

# **The Haringey Scheme for Financing Schools**

**April 2012**

## **PREFACE**

The Scheme for Financing Schools forms an important part of the governance arrangements for schools. It sets out the financial relationship between the Authority and Schools. The Scheme contains a large amount of instruction and guidance to governors, school staff and the Authority.

The Scheme is derived from the following important documents:

- The School Standards and Framework Act 1998 (abbreviated to SSFA)
- Department for Education (DfE) mandatory guidance to Local Authorities.
- Haringey Council's Standing Orders.
- Haringey Council's Financial Regulations for Schools.
- Haringey Council's School Finance Manual.

These have been augmented with supplementary guidance. The requirements of the Scheme are binding on both schools and the Authority.

The Scheme is publicly available on the Authority's intranet, Harinet <<link>>. If further information or clarification of the Scheme is needed please contact Steve Worth, School Funding Manager (email [stephen.worth@haringey.gov.uk](mailto:stephen.worth@haringey.gov.uk)).

Included with the Scheme is a checklist of items which schools need to ensure are in place together with a calendar of financial activities to assist you with your planning.

Libby Blake  
Director of the Children and Young People's Service

## **1 SECTION 1: INTRODUCTION**

### **1.1 The Funding Framework**

- 1.1.1 This document replaces the Authority's Local Management of Schools Scheme created under the terms of the 1988 Education Reform Act and subsequent legislation. The funding framework detailed below is based upon the legislative provisions in Sections 45 to 53 of the School Standards and Framework Act 1998 (SSFA), and subsequent regulations.
- 1.1.2 This document has been updated for 2012/13 to reflect recent statutory guidance issued by the Government, other Department for Education (DfE) guidance and changes proposed by the Local Authority (LA).
- 1.1.3 Under the terms of Section 48 of the SSFA, the Authority is required to prepare this document detailing the conditions and arrangements it has made for the financial management of its maintained schools. All revisions to the Scheme must, following consultation with the governing body and head teacher of all maintained schools, be submitted for approval by the Schools Forum. In the event that the forum rejects a proposal to amend the scheme or approves it subject to modifications that are not acceptable to the LA, the authority may apply to the Secretary of State for its approval.
- 1.1.4 Under this legislation, the Authority will determine on an annual basis, the size of the Schools Budget and their non-schools education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant (DSG) to their Schools Budget (DSB).
- 1.1.5 The categories of expenditure which fall within the two budgets (the Schools Budget and the non-schools education budget) are prescribed under regulations made by the Secretary of State, but included within the two is all expenditure, direct and indirect, on the LA's maintained schools except for Capital.
- 1.1.6 The LA may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under Section 45A of the Act. The amounts to be retained centrally are decided upon by the LA, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools Budget remaining after deduction of centrally retained funds is termed the Individual Schools Budget (ISB).
- 1.1.7 Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.8 The LA must distribute the ISB amongst all 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 Section 51 of the Act.
- 1.1.9 Subject to the provisions of the scheme, governing bodies may spend their budget share for the purposes of their school or for pupils at other maintained schools. This also includes provision to spend a school's budget share on any additional purposes prescribed by the Secretary of State in regulations made under S50 (3A) of the SSFA

(the provision of community facilities).

- 1.1.10 The LA will 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, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. After each financial year the LA will publish a statement showing outturn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.1.11 The detailed publication requirements for financial statements and for schemes are set out in regulations, but each school must receive a copy of the scheme and any amendment, and each year's budget and outturn statements so far as they relate to that school or central expenditure.
- 1.1.12 The financial controls within which delegation works are set out in Haringey's Financial Regulations for Schools and the School Finance Manual.

## **1.2 Notice of Concern**

- 1.2.1 The Authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Financial Officer and the Director of the Children and Young People's Service, 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.
- 1.2.2 Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. These may include:
  - insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
  - insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
  - placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the 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 services; 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.
- 1.2.3 The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the authority may take where the governing body does not comply with the notice.

### **1.3 Withdrawal of Delegation**

- 1.3.1 Under Schedule 15 of the SSFA the Authority may suspend a governing body's right to a delegated budget if the arrangements and conditions detailed in this document have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. In such circumstances the school has the right of appeal to the Secretary of State.
- 1.3.2 A school's right to a delegated budget share may also be suspended for other reasons as detailed in Section 17 of the SSFA, relating to LA intervention where a school is identified as not raising standards of education, but in that case there is no right of appeal.

### **1.4 The Role of the Scheme**

- 1.4.1 This Scheme sets out the financial relationship between the Authority and the community, voluntary, foundation and nursery schools, which it funds. It contains requirements relating to financial management and associated issues, which are binding on both the Authority and on the schools.

### **1.5 Application of the Scheme to the Authority and Maintained Schools**

- 1.5.1 With effect from 1st April 2012 the following schools, also listed in Appendix A, will be subject to the requirements of this scheme:
- Community Schools
  - Community Special Schools
  - Voluntary Schools
  - Foundation Schools
  - Foundation Special Schools
  - Community Nursery Schools
- 1.5.2 Any new maintained schools opening after 1st April 2012 will be subject to the requirements of this Scheme by virtue of Section 48 of the Act. Schools which become Academies will cease to be bound by this scheme with effect from the date of the relevant Academy Order.
- 1.5.3 Pupil Referral Units (PRU's) or institutions carrying out those functions (e.g. the Haringey Pupil Support Centre) are not maintained schools within the meaning of s.20 (7) of the Act and this Scheme does not, therefore, apply to them.

### **1.6 Federated Schools**

- 1.6.1 Federated schools will still receive separate budget shares but may consolidate these for the purposes of budget preparation, financial forecasts and monthly and quarterly returns. Further guidance will be issued on annual accounts and CFR returns.

### **1.7 Publication of the Scheme**

- 1.7.1 A copy of the Scheme will be supplied to the governing body and the headteacher of each school covered by the scheme. The Scheme will be made available on the publicly accessible version of the Haringey website (HARINET). Any revised version of the Scheme will be published by the date of any revisions and will set out the date by which such amendments come into force.

## **1.8 Revision of the Scheme**

- 1.8.1 Any proposed revisions to the Scheme will be the subject of consultation with the governing body and headteacher of every maintained school and shall require the subsequent approval of the Schools Forum. In the event of a disagreement between the Authority and the Schools Forum on proposed changes to the Scheme the adjudication of the Secretary of State will be sought.

## **1.9 Delegation of Powers to the Headteacher**

- 1.9.1 Each Governing body is asked to consider the extent to which it wishes to delegate its financial powers to the headteacher, and to record its decision (and any revisions) in the minutes of the governing body. Governing bodies should send a copy of their approved scheme of delegation, and any amendments to it, to the Director of the Children and Young People's Service. A model scheme of delegation is contained within the Schools' Finance Manual.
- 1.9.2 The Governors may delegate any of their financial powers to the headteacher, and shall delegate such powers as are necessary to enable the headteacher to discharge her or his responsibilities effectively, efficiently and economically in relation to the executive management of the school, subject to the requirements of the Articles of Governance of the school, and to the Governing body setting appropriate policies, guidelines and parameters for matters reserved to the decision of the Governing body, by the Scheme or Articles, and receiving regular reports from the Headteacher on the exercise of such delegated powers.
- 1.9.3 Note that Governing bodies are required to formally agree each school's annual budget plan (see also paragraph XX) and record its decision in the minutes. Amendments or variations to the budget plan need to be reported to the governing body by the headteacher and notified to the Director of the Children and Young People's Service.

## **1.10 Maintenance of Schools**

- 1.10.1 The Local Authority is responsible for maintaining schools covered by the scheme, and this includes a duty of defraying all the expenses of maintaining them (except in the case of a voluntary 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 SSFA.

## **2 SECTION 2: FINANCIAL REQUIREMENTS AND AUDIT**

### **2.1 Application of Financial Controls to Schools**

2.1.1 All schools covered by this scheme are required to manage their delegated budgets in accordance with all the provisions contained herein and in accordance with the requirements of associated documents. This shall include financial controls and management as stipulated in the Authority's Financial Regulations and Standing Orders as set out in the School Finance Manual.

### **2.2 Provision of Financial Information and Reports**

2.2.1 Haringey Council has a general responsibility to monitor school finances; this activity is part of the monitoring of all budget areas within the Children and Young People's Service and the Authority generally.

2.2.2 All maintained schools are required, as a minimum, to send reports showing the financial situation as at 30th June, 30th September, 31st December and 31st March (outturn), for each financial year. Schools may be required to provide more frequent (monthly) monitoring reports where the authority has notified the school in writing that in its view the school's financial position requires more frequent submission. The reports must be submitted to the School Finance Team within the Council's Corporate Resources Directorate, within three weeks of the above dates, except that the outturn report will be required on a date as determined in the Authority's annual guidance on the closing of accounts. This date is likely to be in early May.

2.2.3 The reports are to include: the currently approved budget; the profiled, committed and actual expenditure and income for the current financial year; and the predicted out-turn for each budget area together with a forecast of the school's accumulated balance to be carried forward. The outturn report as at 31st March must also include a year-end balance sheet in a format prescribed by the Chief Financial Officer.

2.2.4 VAT reports, in a format determined by the Chief Financial Officer must be provided on a monthly basis to meet the requirements of HM Revenues and Customs.

2.2.5

The reports are to be accompanied by a brief written commentary for any part of the budget that either shows or forecasts a significant variance from the budget, outlining reasons for the variance and actions proposed or already taken.

2.2.6 The report needs to be certified by the headteacher as reflecting a fair representation of the school's budget position.

2.2.7 Schools are also required to submit a report showing any budget virements undertaken or proposed, along with comments on the reasons for any significant virements.

### **2.3 Payment of Salaries and Invoices**

#### **Payroll**

2.3.1 The Governing body shall be responsible for the payroll routines for school employees including calculation of all remuneration, pensions and gratuities, deductions for income tax, superannuation, National Insurance, etc.

- 2.3.2 Should the Governing body exercise this responsibility through an agency, other than the Authority's payroll service then the Governing body must satisfy the Authority's Chief Financial Officer that it can adequately carry out those functions named above. The Governing body shall make the appropriate monthly deductions as indicated by the Inland Revenue and pay these sums monthly to the Authority together with supporting documentation. This will allow the Authority to fulfil its continuing legal obligations to deduct and pay tax to the Inland Revenue. The costs of this service will be a charge against the school budget as indicated in Section 6 of this Scheme.

### **Teachers Pensions**

- 2.3.3 In order to ensure that the performance of the duty on the LA to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the LA and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.
- 2.3.4 The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the LA to provide payroll services and/or personnel services.
- 2.3.5 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 LA to provide payroll and/or personnel services, including if the school administers the payroll itself, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the LA which the LA requires, to submit the annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate.
- 2.3.6 The LA will advise schools each year of the timing, format and specification of the information required. The governing body shall ensure that any such arrangement or agreement is varied to require that any Additional Voluntary Contributions (AVCs) are passed to the LA within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the schools' budget share.

### **Payments to Creditors**

- 2.3.7 A school must maintain separate bank accounts for official (Haringey) funds and unofficial funds, i.e. a school must not use its main bank account to pay for any non-LA activities supported by School Funds, PTA Funds etc.

### **2.4 Control of Assets**

- 2.4.1 Each school must maintain an inventory of its moveable non-capital assets. For assets with a value of less than £1,000 the school can determine the form of the inventory. For assets with a value of £1,000 or more the inventory must be maintained in the form determined by the Authority, and setting out the basic authorisation procedures for disposal of assets. The format of the required inventory and the basic authorisation procedures for disposal of assets are set out in the School Finance Manual.

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

- 2.5.1 Schools must abide by procedures issued by the Authority in relation to accounting policies and year-end procedures.
- 2.5.2 These procedures are as set out in the School Finance Manual, as supplemented by



annual guidance on budgeting and on closure of accounts.

## **2.6 Writing-off of Debts**

- 2.6.1 Governing bodies are not permitted to write-off debts except with the express, written permission of the Authority's Chief Financial Officer. All debt write-offs must also be agreed by the governing body and duly recorded in the minutes. Debt write-offs are a cost against the school's budget.

## **2.7 Basis of Accounting**

- 2.7.1 Reports and accounts furnished to the Authority must comply with the accounting principles set out in CIPFA's Code of Practice on Local Authority Accounts in Great Britain and be on an accruals basis showing commitments and estimated out-turn figures.

## **2.8 Submission of Budget Plans and Forecasts**

- 2.8.1 The Authority will advise each school of its budget share prior to the start of the relevant financial year. The Authority will supply schools with all income and expenditure data, which it holds to aid efficient budget planning by schools. The Authority strongly advises schools to prepare a draft budget by 31st March.
- 2.8.2 Each school is required to submit a budget plan, approved by the Governing body, to the Authority by the 31st May each year at the latest. The budget plan should be as described in the Financial Regulations for Schools supplemented by annual guidance from the Authority. In setting its school budget Governors should, taking into consideration the high proportion of public money which flows through delegated budgets, seek to ensure that the school achieves Value for Money (VfM) and efficiencies taking into account the Authority's purchasing, tendering and contracting requirements.
- 2.8.3 The budget plan must show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan including detailed costing of staffing and other expenditure or income, and taking full account of estimated, or actual, surpluses or deficits from previous years'. The format of the budget plan shall comply with that provided by the LA when distributing individual school budgets.
- 2.8.4 The Authority also requires schools to prepare and submit a financial forecast covering each year of any multi-year funding period for which schools have been notified of indicative budget shares beyond the current year.
- 2.8.5 The Authority may also require the submission of revised budget plans where it deems it necessary. Such revised plans shall not be required at intervals of less than three months.

## **2.9 Virement (Transfers between budget categories/heads)**

Schools are free to vire between budget heads in the expenditure of their budget shares. Governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required and arrange for all virements to be reported to governors at least once per term.

## **2.10 Audit: General**

2.10.1 Schools are required to co-operate both with internal and external auditors. The Authority's internal audit service is currently provided by Deloitte and Touche and external audit by auditors appointed by the government.

## **2.11 Internal Audit**

2.11.1 All schools come within the audit regime determined by the Authority. Arrangements for the internal auditing of accounts are as follows:

*An internal audit, under the independent control and direction of the Chief Financial Officer, shall be instituted to carry out an examination of accounting, and other operations of school's which involve the use of financial resources.*

2.11.2 The Chief Financial Officer or her/his authorised representative shall in pursuance of her/his duties have authority to:

- Enter at all reasonable times upon any premises or land;
- Have access to all records, documents and correspondence relating to any financial transactions of the school;
- Require and receive such explanations as are necessary concerning any matter under examination; and
- Require any employee to produce cash, stores or any other Authority property under her or his control.

2.11.3 Whenever any matter arises which involves, or there are reasonable grounds for suspecting that it does involve, irregularities concerning cash, stores or other property of the school or any suspected irregularity in the exercise of the functions of the Authority, the Headteacher shall forthwith notify the Chief Financial Officer. He/she shall take such steps as considered necessary by way of investigation and report, in consultation with the headteacher and the Director of the Children and Young People's Service, and where necessary the Authority's Chief Executive. Details of this are set out in the Financial Regulations for Schools.

## **2.12 External Audit**

2.12.1 In relation to external audit all schools come within the Authority's external audit regime as determined by the Government. The external auditor will, from time to time, seek the assistance of schools in carrying out audit reviews of the Authority and schools' are required to comply with such requests.

## **2.13 Separate external audits**

2.13.1 In instances where a school wishes to seek an additional source of assurance, governing bodies are permitted to spend their budget share to obtain external audit review and certification of their accounts, separate from any internal or external audit process. Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also co-operate with the Authority's internal and external auditors. In the event of a difference of opinion between the LA's external auditors and a governing body appointed auditor the views of the LA's external auditor will prevail.

## **2.14 Audit of Voluntary and Private Funds**

2.14.1 In addition to the normal internal and external audits, schools must provide copies of audit certificates in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school.

2.14.2 The procedures for furnishing these audit certificates and advice on the handling of such voluntary and private funds are set out in the Financial Regulations for Schools.

## **2.15 Register of Business Interests**

2.15.1 The governing body of each school is required to maintain a register for each member of the governing body, the headteacher and any other member of staff having involvement in the significant financial processes at the school (i.e. those of procuring, accounting, receiving or certifying for payment goods or services). The register shall list any business interests held by either themselves or any member of their immediate family.

2.15.2 Each governing body is also required to keep the register up to date with notification of changes and through annual review of entries, and to make the register available for inspection by the Authority, governors, staff and parents. The Authority's Governor Support Service can provide a pro-forma.

## **2.16 Purchasing, Tendering and Contracting Requirements**

2.16.1 Schools are required to abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters.

2.16.2 This includes carrying out an assessment, in advance, where relevant, of:

- the health and safety competence of contractors, by reference to the Authority's policies and procedures;
- the financial bona fides of contractors, to ensure, as far as possible, that they will be able to complete the contract; and
- the track record of the contractor. Ask for and follow up references. This is to check for professional competence.

2.16.3 The following relevant documents have previously been circulated to schools and latest versions are available on the Authority's Intranet (Harinet).

- Standing Orders with respect to contracts and ordering procedures;
- Financial Regulations for Schools; and
- Health and Safety Management System.

2.16.4 Governing bodies should note that although they are empowered to enter into contracts in most cases they do so as agents on behalf of the Authority as maintainer of the school and the owner of the funds in the budget share.

2.16.5 Schools are however disapplied from any section of Haringey's Financial Regulations or Standing Orders, which requires them to:

- do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
- seek LA officer counter signature for any contracts for goods or services for a value below £60,000 in any one year;

- select suppliers only from an approved list;
- or would permit schools to seek fewer than three tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year.

2.16.6 Schools may nominate suppliers for inclusion on the Authority's approved list.

## **2.17 Application of Contracts to Schools**

2.17.1 Schools have the right to opt out of Authority arranged contracts.

2.17.2 Governing bodies are empowered, under paragraph 3, schedule 10 of the SSFA, to enter into contracts. However in most cases they do so on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. Some contracts may be made solely on behalf of the governing body, only when the governing body has clear statutory obligations – for example contracts made by aided or foundation schools for the employment of staff.

## **2.18 Central Funds and Earmarking**

2.18.1 The Authority 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.

2.18.2 Such allocations shall 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 Authority itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

2.18.3 Such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share.

2.18.4 Any earmarked funds not spent within the relevant financial year, or within the period over which schools are allowed to use the funding if different, shall be returned to the Authority. The procedures for demonstrating compliance with this requirement are set out in the Financial Regulations for Schools.

2.18.5 Schools should note that this requirement is to enable schools and/or the Authority to account to the DfS or other funding bodies for the earmarked funding. However schools should look at their various funding streams "in the round" to enable them to maximise the effective use of all monies available.

2.18.6 The Authority will not make any deduction in respect of interest costs to the Authority from payments to schools of devolved specific or special grant.

## **2.19 Spending for the Purposes of the School**

2.19.1 Governing bodies are free to spend their budget shares 'for the purposes of the school', subject to any provisions of this scheme. This has been widened by the Secretary of State to include specifically spending by governing bodies on community facilities and services under S27 of the Education Act 2002 and to allow schools to spend their budgets on pupils who are on the roll of other maintained schools.

## **2.20 Capital Spending from Budget Shares**

- 2.20.1 Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises. See also Section 13. This includes expenditure by governing bodies of voluntary aided schools on work which is their responsibility under paragraph 3 of Schedule 3 of the SSFA 1998.
- 2.20.2 Where the premises are owned by the Authority then the governing body shall seek the advice of the Authority to the proposed works, and must follow that advice if the estimated cost of the proposed works exceeds £15,000.

### **3 SECTION 3: INSTALMENTS OF THE BUDGET SHARE AND BANKING ARRANGEMENTS**

#### **3.1 Frequency of Instalments**

- 3.1.1 Where a school has its own bank account the budget share will be made available to the governing body in instalments as set out in paragraph 3.2.
- 3.1.2 Where a school does not maintain its own bank account the Authority will retain the budget share and enable schools to access their budget via its financial systems.

#### **3.2 Proportion of Budget Share Payable at each Instalment**

- 3.2.1 For schools with bank accounts the first instalment shall be made on or before the 15th of April and subsequent instalments shall be made on or before the 15th of each subsequent month. Where this falls on a Saturday, Sunday or Bank Holiday the instalment will be made on the preceding working day. Transfers will be made directly into school bank accounts.
- 3.2.2 Supplementary cash advances may be made on written request from the headteacher with one week's notice, subject to agreement from the Authority. If at the end of the year the school's budget share had been under or over advanced an adjustment will be made to the subsequent advance.
- 3.2.3 If the school's budget share is advanced the Authority will adjust the budget payments immediately. Bank Account adjustments are normally made in arrears, at the next Bank Account Advance, unless there are exceptional circumstances.
- 3.2.4 Schools will receive their budget share as cash advances in twelve equal instalments. Schools buying into Haringey's Payroll Service will have the advance reduced by the equivalent of the previous month's payroll with final adjustments made at the year end.

#### **3.3 Cash flow advances - Charges to Schools**

- 3.3.1 Where a school requests a cash flow payment outside of the frequency set out in Section 3.2 a charge will be made on the following basis:
- where an immediate or short notice payment is required, the cost of any banking charges levied on the Council for making the transaction will be recovered (e.g. the cost of a CHAPS payment);
  - an administration charge of £25 for each advance made.

#### **3.4 Budget Shares for Closing Schools**

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

#### **3.5 Bank and Building Society Accounts**

- 3.5.1 All schools may have an external bank account into which their budget share instalments are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account unless they choose to have an account within an Authority contract which makes other provision.

- 3.5.2 A school with a bank account with the Authority's banker, which wishes to opt out of the arrangement and set up an account with a different banker, must give three months written notice to the Authority.
- 3.5.3 When a school opens a bank account the Authority will transfer into that account an amount agreed by the Authority and the school as the estimated budget share surplus. The amount will be adjusted when the accounts for the relevant year are closed.

### **3.6 Restrictions on Accounts**

- 3.6.1 Schools are free to open a School Bank Current Account with a banker of their choice from the Authority's approved list as follows:
- Royal Bank of Scotland
  - Nat West
  - Lloyds TSB
  - Bank of Scotland
  - Barclays
  - HSBC
  - Nationwide Building Society
- 3.6.2 Where schools had accounts with banks not on this list prior to 1st April 2012 these can be retained.
- 3.6.3 Schools are allowed to have accounts for budget share purposes, which are in the name of the school rather than the Authority<sup>2</sup>. Money in school bank accounts remains the property of the Authority until it is spent. All bank mandates must provide that the Authority is the owner of the funds in the account. The Authority is entitled to receive bank statements and it can take control of the account if the school's right to a delegated budget is suspended.
- 3.6.4 Schools are not permitted to overdraw their bank accounts except as set out in 3.6 below. Schools are not permitted to hold funds in accounts or financial instruments other than as allowed by under this Section without the express permission of the Chief Financial Officer.

### **3.7 Cheque Signatories**

- 3.7.1 Governors who are not employees of the school may not be signatories to the school bank account.
- 3.7.2 All school bank account mandates must include the Authority's Chief Financial Officer as an authorised signatory to the account. This requirement applies at whichever bank the school holds its account.
- 3.7.3 Cheques to a value of £1,000 or less require only one signature, above £1,000 require two signatures.
- 3.7.4 Where practicable cheque signatories should not have made the order for the goods or services, this is part of ensuring appropriate segregation of duties.
- 3.7.5 Further details are set out in Financial Regulations for Schools and the School Finance Manual.

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Money paid by the LA and held in such accounts remains LA property until spent (s.49(5) of the Act).

### **3.8 Borrowing by Schools**

- 3.8.1 Governing bodies may borrow money or overdraw their bank account only with the written permission of the Secretary of State<sup>3</sup> or as set out in paragraph ~~XX~~ below:
- 3.8.2 The Authority will require banks holding school accounts, to notify the Authority if a school account becomes overdrawn. The Authority will consider withdrawal of delegation if a school persistently overdraws its bank account.
- 3.8.3 Schools are not permitted to enter into agreements such as leases or rental agreements without the express permission of the Chief Financial Officer and must contact the Authority's Treasury and Banking section for advice if considering entering into such an agreement.

### **3.9 Other Provisions**

- 3.9.1 The Authority has formulated separate detailed rules and guidance in respect of other aspects of banking arrangements, which are as set out in the Financial Regulations for Schools.
- 3.9.2 The Governing body must satisfy the Chief Financial Officer that their arrangements for managing their bank account are satisfactory and comply with the Authority's Financial Regulations for Schools. This will be monitored through occasional "health checks", through school audits and by recording and checking schools' adherence to the relevant terms of this Scheme.

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This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the LA when repaying loans.



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

### **4.1 The Right to Carry Forward Surplus and Deficit Balances**

- 4.1.1 A governing body will carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's formula budget share for the year plus/minus any balance brought forward from the previous year.
- 4.1.2 For schools, which open a bank account during the financial year, the Authority will transfer into the account the agreed provisional surplus balance as part of the second cash payment to the school. This will be in the month after the school opens its bank account. The balance will be finalised as part of the year end closure of accounts reconciliation process for the year in which the school opened its bank account.
- 4.1.3 Arrangements for carry forward or return of monies other than the budget share, are subject to separate arrangements and/or DfE guidance.

### **4.2 Controls on Surplus Balances**

Surplus balances held by schools as permitted under 4.1 of this scheme are subject to the following restrictions:

- 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. Governing bodies will be required to provide to the Authority as part of their final account return an analysis of the CFR balance showing, assigned planned savings and prior year commitments. The amounts identified under these headings must be determined in line with the requirements set out in the following sections.
- b. the Authority shall deduct 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. To satisfy the Authority of the proper assignment of funds each governing body shall provide to the Authority by the end of January a list of the schemes for which funds have been set aside together with the amounts so assigned and the period in which they will be used. The assignments should be of a type and for a period that accords with the instructions issued by the Authority. The governing body will need to have approved and minuted the decision to put aside funds no later than 31<sup>st</sup> December.
- c. if the result 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 Obligation to Carry Forward Deficit Balances**

- 4.3.1 Deficit balances will be carried forward. Planned deficits can only be incurred with the prior agreement of the Authority (see also XX).
- 4.3.2 Schools must take all necessary steps to avoid incurring deficits and rectify any "accidental" deficit with immediate action.

#### **4.4 Planning for Deficit Budgets**

- 4.4.1 Schools may only plan for a deficit budget in accordance with the terms set out in paragraph XX below.

#### **4.5 Interest Charge on Deficits**

- 4.5.1 The Authority will charge interest on deficits as set out in paragraph XX.

#### **4.6 Writing-off Deficits**

- 4.6.1 The Authority has no power to write off the deficit balance of any school except where a school closes and the balance transfers to the Authority where it becomes a charge against the Authority's budget.

#### **4.7 Balances of Closing and Replacement Schools**

- 4.7.1 When a school closes, any balance (whether surplus or deficit) shall revert to the Authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school. New or replacement schools will have a nil opening budget balance.
- 4.7.2 Where two department schools are considering amalgamation the Authority will work with them to ensure that they should not be disadvantaged by amalgamation.
- 4.7.3 Where a school becomes an Academy the treatment of the accumulated balance of the predecessor school, whether a surplus or in deficit, will be governed by the requirements of the Academies Act 2010

#### **4.8 Borrowing for Agreed Purposes**

- 4.8.1 The general provision in paragraph XX above forbidding governing bodies to borrow money shall not apply to deficit management schemes run by the Authority as set out in

this section.

## **4.9 Licensed Deficit Schemes**

- 4.9.1 Deficit balances will be carried forward into the next financial year. Provided that the overall balance for schools is in surplus (see point 4 below), the Director of the Children and Young People's Service and Chief Financial Officer will agree with each school in deficit, before the end of June each year, how the budget of the school will be brought back into balance. This position must be planned to be reached within three years of the year in which the deficit position occurred.
- 4.9.2 In practice this means that where a school is unable to present a balanced budget position for the financial year (i.e. its planned expenditure exceeds its planned income) taking into account surpluses or deficits brought forward the school must seek the Authority's agreement to have a Licensed Deficit.
- 4.9.3 The school (Chair of Governors) must write formally to the Director of the Children and Young People's Service requesting a Licensed Deficit. Licensed Deficits will only be agreed when the school has also prepared and agreed with the Authority a recovery (deficit management) plan. If the deficit is part of the school's annual budget plan the deadline for contacting the Director of the Children and Young People's Service is 31st May each year.
- 4.9.4 The detailed arrangements applying to this scheme are set out below:
1. Schools are able to apply to the Authority for permission to incur a deficit budget, which will be eliminated within an agreed period. The Haringey Licensed Deficit application form should be used and, as a guide, the Authority would normally expect schools to eliminate deficits within one to three years, and will not agree to periods longer than five years.
  2. The Licensed Deficit may be used:
    - (a) to spread the effects of an unforeseen reduction in pupil numbers;
    - (b) to spread the effects of changes in the school's budget arising from formula funding changes the effect of which cannot be met either from a single year's budget share or accumulated balances;
    - (c) exceptionally, to purchase large items of equipment, such as information and communication technology equipment, or to carry out or complete, major repairs or building projects. Schools would normally be expected to have accumulated savings to fund such expenditure; and
    - (d) to eliminate a brought forward, unforeseen, budget deficit from a preceding year. It is unlikely that such a deficit will be licensed for more than one year.
  3. The school will need to demonstrate, by way of a robust Recovery Plan, how the deficit will be eliminated over the agreed period. The school will report, as part of its regular budget monitoring, progress on eliminating the deficit.
  4. The Authority can agree to license deficits in total of up to 30% of the aggregate of all schools balances (including deficits agreed in previous financial years). To ensure equity in the treatment of applications for licensed deficits the Authority will review all applications received by the 31st May each year and will inform

schools by 30th June of the decision in relation to their application. If the total of applications (including licensed deficits agreed in previous years) exceeds 30% the Authority may require schools to reduce their deficits with immediate effect.

5. The Authority may charge interest on deficits at the Bank of England Base Rate plus 1% based on the average deficit in the preceding quarter.

## **5 SECTION 5: INCOME**

### **5.1 General**

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

### **5.2 Income from Lettings**

5.2.1 Schools may retain income from lettings of the school premises, which would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share.

5.2.2 Schools whose premises are owned by the Authority shall follow directions issued by the Authority as to the use of school premises. Governing bodies of aided schools shall also have regard to any directions on the use of their premises issued by the Authority in pursuance of Section 152(3) of the Education Act 1996.

### **5.3 Income from Fees and Charges**

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

### **5.4 Income from Fund-Raising Activities**

5.4.1 Schools may retain income from fund-raising activities.

### **5.5 Income from the Sale of Assets**

5.5.1 Schools may retain the proceeds of sale of assets except:

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

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

### **5.6 Administrative Procedures for the Collection of Income**

5.6.1 Because of the potential VAT implications of providing services which lead to fees and charges, fund raising activities and the sale of assets, the Authority has established administrative procedures for the collection of income which are set out in the Financial Regulations for Schools and the Financial Management Handbook.

## **6 SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES**

### **6.1 General Provision**

- 6.1.1 The budget share of a school may be charged by the Authority without the consent of the governing body only in circumstances set out in paragraph ~~XX~~ below or in Section 9 except that, for schools using the Authority's payroll service, the Authority will charge the salaries of school-based staff to the budget of a school at actual cost.
- 6.1.2 The Authority shall consult a school as to the intention to so charge, and shall notify a school when it has been done.
- 6.1.3 Schools are reminded that the Authority cannot act unreasonably in the exercise of any power given by this Scheme, or it may be the subject of a direction under S.496 of the Education Act 1996.

### **6.2 Circumstances in Which Charges may be Made**

- Where premature retirement costs have been incurred without the prior written agreement of the Authority to bear such one off and/or ongoing costs (the amount chargeable being only the excess over any amount agreed by the Authority).
- Other expenditure incurred to secure resignations where the school had not obtained and followed advice from Haringey Council and received written confirmation that the costs would be centrally funded.
- Awards by courts and industrial tribunals against the Authority or out of court settlements arising from action or inaction by the governing body where the Authority's advice had not been followed.
- Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been delegated or devolved to the governing body for such work, but the governing body has failed to carry out the required work.
- Expenditure by the Authority incurred in making good defects in building work funded by capital spending from budget shares, or grant, where the premises are owned by the Authority or the school has voluntary controlled status.
- Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the Authority (see also Section 10).
- 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 Authority.
- Recovery of penalties imposed on the Authority by the Board of Inland Revenue, the Contributions Agency, HM Customs and Excise, Teachers Pensions Agency, the Environment Agency or other regulatory authorities as a result of school negligence or of failing to follow appropriate procedures or advice from the Authority.
- Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions). The Authority will only seek to recoup monies in the three financial years following the error.
- Additional transport costs incurred by the Authority arising from decisions by the governing body on the length of the school day, and failure to notify the Authority of non-pupil days resulting in unnecessary transport costs.
- Legal costs which are incurred by the Authority because the governing body did not accept the advice of the Authority (see also Section 11).
- Costs of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not carried out.

- Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- Additional administration and audit charges associated with schools operating their own bank account.
- Additional costs incurred in securing statistical, financial and other returns in a timely manner where accurate information has not been furnished by schools.
- Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge being the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
- Additional costs to the Authority incurred in the collection and transmission of data in relation to payroll and related services where those services are provided by an external supplier.
- Costs incurred by the Authority in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of that statement.
- Recovery of amounts spent from specific grants or earmarked funds on ineligible purposes.
- Costs incurred by the Authority as a result of the governing body being in breach of the terms of a contract.
- Costs which arise from the withdrawal of a school from a cluster arrangement into which the school had entered voluntarily and where this would otherwise result in additional costs to the other schools in the cluster or the LA e.g. where such an arrangement has funded staff providing services across a cluster.

## **7 SECTION 7: TAXATION**

### **7.1 Value Added Tax**

7.1.1 The Authority has established procedures to enable schools to utilise the Authority's ability to reclaim VAT on expenditure relating to non-business activity.

7.1.2 These procedures are set out in separate guidance in the following documents:

- Financial Regulations for Schools
- Financial Management Handbook and
- Individual guidance notes issued to schools.

7.1.3 Latest versions of the Authority's VAT guidance are available via its Intranet (Harinet).

7.1.4 Amounts reclaimed through these procedures will be passed back to the school in the month following receipt of the school's VAT claim assuming that an accurate claim is received before the notified deadline.

### **7.2 Construction Industry Taxation Scheme (CITS)**

7.2.1 Schools are required to abide by procedures issued by the Authority in connection with CITS as set out in the Financial Regulations for Schools.



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

### **8.1 Provision of Services from Centrally Retained Budgets**

8.1.1 The Authority shall determine on what basis services from centrally retained funds will be provided to schools, but is debarred from discriminating in its provision of services on the basis of categories of schools except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties<sup>4</sup>.

### **8.2 Timescales for the Provision of Services Bought Back from the Authority using Delegated Budgets**

8.2.1 The term of any arrangement with a school starting on or after 1st April 2002 to buy services or facilities from the Authority shall be limited to a maximum of three years from the date of the agreement. Exceptionally contracts for the supply of catering services (school meals) shall have a maximum term as agreed between schools and the Authority as part of a partnership arrangement.

### **8.3 Pricing of Services Bought Back using Delegated Budgets**

8.3.1 Services offered by the Authority for purchase by schools are offered at a price intended to recover the costs of providing the service. It should be noted that schools' formula budget shares are not calculated by reference to either the costs of providing delegated services or the prices charged.

### **8.4 Packaging**

8.4.1 The Authority will provide services for which funding has been delegated, and which schools may buy back, in a way that within reason does not restrict schools' freedom to choose between services. If a package of services is provided, schools will be given the option of purchasing services singly.

### **8.5 Service Level Agreements**

8.5.1 Service Level Agreements (SLA) will be available to schools by February 28th for the following financial year. The SLA documents will include prices of services so that schools can include the estimated costs in their budget plans. Schools are required to indicate whether they wish to purchase services as soon as possible and by no later than 31st May each year (except see Section 10 concerning insurance). Schools are required to give two months notice if they wish to cancel a SLA during the year.

8.5.2 If services or facilities are provided by the Authority under the terms of a SLA, whether "free" or on a buy back basis, the terms of any such agreement, starting on or after the inception of the Scheme, will be reviewed at least every three years.

8.5.3 Some services may be offered by the Authority on a basis not related to an extended agreement and may be charged for at a different rate from those charged under an extended agreement.

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The term services in this paragraph **includes** PRC and redundancy payments but **excludes** centrally funded premises and liability insurance.

## **9 SECTION 9: PFI/PPP**

- 9.1.1 The Authority shall have the power to issue binding arrangements from time to time relating to PFI/PPP projects. Amongst other issues these may deal with the reaching of agreements with the governing bodies of schools as to the basis of charges relating to such schemes; and the treatment of monies withheld from contractors due to poor performance.
- 9.1.2 Schools involved with PFI/PPP projects are required to budget for the annual charges made to schools as part of the project. The charges will be top sliced from the relevant schools' budget share.

## **10 SECTION 10: INSURANCE**

### **10.1 Insurance Cover**

- 10.1.1 Where funds for insurance are delegated to any school, the Authority will require the school to demonstrate that cover relevant to the Authority's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the Authority if the Authority makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets.
- 10.1.2 Responsibility for insurance is delegated to schools in Haringey, therefore the onus is on schools not using the Authority's insurance services to demonstrate to the Authority that they have adequate insurance. To safeguard the Authority's assets and employees the Authority will, by default, insure all community schools and any insurable interest it considers necessary in respect of all other schools from April 1st to March 31st each year unless a school has provided proof of adequate cover by March 31st preceding the start of the financial year.
- 10.1.3 Where the Authority still has an insurable interest, their interest must be noted on the policy. Details of proposed insurance arrangements must be supplied to the Authority's Risk and Insurance Manager before contracts are entered into and confirmation of renewal must be supplied on an annual basis within 14 days of the renewal date.

## **11 SECTION 11: MISCELLANEOUS**

### **11.1 Right of Access to Information**

11.1.1 Governing bodies shall supply to the Authority all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (e.g. earmarked funds) on the school. If the governing body fails to supply such information the Authority may charge schools with the costs of obtaining such information (see also para XX).

### **11.2 Liability of Governors**

11.2.1 Because the governing body is a corporate body<sup>5</sup>, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

### **11.3 Governors' Expenses**

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

11.3.2 Only allowances in respect of purposes specified in regulations<sup>6</sup> may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

11.3.3 Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

### **11.4 Responsibility for Legal Costs**

11.4.1 Legal costs, including damages, incurred by the governing body, although the responsibility of the Authority 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.

11.4.2 In the event of a conflict of interest between the governing body of a school and the Authority, the governing body will be expected to meet costs from the resources available to the school.

### **11.5 Health and Safety**

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

### **11.6 Right of Attendance for the Chief Finance Officer**

11.6.1 Governing bodies are required to permit the Chief Financial Officer of the Authority, or

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and because of the terms of s.50(7) of the SSAF Act  
schedule 11 of the School Standards and Framework Act 1998,

any officer of the Authority nominated by him/her, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

- 11.6.2 The Chief Financial Officer's attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine. Unless impracticable, prior notice of the Chief Financial Officers attendance will be given.

### **11.7 Delegation to Schools**

- 11.7.1 The Authority is empowered to delegate selectively and optionally to the governing bodies of schools which have yet to receive delegated budgets.

### **11.8 Special Educational Needs**

- 11.8.1 Governing bodies are required to use, in expending their school budget share, their best endeavours to secure that special educational needs of pupils in the school are met, in accordance with Section 417 of the Education Act 1996 and the SEN Code of Practice. Where the governing body fails to meet these duties, the Authority may withdraw financial delegation in accordance with Section 51 of the School Standards and Framework Act 1998.

### **11.9 Interest on Late Payments**

- 11.9.1 Schools are reminded that all invoices should be paid within the terms and conditions of suppliers and that late payments may attract interest charges which, will fall to be met from the school's budget share.

### **11.10 Whistleblowing**

- 11.10.1 Schools should ensure that all employees have received and are aware of the Authority's whistleblowing policy. If any school employee or Governor wishes to complain about financial management or propriety at the school they should, in the first instance, contact the Director of the Children and Young People's Service. If the complainant wishes he or she can remain anonymous. The Director will deal with such complaints confidentially and will either action an internal investigation or pass to Internal Audit.

### **11.11 Child Protection**

- 11.11.1 Schools are required to release staff where they are required to attend Child Protection case conferences and other related events. The costs of attending such meetings etc fall to be met from the school's delegated budget.

### **11.12 Fees to be Deducted from Teachers' Salaries and Remitted to the General Teaching Council for England**

- 11.12.1 Governing bodies of all schools covered by this Scheme are required to ensure that they have in place arrangements to collect teachers' fees for the General Teaching Council (GTC) and to remit those fees to the GTC. This would be via the school's payroll supplier or directly by the school if it administers its own payroll service.
- 11.12.2 The General Teaching Council for England (Deduction of Fees) Regulations 2001 ("the Regulations", S.I. 2001 No. 3993) came into force on 10th January 2002.

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

11.12.3 In order to ensure the performance of the duties to deduct and remit the fee imposed on employers by the Regulations the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares and come into effect on 28th February 2002:

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

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

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

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

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

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

(a) where the governing body has entered into any arrangement or agreement with

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

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

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

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

### **11.13 Responsibility for Meeting the Costs of Securing Resignation or Early Retirement.**

11.13.1 Section 37 of the Education Act 2002 sets out the respective responsibilities of governing bodies and local authorities in this area; in summary, the governing body is, for school based staff, the 'deciding' body and will determine if the resignation or early retirement of a member of staff is to be secured and the level of compensation payable. The local authority is the 'compensating' body and will pay the compensation; in certain circumstances, some or all of this compensation will be charged to individual school budget shares.

11.13.2 The 'deciding' body must take account of all relevant legal requirements and of the advice of the local authority in reaching its decision. Only where the Local Authority has 'good reason' for not funding Early Retirement costs centrally may these be charged against the school's delegated budget. The following are examples where the LA would expect to believe that there was good reason to charge a school's budget share and would seek to do so:

- 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 of the LA's policy;
- Where the school is making staffing reductions which the LA 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 schools control;
- Where the school has excess surplus balances and no agreed plan to use these;
- Where a school has refused to engage with the LA's redeployment policy.

### **11.14 Securing Resignations.**

11.14.1 Central budgets will meet the cost of securing resignations when the 'deciding' body has sought and followed the advice of Haringey Council. The Council will provide written confirmation of its agreement to the proposed compensation. If a 'deciding' body ignores the Council's advice, the school's budget share may be charged with some or

all of the compensation.

**11.15 Early Retirement.**

11.15.1 Unless Haringey Council has agreed otherwise, the school's budget share will be charged with the cost of premature retirement.

**11.16 Legal Costs.**

11.16.1 School budgets will be charged with the legal costs associated with securing resignations or early retirement, such as unfair dismissal, or any other staff related legal costs, such as those arising from alleged discrimination, unless the governing body have acted in accordance with the written advice of Haringey Council.



## **12 Section 12 Community Facilities.**

- 12.1.1 Schools which choose to exercise the power conferred by S27 (1) of the education Act 2002 to provide community facilities will be subject to a range of controls. S28 (2), if made can specify activities which may not be undertaken at all under the main enabling power. Schools are also required to consult the LA and have regard to such advice from the LA. The SoS may also issue guidance to governing bodies about a range of issue connected with the power and about which a school must have regard to.
- 12.1.2 This part of the Scheme does not extend to joint use agreements, transfer of control agreements or agreements between the LA and schools to secure the provision of adult and community learning.

**APPENDIX**

**LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES**

## APPENDIX

### Checklist of Documents

Document	Is this in place?	Where is it?	Date for Review & who to do	Date Reviewed
Register of Interests				
Asset Register				
Scheme of Delegation from Governors to Headteacher/ other staff				
List of Authorised Cheque Signatories				
Haringey's School Finance Manual				

## **APPENDIX**

### **OUTLINE CALENDAR**