
ironmongery, jointing
and internal
decorations

Internal maintenance
and re-decoration.
Repair/ replacement of
defective doors and
screens



<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
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Sanitary Services

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

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

<u>Heating/ hot water</u>	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects
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Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.

Monitoring systems

Health & safety issues

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

Replacement of defective parts

Emergency replacement of boiler plant/ systems

Cold water

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

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

Gas

Distribution on new and major refurbishment's, terminal units

Repairs, maintenance and gas safety
All servicing

Ventilation

Mechanical ventilation/ air conditioning to major projects

Provision of local ventilation. Repair/ replacement of defective systems and units

Other

Swimming pool plant and its complete installation, including heat recovery systems

Repair/ replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.

Electrical services

General

Main switchgear and distribution in major projects.

Testing/ replacement of distribution boards. The repair and



		maintenance of all switchgear and interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing and bonding to meet Health & Safety. All servicing.
<u>Power</u>	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
<u>Other</u>	Lightning protection in new build Alarm systems, CCTV, lifts/ hoists etc.,	Repair/ replacement Repair and maintenance
	New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.	Repair/ replacement/ maintenance, including all door access systems
External Works		
<u>Pavings</u>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access	Maintenance and repair Car park and playground markings.
<u>Miscellane</u>	Provision of walls,	Maintenance and



<u>ous</u>	fencing, gates and ancillary buildings as part of major project	repair of all perimeter/ boundary/ retaining walls, fencing and gates.
<u>Drainage</u>	Drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
<u>Open air pools</u>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.
<u>Services distribution</u>	Heating mains gas mains water mains electricity mains, renewal of any above.	Annual servicing

Notes

This illustrative list is the DCSF interpretation of the CIPFA Code of Practice and local authorities should refer to the Code when defining capital and revenue.

Where local authorities use de minimis limits for defining capital and revenue in their financial accounts, the same de minimis limits must be used in defining what is delegated. The application of a de minimis limit may change the examples given in the first two columns of the illustrative list.



ANNEX 3 – Best Value

BEST VALUE AND SCHOOLS

1. This statement is intended to assist schools in considering the relevance of best value principles to the expenditure of funds from their delegated budget share. When submitting annual budget plans, schools are required to say how best value principles are being followed.

2. Best value is a statutory duty to deliver services to clear standards, covering both cost and quality, the most effective, economic and efficient means available. Legislation is to place a duty on local authorities to secure best value in respect of the way in which they exercise their functions. The new duty is not intended to apply to those functions which are exercised by the governing bodies of authority maintained schools. However, schools will be encouraged to adopt the best value performance management framework.

3. In relation to schools and expenditure from delegated budgets, the main features of best value can be summarised as a need for the governing body of a school to ensure:

a. the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-OfSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:

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

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

mechanisms to consult stakeholders, especially parents and pupils;

embracing competition as a means of securing efficient and effective services;

b. the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;

c. that the following are included in school development plans -

a summary of objectives and strategy for the future;

forward targets on an annual and longer term basis;

description of the means by which performance targets will be achieved;



a report on current performance

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

4. The independent inspection and intervention elements of the best value framework will be the responsibility of other bodies and therefore not relevant to demonstration by a governing body of adherence to best value principles.

ANNEX 4 – School Financial Regulations

Please see separate document.

ANNEX 5 – School Contract Regulations

Please see separate document.

