



North Tyneside Council

Item 6.1b
Appendix 1

SCHEME FOR FINANCING SCHOOLS

July 2021

LIST OF CONTENTS

SECTION 1: INTRODUCTION 5

- 1.1 The funding framework
- 1.2 The role of the scheme
- 1.2.1 Application of the scheme to the authority and maintained schools
- 1.3 Publication of the scheme
- 1.4 Revision of the scheme
- 1.5 Delegation of powers to the Headteacher
- 1.6 Maintenance of schools

SECTION 2: FINANCIAL CONTROLS 7

- 2.1.1 Application of financial controls to schools
- 2.1.2 Provision of financial information and reports
- 2.1.3 Payment of salaries: Payment of bills
- 2.1.4 Control of assets
- 2.1.5 Accounting policies (including year-end procedures)
- 2.1.6 Writing off debts
- 2.2 Basis of accounting
- 2.3 Submission of budget plans 2.3
- 2.3.1 Submission of financial forecasts
- 2.4 Efficiency and value for money
- 2.5 Virement
- 2.6 Audit: General
- 2.7 Separate external audits
- 2.8 Audit of voluntary and private funds
- 2.9 Register of business interests
- 2.10 Purchasing, tendering and contracting requirements
- 2.11 Application of contracts to schools
- 2.12 Central funds and earmarking
- 2.13 Spending for the purposes of the school
- 2.14 Capital spending from budget shares
- 2.15 Mismanagement under Scheme
- 2.16 Schools Financial Value Standard (SFVS)
- 2.17 Fraud

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING 13

- 3.1 Frequency of instalments
- 3.2 Proportion of budget share payable at each instalment
- 3.3 Interest clawback
- 3.3.1 Interest on late budget share payments
- 3.4 Budget shares for closing schools
- 3.5 Bank and building society accounts
- 3.5.1 Restrictions on accounts
- 3.6 Borrowing by schools
- 3.7 Other provisions

| | |
|--|-----------|
| SECTION 4: THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES | 15 |
| 4.1 The right to carry forward surplus balances | |
| 4.2 Reporting on and control of the use of surplus balances | |
| 4.3 Interest on surplus balances | |
| 4.4 Obligation to carry forward deficit balances | |
| 4.5 Planning for deficit budgets | |
| 4.6 Charging of interest on deficit balances | |
| 4.7 Writing off deficits | |
| 4.8 Balances of closing and replacement schools | |
| 4.9 Licensed deficits | |
| 4.10 Loan schemes | |
| | |
| SECTION 5: INCOME | 18 |
| 5.1 Income from lettings | |
| 5.2 Income from fees and charges | |
| 5.3 Income from fund-raising activities | |
| 5.4 Income from the sale of assets | |
| 5.5 Administrative procedures for the collection of income | |
| 5.6 Purposes for which income may be used | |
| | |
| SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES | 19 |
| 6.1 General provision | |
| 6.1.2 Charging of salaries at actual cost | |
| 6.2 Other circumstances in which charges may be made | |
| | |
| SECTION 7: TAXATION | 20 |
| 7.1 Value Added Tax | |
| 7.2 CIS (Construction Industry Taxation Scheme) | |
| | |
| SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY | 21 |
| 8.1 Provision of services from centrally retained budgets | |
| 8.2 Provision of services bought back from the authority using delegated budgets | |
| 8.2.1 Packaging | |
| 8.3 Service Level Agreements | |
| 8.4 Teachers' pensions | |
| | |
| SECTION 9: PFI/PPP | 22 |
| | |
| SECTION 10: INSURANCE | 22 |
| 10.1 Insurance cover | |
| 10.2 Government RPA scheme | |

SECTION 11: MISCELLANEOUS **23**

- 11.1 Right of access to information
- 11.2 Liability of governors
- 11.3 Governors Allowances
- 11.4 Responsibility for legal costs
- 11.5 Health and Safety
- 11.6 Right of attendance for Chief Finance Officer
- 11.7 Special Educational Needs
- 11.8 Interest on late payments
- 11.9 Whistle blowing
- 11.10 Child protection
- 11.11 Redundancy/early retirement costs

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE **24**

SECTION 13: COMMUNITY FACILITIES **25**

- 13.1-2 Introduction
- 13.3-5 Consultation with the authority: Financial aspects
- 13.6-7 Funding agreements: Authority powers
- 13.8-9 Other prohibitions, restrictions and limitations
- 13.10-11 Supply of financial information
- 13.12-13 Audit
- 13.14-15 Treatment of income and surpluses
- 13.16-17 Health and Safety matters
- 13.18-19 Insurance
- 13.20-22 Taxation
- 13.23-25 Banking

SECTION 14: FINANCIAL TRANSPARENCY **29**

- ANNEX A List of schools covered by the scheme
- ANNEX B Responsibility for redundancy and early retirement costs
- ANNEX C Illustrative example of repairs and maintenance revenue & capital

SECTION 1: INTRODUCTION

References throughout this statutory guidance to:

“the act” is the [School Standards and Framework Act 1998](#)

“the authority” is the local authority

“the regulations” are [School and Early Years Finance \(England\) Regulations 2020](#)

1.1 The Funding Framework: Main features

The current 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 determine for themselves the size of their schools budget and their non-schools education 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 non-schools education 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 which 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 regulations made under that section. All proposals to revise the scheme must be approved by the schools forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school* and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act. (*Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

The 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. A school's right to a delegated budget share may also be suspended for other reasons (schedule 17 to the Act).

Each authority is obliged to publish each year a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. 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 are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

Regulations also require a local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.2 The role of the scheme

The scheme sets out the financial relationship between the authority and the maintained schools within North Tyneside. The scheme contains requirements in relation to financial management and associated issues that are binding on both the authority and on schools.

1.2.1 Application of the scheme to the authority and maintained schools

The scheme applies to all schools maintained by the authority, i.e. all Community, Voluntary, Foundation (including Trust), Community Special or Foundation Special and Pupil Referral Units (PRUs). The schools are listed in annex A.

1.3 Publication of the scheme

A copy of the scheme, and any amendment to it, will be published on the North Tyneside Council website and made accessible to the general public. The date on which any amendments take effect will be published.

1.4 Revision of the scheme

Any proposed revisions to the scheme will be the subject of consultation with schools and will require approval by members of the Schools Forum representing maintained schools before implementation.

1.5 Delegation of powers to the Headteacher

The Governing Body is responsible for the sound financial administration of their school, and must consider the extent to which they wish to delegate their financial powers to the Headteacher, and to record its decision (and any revisions) in the minutes of the governing body.

The governing body must approve the first formal budget plan each financial year.

1.6 Maintenance of schools

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

SECTION 2: FINANCIAL CONTROLS

2.1.1 Application of financial controls to schools

Schools with delegated budgets remain an integral part of the authority and must ensure that financial control and monitoring procedures operate to the highest standards. Schools should comply with the requirements contained in more detailed publications produced by the authority e.g. Local Bank Account Scheme, Financial Regulations etc.

2.1.2 Provision of financial information and reports

Schools with and without their own bank account must provide the authority with a financial statement detailing anticipated and actual expenditure and income for the financial year, on at least a termly basis, in a prescribed format. The statement must be produced consistently throughout the year and include an estimated outturn position. The LA will notify the school in writing if in its view the school's financial position requires more frequent submission.

The form determined by the LA for submission of information will so far as possible take account of the Consistent Financial Reporting framework and the desirability of compatibility with that framework.

2.1.3 Payment of salaries: Payment of bills

Policies and Procedures in respect of salaries and payments of bills shall be in accordance with the Council's Financial Regulations for Schools and Local Bank Account Scheme.

2.1.4 Control of assets

Each governing body shall be responsible for maintaining inventories of significant equipment, furniture, plant, tools and vehicles in such a form as shall be agreed with the Chief Finance Officer. The governing body in association with the Head of Information Technology should maintain inventories in respect of information technology equipment and associated hardware.

Inventories shall be maintained so that physical checks can be carried out in comparison with records held at any time. It shall be the responsibility of each governing body to record additions and deletions to the inventory and to carry out an annual check of all items on the inventory. Significant variations should be brought to the attention to the Chief Finance Officer. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1000. A register must be kept in some form.

Items, which are to be disposed of by sale or destruction, must be appropriately authorised for disposal and where significant, should be sold following competitive tender. The Financial Regulations specify the requirements for obtaining consent and notification of disposals.

2.1.5 Accounting policies (including year-end procedures)

All schools are required to abide by the accounting policies and procedures as issued by the authority including year-end procedures.

2.1.6 Writing off debts

All income due to the school for the supply of goods or services should be collected promptly. Where invoices are required to be raised for the collection of income, they should be issued promptly. Any subsequent writing off of debt should comply with and be in accordance with the Financial Regulations.

2.2 Basis of accounting

The reports and accounts furnished to the LA are on an accruals basis with income and expenditure accounted for in the year in which it arises.

2.3 Submission of budget plans

Each school is required to prepare an annual budget plan and submit it in a format prescribed by the LA showing its intentions for expenditure and income for the financial year and the assumptions underpinning the budget plan.

Provisional budget plans are ideally required by the 31st March. These plans will be initially checked to ensure they are viable and will be an important aspect of the LA's role in monitoring school expenditure.

The actual/final budget plan requires the approval of the governing body and should be submitted to the authority by 31st May each year. The plan must take full account of the estimated surplus /deficit at 31st March. To facilitate budget planning the LA will supply to schools budget guidelines and any key budget data required. The format of the budget plan will be set out by the authority and will, so far as possible, take into account the Consistent Financial Reporting framework.

Having approved the budget plan, governing bodies must approve any subsequent virement and receive regular financial reports during the year. In addition, schools are required to notify the authority of any such in-year revisions to their budget plans on a termly basis.

Early in the Autumn Term, each year, schools should prepare an outline budget plan for the following financial year taking into account projected pupil numbers and any other anticipated changes.

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. *From the 2021 to 2022 funding year each school must submit at least a 3-year budget forecast each year.*

The LA may request such forecasts which may be used for more than just confirming schools are undertaking effective financial planning or not. For instance: they could be used as evidence to support the authority's assessment of Schools Financial Value Standards and/or used in support of the authority's balance control mechanism. However, the requirement to submit a financial forecast would not place undue burdens on schools and would be proportionate to need. In requesting such forecasts, the LA would state the purposes for which they intend to use this forecast: such a forecast may be used in conjunction with an authority's balance control mechanism.

2.4 Efficiency and value for money

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning.

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

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

2.5 Virement

Once a school formally sets its budget at the beginning of the financial year it has the option to vire amounts between budget headings providing that the overall budget is not changed. (See 2.3)

2.6 Audit: General

Schools will operate within an audit regime determined by the local education authority as regards internal audit, and the LA external audit regime as determined by the Local Audit and Accountability Act 2014, and requires them to co-operate with it. This will require access to the schools records for both internal and external auditors.

2.7 Separate external audits

The Governing Body may spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process.

2.8 Audit of voluntary and private funds

The Governors may approve the operation of funds outside of the accounts maintained for delegated moneys. Where such funds exist, Governors are required to ensure that accounting arrangements are no less rigorous than those required for official monies.

Schools are responsible for providing audit certificates in respect of voluntary and private funds held by schools and of the accounts of any trading organisations controlled by the school.

2.9 Register of business interests

The scheme requires the governing body of each school to have a register which lists for each member of the governing body and the head teacher:

- Any business interests they or any member of their immediate family have;
- Details of any other educational establishments that they govern;
- Any relationships between school staff and members of the governing body;

The register should be updated on an annual basis and be available for inspection by governors, staff and parents and the authority, and to publish the register, for example on a publicly accessible website.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the authority's financial regulations and standing orders in purchasing, tendering and contracting matters. This should include a requirement to assess in advance, where relevant, the health and safety competence of contractors taking account of the LA's policies and procedures. These regulations however do not require a school to:

- do anything incompatible with the provisions of this scheme, or any statutory provision, or any EU Procurement Directive;

- to seek LA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- to select suppliers only from an approved list;
- seek fewer than three or more written tenders or quotations in respect of any contract that exceeds £10,000 in any one year.

2.11 Application of contracts to schools

Where responsibilities and the corresponding funding are delegated, schools are free to opt out of contracts arranged by the authority, except where the scheme provides otherwise. Before entering into any new contracts, schools are encouraged to seek and follow the advice and guidance of the authority. For the purposes of the procurement directives schools are viewed as discrete contracting local authorities.

Where schools agree or have agreed to enter into a contract or service level agreement with the authority for services paid for out of delegated budgets schools may not make alternative arrangements until that contract or arrangement expires, except with the specific written agreement of the authority.

Under paragraph 3 of schedule 1 to the Education Act 2002 the Governing Body has the power to enter into contracts, but in most cases it does so on behalf of the authority as maintainer of the school and the owner of funds the funds in the budget share. However, it is possible for the Governors to enter into a contract made solely on behalf of the Governing Body where it has clear statutory obligations, for example an Aided school offering a contract of employment.

2.12 Central funds and earmarking

The LA is authorised to make sums available to schools from central funds, in the form of allocations, which are additional to and separate from the schools' budget shares (e.g. SEN, Pupil Premium). Such allocations will be subject to conditions setting out the purpose or purposes for which the funds may be used: and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the LA itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

A requirement of such earmarked funding from centrally retained funds is that such funds are only spent on the purposes for which they are given, or on other budget heads for which earmarked funding is given. Schools should be able to clearly demonstrate (accounting mechanism) that this requirement has been complied with and be able to satisfy the necessary monitoring requirements.

Any earmarked funds must be returned to the LA if not spent in year, or within the period over which schools are allowed to use the funding, if this is permitted.

The LA will not make any deductions, in respect of interest costs to the LA, from payments to schools of devolved specific or special grant.

2.13 Spending for the purposes of the school

Although s.50(3) allows governing bodies to spend budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme. As well as the various standard provisions LAs may wish to propose their own restrictions on this freedom, arising from local circumstances. By virtue of section 50(3A) (which came into force on 1st

April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.

2.14 Capital spending from budget shares

The scheme does allow governing bodies to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work that is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998.

However if the expected capital expenditure from the budget share in any one year will exceed £15,000 or some higher sum, the governing body must notify the LA and take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure. Where the LA owns the premises, or the school have voluntary controlled status then the governing body should seek the consent of the LA to the proposed works. Such consent may be withheld for health and safety grounds. These requirements do not affect expenditure from the capital allocation made available by the LA outside the delegated budget share.

2.15 Mismanagement Under Scheme (changed from Notice of Concern)

The 1998 Act gives the Authority the power to suspend a school's right to a delegated budget if the provisions of this Scheme (or rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. All stages of this process will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

The process by which this will be undertaken is set out in a four-stage approach to enable a school the opportunity to take corrective action and prevent further escalation. The four stages are:

- Letter of Concern;
- Warning Notice;
- Failure to Comply with Warning Notice letter;
- Notice of Intervention

It is a requirement of the Department for Education that when a local authority send a letter to a School under the above stages 2 to 4, that both the DfE and the Regional Schools Commissioner (RSC) receive a copy of the notification.

2.15.1 Letter of Concern

The authority may issue a letter of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Director of Children's and Adult Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- placing more stringent restrictions or conditions on the day-to-day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the local authority;
- insisting on regular financial monitoring meetings at the school attended by local authority officers;
- requiring a governing body to buy into a local authority's financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its 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 given by the letter to be withdrawn. It will also state the actions that the authority may take where the governing body does not comply with the letter.

2.15.2 Warning Notice

Once it has been determined that a local authority or RSC will issue a warning notice to a maintained school, they must give the warning notice in writing to the governing body of the school. The notice must set out:

- The matters on which their concerns are based;
- The action the governing body is required to take in order to address the concerns raised;
- The period within which the governing body must comply or secure compliance with that action (the compliance period); and
- The action the local authority or RSC is minded to take (under one or more of sections 63 to 69 of the Education and Inspections Act 2006 or otherwise) if the governing body does not take the required action.

In addition to giving the governing body a warning notice, the local authority or RSC must give a copy to the headteacher; and in the case of a Church of England school or a Roman Catholic Church school, the appropriate diocesan authority; and in the case of a foundation or voluntary school, the person who appoints the foundation governors.

2.15.3 Failure to Comply with Warning Notice letter

When a governing body has failed to comply with a warning notice to the satisfaction of the RSC or local authority within the compliance period, and the issuing local authority or RSC has given reasonable written notice that they propose to intervene, a school is eligible for intervention and further action may be taken.

2.15.4 Notice of Intervention

Under section 60B of the Education and Inspection Act 2006, a maintained school becomes eligible for intervention where it :

- Fails to comply with a warning notice ; and / or
- Is judged inadequate by Ofsted

The range of statutory powers available under the 2006 Act include :

- Section 63 – power to require the governing body to enter into arrangements;
- Section 64 – power to appoint additional governors;
- Section 65 – power to appoint an interim executive board (IEB); and
- Section 66 – power to suspend the delegated budget.

A school's right to a delegated budget share may also be suspended for other reasons under Section 17 of the School Standards and Framework Act 1998.

2.16 Schools Financial Value Standard (SFVS)

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

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

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

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

2.17 Fraud

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

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

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING

For the purposes of this section, budget share includes any place-led funding for special schools or pupil referral units.

3.1 Frequency of instalments

Budget share allocations (including top up payments for pupils with high needs) will be made available to governing bodies of schools supported by the Authority's finance service via SLA at the beginning of each term – see 3.2.

Budget share allocations (including top up payments for pupils with high needs) will be made available to governing bodies of schools not supported by the Authority's finance will be monthly in arrears once the funding made available has been reconciled per school .

3.2 Proportion of budget share payable at each instalment

The proportion of the budget share made available of schools supported by the Authority's finance service via SLA are as follows

| | |
|-----------|-----|
| APRIL | 40% |
| SEPTEMBER | 45% |
| JANUARY | 15% |

The allocations are made net of estimated pay costs and annual rates bill

For schools not supported by the Authority's finance service funding payments will be made monthly in arrears once the funding made available has been reconciled per school.

3.3 Interest clawback

Where a school opts to operate an independent bank account, the budget share instalments paid into the account will be net of an amount equal to the estimated interest lost by the authority.

3.3.1 Interest on late budget share payments

For those schools operating an independent bank account the authority will add interest to late payments of budget share instalments, where such late payment is the result of LA error. The interest rate used will be the same as that used for clawback calculations.

3.4 Budget shares for closing schools

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

3.5 Bank and building society accounts

All maintained schools should have a current bank account into which their budget share instalments (as determined by other provisions) are paid.

New bank account arrangements may only be made with effect from the beginning of each financial year. Schools are advised to seek guidance on procedural matters from the Chief Finance Officer. Where a school opens a bank account the authority must, if the school desires, transfer immediately

to the account, an amount agreed by both the school and LA as the estimated surplus balance held by the LA in respect of the schools budget share on the basis that there is then a subsequent correction when the accounts for the relevant year are closed.

3.5.1 Restrictions on accounts

Bankers are to be selected in accordance with Council Standing Orders and may only be selected from major clearing banks and building societies. The Chief Finance Officer will maintain a list of banks and building societies that have been verified as appropriate to open accounts with. Therefore schools must check with the authority in advance to confirm that the bank or building society selected is included on this list and advice must be followed where appropriate.

The accounts are to be opened by the Chief Finance Officer (on behalf of schools) in the name of the LA but specific to each school. Schools who formally request that account should be in the name of the school should still include in title the name of the LA for information purposes. Money paid by the LA and held in such accounts remains LA property until spent (s.49 (5) of the Act).

Budget share funds paid by the authority and held in school accounts remain authority property until spent (s.49 (5) of the Act).

Signatories for bank accounts must be either a LA employee or school employee and not governors who aren't members of staff.

Should a school opt to open an account other than through the current pooled arrangements, the authority will reserve the right to levy administrative costs of supporting such arrangements.

3.6 Borrowing by schools

The governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State. The Chief Finance Officer must be notified at least ten working days before a request is made to the Secretary of State. The only exception to this is the use of the Salix scheme, which is designed to support energy saving and can currently be used without specific approval from the Secretary of State. Credit cards must not be used as they are regarded as borrowing. Schools are encouraged to use the authority's Purchase Card facility as detailed in the Local Bank Account Scheme.

3.7 Other provisions

For other requirements and indeed more detailed advice on holding and operating bank accounts schools are referred to the Local Bank Account Scheme.

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

4.1 The right to carry forward surplus balances

Schools shall carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

The amount of a surplus balance would be shown in the relevant out-turn statement published in accordance with directions given by the Secretary of State under s.251 of the Apprenticeships, Skills, Children and Learning Act 2009 (although there may be commitments against any figure shown in such a statement).

Where a school opens a bank account on the 1st April the estimated cash balance will be transferred to the school subject to the school's confirmation with the 1st instalment. Adjustments will be made and applied for the 2nd instalment of the financial year, after the school's accounts have closed and following a reconciliation.

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 May 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 from the surplus balance;
- 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. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the authority. In considering whether any sums are properly assigned the authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned;
- 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 deriving 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.

4.3 Interest on surplus balances

The authority does not pay interest on balances held on behalf of schools; however schools may invest previous year's surplus in a Deposit account and receive interest.

4.4 Obligation to carry forward deficit balances

Where schools are carrying forward deficit balances, such deficits are to be deducted from the following years budget share. The deficit balance would be shown in the relevant out-turn statement published under s.251 of the Apprenticeships, Skills, Children and Learning Act 2009.

4.5 Planning for deficit budgets

Schools may not incur a budget deficit without the prior agreement of the Director of Children's and Adult Services, in consultation with the Chief Finance Officer. Such deficits will only be approved in certain circumstances (see 4.9).

Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.

4.6 Charging of interest on deficit balances

Interest will only be charged on a deficit incurred through mismanagement, this action will not preclude the possibility of further measures being taken by the Local Authority against those schools or colleges where there is evidence of mismanagement.

The Chief Finance Officer will determine the calculation of interest due and such interest due will be deducted from the following years budget allocation.

4.7 Writing off deficits

The authority cannot write off the deficit balance of any school. Funding to support schools in financial difficulty can only come from a de-delegated contingency for maintained mainstream schools.

4.8 Balances of closing and replacement schools

When a school closes any balance (whether surplus or deficit) reverts back to the LA. It cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010. The LA may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

4.9 Licensed deficits

Approval will only be given to a school applying for a licensed deficit, if the school can produce suitable and robust financial plans for future years, which clearly demonstrate the ability to repay such a deficit in the stated time.

The following conditions apply to new deficit approvals from 2019/20:

- the maximum length over which schools may repay the deficit (i.e. reach at least a zero cumulative balance) **is three years.**
- a deficit which is in excess of £5,000 or 5% of annual budget must be approved by the LA. The maximum size of the deficits which may be agreed is 20% of the in-year allocation.
- The Head of Health Education Care and Safeguarding and the Head of Resources (Chief Finance Officer) of the authority will agree any arrangements for individual schools.
- Agreements are to be signed by the officers mentioned in above as well Headteacher and Chair of Governors of the School.

Structural Deficits

A School is deemed to have a structural deficit if it is unable to produce suitable and robust financial plans for future years, which clearly demonstrate the ability to repay the full cumulative deficit balance in the three year time period. Individual arrangements will be made with each school with a structural deficit however, the Authority will expect all schools with a structural deficit to have a recovery plan to achieve in year financial balance within a three year period or earlier with a view to begin to repay the cumulative deficit by year 4.

4.10 Loan schemes

The authority does not operate a loans scheme.

SECTION 5: INCOME

5.1 Income from lettings

Schools are to retain income from lettings of the school premises, except where this service is provided by the LA from centrally retained funds or is subject to alternative provisions arising from any joint use or PFI arrangements. Schools are allowed to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share. However, schools should be required to have regard to directions issued by the authority as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

5.2 Income from fees and charges

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

5.3 Income from fund-raising activities

Schools are allowed to retain income from fund-raising activities.

5.4 Income from the sale of assets

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

5.5 Administrative procedures for the collection of income

Schools should comply with the procedures set out in the Financial Regulations for Schools. This includes specifically VAT requirements.

5.6 Purposes for which income may be used

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

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The scheme allows the budget share of a school to be charged by the Local Authority without the consent of the governing body only in circumstances expressly permitted by the scheme, and requires Local Authorities to consult schools as to the intention to so charge, and notify schools when it has been done.

The Local Authority may de-delegate funding for permitted services without the express permission of individual school governing bodies, provided this has been approved by the appropriate phase representatives of the Schools Forum.

6.1.1 The Local Authority will charge salaries of school-based staff to school budget shares at actual cost.

6.2 Other circumstances in which charges may be made

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

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

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

6.2.4 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;

6.2.5 Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the LA owns the premises, or the school has voluntary controlled status;

6.2.6 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 as good as that which would be arranged by the LA;

6.2.7 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;

6.2.8 Recovery of penalties imposed on the authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers' Pensions, the Environment Agency or other regulatory authorities as a result of school negligence.**6.2.9** Correction of LA errors in calculating charges to a budget share (e.g. pension deductions);

6.2.10 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;

6.2.11 Legal costs which the LA incurs because the governing body did not accept the advice of the LA (see also section 11);

- 6.2.12** Costs of necessary health and safety training for staff employed by the LA, where funding for training had been delegated but the necessary training not carried out;
- 6.2.13** Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect;
- 6.2.14** Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the authority's compliance with its statutory obligations;
- 6.2.15** Costs incurred by the LA in securing provision specified in an Education, Health and Care Plan (EHCP) where the Governing body of a school fails to secure such provision despite the delegation of funds in respect of low-cost high incidence SEN and/or specific funding for a pupil with High Needs;
- 6.2.16** Costs incurred by the LA due to submission by the school of incorrect data;
- 6.2.17** Recovery of amounts spent from specific grants on ineligible purposes;
- 6.2.18** Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract;
- 6.2.19** Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster;
- 6.2.20** Agreed contribution relating to any PFI project at a school, as set out in the PFI revenue agreement. (See Section 9);
- 6.2.21** Recovery of costs of statutory interest payable, (under the Late Payment of Commercial Debts (Interest) Act 1998), because of late payment of bills by the Governing Body or failure by them to submit such items in time for payment by the LA, by the due date (re invoice terms) or statutory time limit (30 days) beyond which interest falls due.

SECTION 7: TAXATION

7.1 Value Added Tax.

A summary of the procedures that schools should follow to reclaim VAT on expenditure relating to non-business activity is included in Local Bank Account (LBA) Scheme. Amounts re-claimed will be passed back to the school on completion of LBA returns.

7.2 CIS (Construction Industry Taxation Scheme)

Schools are required to abide by procedures issued by the authority in connection with CIS. See Local Bank Account Scheme.

SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of services from centrally retained budgets

The Local Authority will determine the basis upon which services from centrally retained funds will be provided to schools. The list of services will include existing commitments for premature retirement compensation (PRC) and redundancy payments.

The authority will not discriminate in its provision of services on the basis of categories of schools except where such discrimination is justified by differences in statutory duties.

8.2 Provision of services bought back from the authority using delegated budgets

Any arrangement with a school starting on or after 1 April 1999 to buy services or facilities from the LA is limited to a maximum of three years and a minimum duration of one year, and periods not exceeding five years to any subsequent agreements relating to the same services. For catering service contracts, this timescale is extended to seven years.

When a service is provided for which expenditure is not retained centrally by the LA under the Regulations made under section 46 of the Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services.

8.2.1 Packaging

Any service which an LA is providing on a buy back basis must be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

8.3 Service Level Agreements

The terms of any services or facilities offered by the authority will be reviewed at least once every three years. Schools will be given a minimum of one month to consider the terms of the new agreement before the date of operation.

All schools to notify the LA of their intention to take up respective Service Level Agreements at least one month before the start of the financial year.

8.4 Teachers' pensions

Governing bodies of schools which provide payroll services should submit an annual return of salary and service to the LA. Governing bodies must also ensure that details of Additional Voluntary Contributions (AVCs) are passed to the LA within the time limit shown in the AVC Scheme.

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 to 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 an agreed timescale so as to allow the authority to meet the time limits specified within 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.

SECTION 9: PRIVATE FINANCE INITIATIVE (PFI)/PUBLIC PRIVATE PARTNERSHIPS (PPP)

Should the authority enter into a contract for a PFI/PPP project, the governing body of the school(s) concerned will be consulted about the terms of the financial arrangements as a result of this contract.

The agreement will formally set out the power of the LA to charge to the school's budget share amounts agreed under the PFI/PPP agreement entered into by the governing body of the school(s).
See 6.2.20

SECTION 10: INSURANCE

10.1 Insurance cover

If funds for insurance are delegated to any school, the LA may require the school to demonstrate that cover relevant to an 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 if the LA makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets.

10.2 Government RPA scheme

Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) after 1st April 2020 for risks that are covered by the RPA. Schools may do this individually when any insurance contract of which they are part expires. All primary and/or secondary maintained schools may join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.

(See also 6.2.6)

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

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

11.2 Liability of governors

The governing body of a school is a corporate body, and because of the terms of s.50 (7) of the School Standards and Framework 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.

An example of behaviour, which is not in good faith, is the carrying out of fraudulent acts. Breaches of the scheme are not in themselves failures to act in good faith; neither is rejection of LA advice as to financial management.

11.3 Governors Allowances

Schools without delegated budgets

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

Under schedule 11 of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. It is not permitted for the payment of any other allowances. Schools must not duplicate payment of expenses to those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

Schools with delegated budgets

For schools with delegated budgets, local authorities may publish, separately from the scheme, a guide to what it considers to be reasonable expenses.

11.4 Responsibility for legal costs

Legal costs incurred by the governing body (although the responsibility of the LA as part of the cost of maintaining the school unless they relate to the statutory responsibility of aided school governors for buildings) may be charged to the school's budget share unless the governing body acts in accordance with the advice of the authority. If there is a conflict of interest independent advice should be sought from a suitably qualified person with sufficient professional indemnity cover who is not an employee of the authority.

11.5 Health and Safety

In expending the School's budget share the governing bodies are required to have due regard to duties placed on the LA in relation to health and safety, and the authority's policy on health and safety matters.

11.6 Right of attendance for the Chief Finance Officer

The governing bodies are required to permit the Chief Finance Officer of the authority or any other officer nominated by the Chief Finance Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

11.7 Special Educational Needs

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

11.8 Interest on late payments

The terms of the scheme cannot affect statutory requirements now introduced on this matter. (See 6.2.21)

11.9 Whistle blowing

Schools are encouraged to establish a basis on which staff can properly raise concerns about financial management or financial propriety at the school without prejudice to their personal position. Further information is contained within the current policy document on this matter.

11.10 Child protection

In expending their budget share, Governing Bodies must have due regard to the agreed Child Protection guidelines and the obligations these place on both the school and the authority.

11.11 Redundancy/early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. If the authority proposes to depart from this, then the scheme should contain a provision setting out the circumstances in which exceptions will be made.

The authority's scheme for funding redundancies and early retirements are provided at Annex B.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

- 12.1** From 1 April 1999 the LA delegated all funding for repairs and maintenance to schools. Therefore all repair and maintenance costs relating to existing buildings are to be met from revenue and governing bodies will have to finance the costs of all such repairs from their budget shares.
- 12.2** Devolved Formula Capital Funding is allocated each year to nursery (maintained), primary and secondary schools to address priority work on buildings, ICT and other capital needs. The grants may be used for improvements to buildings and other facilities, including ICT, or capital repairs/refurbishment in accordance with priorities set by each school and in line with the local asset management plan.
- 12.3** In addition to devolved formula capital some capital expenditure is retained by LA's. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes and is in line with the CIPFA Code of Practice on local authority accounting.

- 12.4** Illustrative examples of capital in line with DfE interpretation of the CIPFA code of practice are included for information at Annex C. 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. However, the eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by DfE to categorise such work, not the de minimis limit used by the authority.
- 12.5** The de minimus limits for capital are currently set at £20k for land and buildings and £6k for equipment. These thresholds apply to the total cost of the scheme and not individual items.

SECTION 13: COMMUNITY FACILITIES

Introduction

- 13.1** Any school that chooses to exercise the power conferred by Section 27(1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. Firstly, Regulations made under Section 28(2), if made, can specify activities that may not be undertaken at all under the main enabling power. Secondly, schools are obliged to consult the authority and have regard to its advice. Thirdly, the Secretary of State will issue guidance to Governing Bodies about a range of issues connected with exercise of the power, and schools must also have regard to that advice.

However, under Section 28(1), the main limitations and restrictions on the power will be those contained in the school's own Instrument of Government and in North Tyneside'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 designated schools to secure the provision of adult and community learning and Youth Service provision.

- 13.2** Schools are reminded that mismanagement of community facilities can be grounds for suspension of the right to a delegated budget.

Consultation with the authority: Financial aspects

- 13.3** In accordance with Section 28(4) of the Education Act 2002, before exercising the community facilities power, Governing Bodies must consult the authority regarding their proposals and have regard to their advice.
- 13.4** Schools are encouraged to seek the authority's advice and submit their proposals as soon as possible, but no later than 2 months before the intended start date. When submitting their proposals formally, schools must include a detailed business plan containing the following information:
- the school's vision and a detailed description of the service
 - details of any capital expenditure and the sources of income to fund it

- a detailed profile of projected income and revenue expenditure over the first 12 months of operation of the project. In particular, this should include;
 1. one-off start-up costs
 2. details of staffing and associated costs (pay, on-costs, payroll and personnel overheads, etc)
 3. sources of revenue income and the assumptions underlying it
- an outline profile of the projected income and revenue expenditure in years 2 to 5 of the project
- the time it will take for the project to break-even and come into surplus, and if this is not expected within 12 months of starting, an explanation of why this cannot be achieved within this timescale
- how the Governing Body will cover any shortfall if the project fails and leaves a deficit
- details of the cash flow of the business, and how any shortfall will be met given that schools cannot borrow from external sources
- proposed banking arrangements
- proposed audit arrangements
- details of the Health and Safety arrangements and of the risk assessments the school has undertaken
- details of the analysis of insurance requirements for the venture and of any additional cover that is to be arranged
- whether or not VAT is to be reclaimed, the justification for this and what consultation there has been with the local VAT office.

Schools are encouraged to seek professional advice as they develop their plans and to ensure that any submission is complete before formally seeking the authority's advice about their proposals.

- 13.5** The authority will respond to the school's proposals as soon as practically possible, in most circumstances within 6 school weeks of receipt of complete information. Where the authority offers advice to a school, the school must inform the authority of the action it has taken in response to that advice before embarking upon the scheme.

Funding agreements: LA powers

- 13.6** Where the provision of community facilities in a school is dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part in the provision, the school shall not enter into such an agreement until it has submitted the proposed agreement to the authority and taken proper account of its advice and comments. Proposed agreements should be submitted to the authority as soon as possible, but no later than 3 months prior to the proposed date of signing. The authority will not be a signatory to any such agreement, unless this is a requirement imposed by the third party or by the Governing Body itself.

- 13.7** If such an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, and in the view of the authority the agreement is seriously prejudicial to the interests of the school or the authority, that may constitute grounds for suspension of the right to a delegated budget.

Other prohibitions, restrictions and limitations

- 13.8** Whereas the authority does not have the right of veto to either funding agreements with third parties or other proposed uses of the community powers facility, the authority reserves the right in specific instances to require that the Governing Body shall protect the financial interests of the authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for the risks associated with the project, as specified by the authority.
- 13.9** The authority does not intend to impose any additional prohibitions, restrictions or limitations on the use of the community facilities power.

Supply of financial information

- 13.10** Schools that exercise the community facilities power are required to submit statements at least quarterly to the Chief Finance Officer. The format of the statement will be determined by the Chief Finance Officer and will include a summary of actual income and expenditure, and give an explanation of any significant variations indicated by the figures from the previously submitted planned profile. In addition, the statement will include projections of income and expenditure for the facilities in question for the following six months.
- 13.11** During the first six months of operation of any venture schools will be required to submit statements on a monthly basis. Furthermore, where the authority has given notice to the school that it believes that there is cause for concern as to the school's management of the financial consequences in the exercising of the community facilities power, schools will be required to submit statements on a monthly basis, and in addition submit a recovery plan to bring the activity back into financial viability. All statements and returns must be certified by the Headteacher and be sent to the Chief Finance Officer within two weeks of the end of the quarter (or month). All income and expenditure relating to the community powers facility must be included within the Consistent Financial Reporting Framework returns of the school. Schools should note that Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the School Standards and Framework Act 1998 to make mismanagement of funds received for community facilities the basis for suspension of the right to delegation of the budget share.

Audit

- 13.12** Internal Audit has the right to visit any school, to inspect all records relating to the exercise of the community powers facility and to receive the co-operation of Governors and employees. Governors are required to respond in writing stating how they propose to address any matters raised in the audit report. The authority's external auditor will have the same rights of access and inspection as Internal Audit. Auditors will also report to the Chief Finance Officer on any matters of significance or where Governing Bodies fail to take appropriate remedial action.
- 13.13** Where schools enter into agreements with other persons or bodies pursuant to the exercise of the community facilities power, they shall ensure that such agreements contain adequate provision for access by the authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in

order for the authority to satisfy itself as to the propriety of expenditure on the facilities in question.

Treatment of income and surpluses

- 13.14** Schools will retain all income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person. Where the authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the authority unless otherwise agreed with a third-party funding provider.
- 13.15** Any surplus income over expenditure generated during the financial year will be carried forward over into the following financial year in the community facilities account. Similarly, any deficit accrued during the financial year will be carried forward over into the following financial year in the community facilities account. Where a school wishes to transfer all or part of any accumulated surplus and add it to the budget share balance, the school should seek the agreement of the authority before doing so. If a deficit arises from the provision of community facilities and the authority needs to recover funds to meet third party liabilities, the authority will recover the deficit from the Governing Body.

Health and Safety matters

- 13.16** When exercising the community facilities power, the Governing Body must discharge its Health and Safety responsibilities in the same way as it does in relation to the budget share. All the Health and Safety provisions of the main scheme apply to the community facilities power.
- 13.17** When exercising the community facilities power, the Governing Body are responsible for securing and meeting the costs of any necessary Criminal Records Bureau clearance for adults involved in the activity.

Insurance

- 13.18** When exercising the community power facility, the Governing Body must undertake an assessment of the insurance implications and costs, seeking professional advice if necessary, and demonstrate that it has made adequate arrangements for insurance cover. The school must seek the authority's advice before finalising any insurance arrangements. Instead of taking out insurance, a school may join the RPA for risks that are covered by the RPA.
- 13.19** The authority may undertake its own assessment of the insurance arrangements made by a school in respect of community power facilities, and if it judges those arrangements are inadequate, it will make the necessary arrangements itself and charge the resultant cost to the school.

Taxation

- 13.20** Schools must seek the advice of both the authority and the local VAT office on any issues relating to the possible imposition of VAT on expenditure in connection with any community powers facility, including the use of the authority's VAT reclaim facility.
- 13.21** Schools are also reminded that 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 the school's own bank account set up for the purpose (see section 11), the school will be liable for payment of income tax and National Insurance, in line with Inland Revenue rules.

13.22 Schools are reminded that they are required to follow the authority's advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

Banking

13.23 Where a school exercises the community power facility and the school already operates an independent bank account for its budget share, it shall open a separate independent bank account for transactions relating to community facilities. Where a school exercises the community power facility and the school uses the authority's banking facilities account for its budget share, it shall either open an independent bank account for transactions relating to community facilities or use the authority's banking facilities but ensure that all transactions are kept separate from budget share transactions.

13.24 Any independent bank account relating to community facilities expenditure can be in the name of the school or jointly in the name of the school and North Tyneside Council, and must be opened with one of the banks listed in paragraph 3.5.1 of the main scheme.

SECTION 14: FINANCIAL TRANSPARENCY

Introduction

13.1 The Department for Education are increasing the transparency of school finances by making changes to the scheme for financing. Two of these changes have already been incorporated in the scheme during 2020 and the remainder will be incorporated in 2021. The changes are:

- Change 1: Publish names of LAs on gov.uk if they fail to comply with deadlines for returns to the Department.
- Change 2a: Collect the number of schools with suspended budgets and notices of financial concern through the existing DSG assurance statement signed by the LA Chief Financial Officer (CFO) at the end of the financial year.
- Change 2b: Add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud.
- Change 3: (Already incorporated in 2.3.1) Directed revision to LAs' schemes for financing schools - now a requirement for maintained schools to provide LAs with three-year budget forecasts.
- Change 4a: Make schools append a list of Related Party Transactions (RPTs) to their response to the question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs. In addition, we will insert additional columns into the CFO Assurance Statement, so that the number of RPTs and value for each can be disclosed.
- Change 6a: (Already incorporated into 4.5) Revision to LAs' schemes for financing schools, requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%.
- Change 6b: Collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.

- Change 6c: Formalise the approach to working with LAs and include a request for high level action plans from some LAs. This will be achieved by:
 - Sharing published data on the school balances in each LA.
 - Requesting high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level.
- Change 7: Require all LA maintained schools to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings.
- Change 8. Require LA maintained schools to publish a link to the schools financial benchmarking website, where the Consistent Financial Reporting (CFR) statement of income, expenditure and balances is already published, instead of requiring them to publish the CFR statement annually on their own website.

LIST OF SCHOOLS COVERED BY THE SCHEME

| First, Primary and Nursery Schools | DfE No |
|---|---------------|
| Amberley Community Primary School | 2048 |
| Appletree Gardens First School | 2042 |
| Backworth Park Primary School | 2032 |
| Bailey Green Primary School | 2054 |
| Balliol Primary School | 2077 |
| Battle Hill Community Primary School | 2068 |
| Benton Dene Primary School | 2078 |
| Burradon Community Primary School | 2086 |
| Carville Primary School | 2062 |
| Christ Church C of E Primary School | 3301 |
| Collingwood Primary School | 2076 |
| Coquet Park First School | 2059 |
| Cullercoats Community Primary School | 2000 |
| Denbigh Community Primary School | 2082 |
| Fordley Primary School | 2085 |
| Forest Hall Primary School | 2079 |
| Greenfields Community Primary School | 2083 |
| Hadrian Park Primary School | 2087 |
| Hazlewood Community Primary School | 2084 |
| Holy Cross RCVA Primary School | 3318 |
| Holystone Primary School | 2036 |
| Ivy Road Primary School | 2080 |
| King Edward Primary School | 2013 |
| Langley First School | 2060 |
| Marine Park First School | 2058 |
| Monkhouse Primary School | 2022 |
| New York Primary School | 2081 |
| Percy Main Primary School | 2008 |
| Preston Grange Primary School | 2026 |
| Redesdale Primary School | 2072 |
| Richardson Dees Primary School | 2069 |
| Riverside Primary School | 2021 |
| Rockcliffe First School | 2041 |
| Shiremoor Primary School | 2031 |
| Sir James Knott Nursery School | 1001 |
| South Wellfield First School | 2055 |
| Southridge First School | 2046 |
| Spring Gardens Primary School | 2016 |
| St Aidan's RCVA Primary School | 3318 |
| St Bartholomew's C of E Primary School | 3302 |
| St Bernadette's RCVA Primary School | 3319 |
| St Columba's RCVA Primary School | 3320 |

| | |
|---|------|
| St Cuthbert's RCVA Primary School | 3305 |
| St Joseph's RCVA Primary School | 3308 |
| St Mary's RCVA Primary School (Forest Hall) | 3315 |
| St Mary's RCVA Primary School (North Shields) | 3309 |
| St Stephen's RCVA Primary School | 3316 |
| Star of the Sea RCVA Primary School | 3317 |
| Stephenson Memorial Primary School | 2070 |
| Wallsend St Peter's C of E Primary School | 3321 |
| Wallsend Jubilee Primary School | 2065 |
| Waterville Primary School | 2004 |
| Western Community Primary School | 2088 |
| Westmoor Primary School | 2037 |
| Whitehouse Primary School | 2024 |
| Whitley Lodge First School | 2074 |

Middle Schools

| | |
|------------------------------|------|
| Marden Bridge Middle School | 4025 |
| Monkseaton Middle School | 4027 |
| Valley Gardens Middle School | 4026 |
| Wellfield Middle School | 5400 |

Secondary Schools

| | |
|--|------|
| Burnside Business & Enterprise College | 4032 |
| Churchill Community College | 4033 |
| George Stephenson High School | 4030 |
| John Spence Community High School | 4038 |
| Longbenton Community College | 4039 |
| Marden High School | 4006 |
| Monkseaton High School | 4034 |
| Norham High School | 4008 |
| Whitley Bay High School | 4029 |

Special Schools

| | |
|--------------------|------|
| Beacon Hill School | 7008 |
| Benton Dene School | 7004 |
| Silverdale School | 7007 |
| Southland School | 7002 |
| Woodlawn School | 7001 |

Pupil Referral Units

| | |
|------------|------|
| Moorbridge | 1100 |
|------------|------|

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

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

Section 37 of the 2002 Education Act says:

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

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

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

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

Charge of dismissal/resignation costs to delegated school budget

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

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

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

Costs of new early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs must not exceed the amount budgeted in the previous financial year.

The LA can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.

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

A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share".

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

(7)Where a local education authority incur costs—

(a)in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or

(b)in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

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

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

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

LOCAL AUTHORITY CAPITAL / REVENUE SPLIT

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

| 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, Roof-lights on new build Replacement of all/substantially all on existing roof | Repair/Replacement/ cleaning of individual items |

| ELEMENT | CAPITAL: AS CIPFA CODE OF PRACTICE | REVENUE: REPAIRS & MAINTENANCE |
|----------------|---|--|
| <u>Pitched</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/ 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 |
| | Drainage in a new building/extension | Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters |
| | Drainage. Replacement of all/substantially all on existing roof | |
| | Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof | Repair/ Replacement/cleaning |
| <u>Other</u> | Provide new covered link etc. between existing buildings | Minor repairs, maintenance to existing covered link |
| | Rebuild or substantially repair structure of existing covered link | |
| | Add porch etc. to existing building | Minor repairs, maintenance to existing structure |

| ELEMENT | CAPITAL: AS CIPFA CODE OF PRACTICE | REVENUE: REPAIRS & MAINTENANCE |
|-------------------------|--|--|
| Floors | | |
| <u>Ground Floor</u> | Structure and dpc in new building | Repair/replacement of small parts of an existing structure |
| | Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure | |
| | Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room | Replacement and repair of screed and finishes/ Replacement of Mats / mat-wells. Maintenance e.g. re- varnishing wooden floors. |
| <u>Upper Floor</u> | Structure - as ground floor | As ground floor |
| | Screed and Finish - as ground floor | Repairs of finishes/ Replacement - as ground floor |
| Ceilings | | |
| <u>Top/ only storey</u> | Suspension | Repair/ replacement incl. From water damage, & necessary decoration |
| | Membrane | |
| | Fixed | Repair/ replacement inc. from water damage |
| | Access panels | Repair/ replacement |
| <u>Lower storeys</u> | 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 |

| ELEMENT | CAPITAL: AS CIPFA CODE OF PRACTICE | REVENUE: REPAIRS & MAINTENANCE |
|--------------------------|--|--|
| External walls | | |
| <u>Masonry/cladding</u> | Structure Underpinning/ propping for new build | Repairs Preventive measures e.g. tree removal |
| | External Finish on new build | Repair/replacement of small parts of an existing structure. e.g. re-pointing/ re-cladding a proportion of a wall where failure has occurred. |
| | External Finish on existing build here needed to prevent imminent or correct actual major failure of the structure. e.g. re-pointing/re-cladding work affecting most of a building/replacement build | |
| <u>Windows and Doors</u> | Framing - new build | Repair/ replacement of individual frames. Repainting frames |
| | Framing - structural replacement programme | Repair/ replacement of individual windows. Repainting frames |
| | Glazing - new build | Replacing broken glass |
| | Glazing Upgrading existing glazing | |
| | Ironmongery Improved security | Repair/ replacement, upgrading locks etc. |
| | Jointing including mastic joints | |
| | Internal and external decorations to new build | Internal and external decoration to include cleaning down and preparation. |
| <u>Masonry chimneys</u> | Structure | |
| | Jointing including expansion and mortar joints/ pointing/ DPC | Repair/ re-pointing |

| ELEMENT | CAPITAL: AS CIPFA CODE OF PRACTICE | REVENUE: REPAIRS & MAINTENANCE |
|----------------------------|--|---|
| Internal walls | | |
| <u>Solid</u> | Complete including various internal finishes, linings and decorations | Repairs and redecoration to internal plaster/ linings tiles, pin boards etc. |
| | Refurbishment and alterations | Minor alterations |
| <u>Partitions</u> | Complete structure including linings, framing, glazing, decoration etc. | Repairs and redecoration. |
| | Refurbishment and alterations | Minor alterations |
| <u>Doors & Screens</u> | Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations | Internal maintenance and redecoration. Repair/ replacement of defective doors and screens |
| <u>All</u> | Glazing to meet statutory Health & Safety requirements | Replacement of broken glass |
| 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. |
| | Large scale toilet refurbishment | Small areas of refurbishment |
| | Provision of disabled facilities, and specialist facilities related to pupils with statements | Repair/ replacement of damaged fittings, waste plumbing etc. |
| <u>Kitchens</u> | | |
| | Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations. | Maintain kitchen to requirements of LA Cleaning out drainage systems Redecoration |
| | General refurbishment | Repairs |
| | Large and costly items of equipment | Repairs/ replacement parts |

| ELEMENT | CAPITAL: AS CIPFA CODE OF PRACTICE | REVENUE: REPAIRS & MAINTENANCE |
|----------------------------|---|--|
| 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 |
| | Safe removal of old/ damaged asbestos boiler and pipe work 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 | |
| <u>Cold water</u> | 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. |
| <u>Gas</u> | Distribution on new and major refurbishment's, terminal units | Repairs, maintenance and gas safety All servicing |
| <u>Ventilation</u> | Mechanical ventilation/ air conditioning to major projects | Provision of local ventilation. Repair/ replacement of defective systems and units |
| <u>Other</u> | 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. |

| ELEMENT | CAPITAL: AS CIPFA CODE OF PRACTICE | REVENUE: REPAIRS & MAINTENANCE |
|----------------------------|---|---|
| Electrical services | | |
| <u>General</u> | 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 | Repair/ replacement |
| | Alarm systems, CCTV, lifts/ hoists etc. | 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>Miscellaneous</u> | Provision of walls, fencing, gates and ancillary buildings as part of major project | Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates. |
| <u>Drainage</u> | Drains, soakways, 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. |

| ELEMENT | CAPITAL: AS CIPFA CODE OF PRACTICE | REVENUE: REPAIRS & MAINTENANCE |
|---|--|--|
| <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 |
| Equipment | | |
| <ul style="list-style-type: none"> • display screens/ boards • tables & chairs • office furniture/ bookcases • storage units/ containers • indoor play equipment • TVs/ projectors • IT equipment • signage • hand dryers • classroom/ educational equip e.g. for CDT/ science prep room etc • access controls • cookers – for kitchen refurbishments | May be considered as capital if purchased as part of a wider scheme where the whole scheme exceeds the de minimus level. | If purchased individually and below de minimus level. |

Notes

This illustrative list is the DfE interpretation of the CIPFA Code of Practice.