

## Agenda Item 9



For information/note ☒  
For consultation & views ☐  
For Decision ☐

### Report to Haringey Schools Forum – Thursday 22<sup>nd</sup> February 2018

#### Report Title: 2018-19 Scheme for Financing School

#### Authors:

Paul Durrant – Head of Finance, Children, Schools and Adults  
Contact: 020 8489 3248 Email: [Paul.durrant@haringey.gov.uk](mailto:Paul.durrant@haringey.gov.uk)

Kamaljit Kaur – Finance Business Partner - Schools and Learning  
Contact: 0208 489 1263 Email: [Kamaljit.kaur@haringey.gov.uk](mailto:Kamaljit.kaur@haringey.gov.uk)

#### Purpose:

To update Schools Forum of the Scheme for Financing Schools

#### Recommendation:

##### Schools Forum is recommended:

1. To note that Schools Forum updated Scheme for Financing Schools effective from April 2018
2. Given the size of the document, it was decided prudent to provide members with an electronic copy as opposed to a hard copy.

## **Funding Updates**

<b>Content</b>	<b>Page No</b>
The Funding Framework	7-8
Financial Requirements; Audit & Reporting	9-10,12-14
Budget Share	16
Banking Arrangements	17-18
Control on Balances	19
Licensed Deficits	21
Income	22-23
Budget Share	24-26
Value Added Tax	27
Service Level Agreements	29
Private Finance Initiative	30
Miscellaneous	32-34
Repairs and Maintenance	35
Community Facilities Power	36-41
Appendix A	42
Appendix B	44-45
Appendix C	46
Appendix D	47-55

# Scheme For Financing Schools

Regulations and guidance governing the financial relationship between Haringey and its maintained schools

Effective April 2018

**The Scheme for Financing Schools**

## **List of Contents**

1. Introduction
  2. Financial Requirements
  3. Instalments of Budget Share; Banking Arrangements
  4. Treatment of Surpluses and Deficit Balances arising in relation to budget shares
  5. Income
  6. The Charging of School Budget Shares
  7. Taxation
  8. The Provision of Services and Facilities by
  9. Private Finance Initiative
  10. Insurance
  11. Miscellaneous
  12. Responsibility for Repairs and Maintenance
  13. Community Facilities Power
- Appendix A Sections 27 and 28 of the Education Act 2002
- Appendix B List of Schools to which this Scheme applies
- Appendix C Responsibility for redundancy and early retirement costs
- Appendix D Responsibility for Repairs and Maintenance

## **SECTION 1: INTRODUCTION**

### **1.1 The Funding Framework**

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

Under this legislation, local authorities determine for themselves the size of their Schools Budget and non-schools education budget -although at a minimum an 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. Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes 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 retained centrally (although earmarked allocations may be made to schools).

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 delegated to the governing body of the school concerned, unless the school is a new school and has not yet received a delegated budget, or the right to a delegated budget 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 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.)

An authority may suspend a school's right to a delegated budget if the provisions of the authority's 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 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, the budget share for each school. After each financial year the authority must publish a statement showing, out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements 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 as far as they relate to that school or central expenditure.

Regulations also require a local authority to publish their schemes 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 purpose of the scheme is to set out the financial relationship between the Local Authority (the London Borough of Haringey) and its maintained schools that it funds. The scheme sets out the requirements for sound financial management and associated issues, which are binding on both the authority and on schools.

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

This scheme applies to all community, nursery, voluntary, foundation (including trust), community special, foundation special schools and PRUs maintained by (as listed in Appendix B). It will not apply to any academies within the borough.

## **1.3 Publication of the scheme**

A copy of the scheme will be published on the Council website.

## **1.4 Revision of the scheme**

Any proposed revisions to the scheme will be the subject of consultation with the governing body and the head teacher of every school maintained by the authority before they are submitted to the schools forum for their approval.

All proposed revisions must be submitted to the schools forum by approval by members of the forum representing maintained schools. Where the schools forum does not approve them or approves them subject to modifications, which are not acceptable to the local authority, the local authority may apply to the Secretary of State for approval.

## **1.5 Delegation of powers to the head teacher**

Each governing body have full responsibility for the management of the school's budget and for the appointment and dismissal of all staff taking into account the professional advice of the Director of Children's Services and their head teacher. Governing bodies are required to:

- Spend their budgets in a manner that is consistent with the implementation of the National Curriculum; with the statutory requirements relating to the curriculum as a whole, (including religious education and worship), to secure provision for children with additional educational needs and use their best endeavours to secure the provision set out in the statement of special educational need of any pupil registered at the school insofar as that provision is not made from central resources retained by the LA for that purpose;
- operate an effective and efficient education service within the strategic framework set by the LA for the benefit of their pupils;
- operate within their budget share;
- meet the actual cost of all expenditure from their delegated budget; any devolved funding (e.g. Standards Funds grants) and any income accruing to the governors.

Each governing body should consider the extent to which it wishes to delegate financial powers, and should record its decision (and any revisions) in the minutes of the governing body. Governing Bodies may make delegations in writing direct to the head teacher and other members of staff or may choose to delegate matters only to the Head teacher, who in turn may make further delegations as appropriate.

The first formal budget plan of each financial year must be approved by the governing body.

The LA has no wish to impose uniformity on schools but has set out a model scheme and code of practice for delegation to head teachers, which sets out reasonable parameters that governing bodies are asked to consider. It is a suggestion only and governing bodies are free to determine arrangements appropriate to their circumstances.

The level of delegation decided upon by the governors of the school and any subsequent revisions should agree by the full governing body and duly detailed in the minutes of the governing body. Such decisions will be subject to any requirements of regulations made under Section 38 and Schedule 11 of the School Standards and Framework Act.

The governors should delegate at least the day-to-day administration and management of the school finances to the head teacher. The arrangements must also make clear the respective responsibilities of the governors and the head teacher for the Annual Budget Plan and delegated budget

### **1.6 Maintenance of Schools**

The LA is responsible for maintaining the schools covered by the scheme, and this includes the defraying of all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, the responsibility of 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 REQUIREMENTS; AUDIT & REPORTING**

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

In managing their delegated budgets, schools must abide by the Authority's requirements on financial controls and monitoring. As far as possible, schools will be given the freedom to exercise choice that is compatible with exercising management autonomy over their budgets. will seek only to impose regulations that are consistent with the need for accountability and control over the expenditure of public funds.

In managing their delegated budgets, schools are required to abide by the LA's requirements on financial controls and monitoring.

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

School governors are responsible for:

- ensuring that there are effective controls in place for authorising, monitoring and controlling expenditure and obtaining value for money,
- maintaining accurate records of all income and expenditure transactions using an accounting package approved by the LA and
- providing the LA with copies of expected and actual income and expenditure, accounts, records, information and other relevant documentation in such form and at such times as required, (this includes provision of information to any Auditors and to H.M. Revenue & Customs).

Meeting LA deadlines for the provision of financial information to the LA.

Under Section 151 of the Local Government Act 1972, the LA's Chief Finance Officer is responsible for the probity and regularity of the LA's financial activities. The LA's Chief Finance Officer (or other officer given authority to act on his or her behalf) will have the right to intervene in the financial affairs of a school where there are concerns about compliance with financial regulations or other guidance set out in this document or in those to which it refers. In such an event, the LA may withdraw delegation and any resultant costs arising for the LA will normally be charged to the school's budget.

LA has an overall responsibility to monitor school finances. Schools are required to provide the authority with details of expected and actual expenditure and income, in a form (generally in line with Consistent Financial Reporting) and at times determined by the authority. This will not be more often than quarterly (except for information connected with tax or banking reconciliation) but may be more frequent if the LA has given the school notice in writing that it is concerned about its financial management or the school is in its first year of operation.

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

#### **Payment of bills**

All schools are in receipt of their own bank accounts and the majority of payments will be processed using these accounts. The administration relating to this area should be in accordance with Financial Regulations, Contract Procedure Rules and Schools Financial Procedures Manual. These provisions state that a school may use its disbursement bank account to pay for all goods and service included in the delegated budget.

A school must not use its disbursement bank account to pay for any excepted items such as non-LA activities supported by School Funds or PTA . Advice should be sought from the Schools Finance team.



## **Payment of salaries**

The governing body shall be responsible for the payroll routines for employees working in their school. This responsibility will include calculating, where applicable, all remuneration, pensions and gratuities, deductions for income tax, superannuation, National Insurance, Apprenticeship Levies, the advance and recovery of any loans agreed by the school, etc. Governors will normally discharge these responsibilities with the assistance of their payroll provider.

- A At present the majority of schools have opted to buy into the LA payroll service, their payroll costs are not directly charged to the school bank accounts but are deducted from the monthly cash flow paid to the schools. The administration relating to this area should be in accordance with Financial Regulations issued by the LA to schools.
- B Should the governing body exercise this responsibility through some other provider, then it is in the governing body's interest that their contract is equally clear about these matters. If governors do not do so, they expose themselves to great risk and are therefore; advised to seek advice from the Director of Children's Services about their view as to the provider's ability to carry out the functions set out above.
- C The Schools Financial Procedures Manual sets out the information about such matters as tax and pensions that the LA will require the governors to provide in order for it to carry out its remaining legal obligations in respect of tax and pensions, etc. This continuing service may be the subject of a SLA for which a charge will be made.

## **Teachers Pensions**

- 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.
- 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.
- 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.
- 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) be 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

### **2.1.4 Control of assets**

Governing bodies are responsible for the safe custody and control of the school's and the LA's assets, income and stores. This scheme requires that inventories of all movable non capital assets must be held and kept up to date when schools make purchases within this scheme.

The format of the required inventory and the basic authorisation procedures for disposal of assets are set out in the School Finance Manual.

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

Schools must abide by procedures issued by the authority in relation to accounting policies, arrangements and year-end procedures. This includes the requirements for consistent financial reporting. The year-end procedures issued to schools towards the end of each financial year.

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

The Governing Body should set appropriate limits on the individual value of bad debts that may be written off by the Head teacher, and should receive regular reports on any debts written off. Bad debts must be submitted to the Governing Body to be written off. The administration relating to this area should be in accordance with Financial Regulations.

Any schools experiencing problems recovering money due should contact the Schools Finance for advice and support.

## **2.2 Basis of accounting**

Reports and accounts provided to the LA by schools within the scheme shall be on an accrual basis and shall include the projected out-turn.

## **2.3 Submission of budget plans**

Budgets should be prepared in accordance with Schools Financial Handbook issued by the LA to schools. Governing Bodies should preferably, approve the budget before the start of the financial year. If this is not possible then the Governing Body should give its approval as soon as possible in the new financial year. Each school is required to submit the approved budget plan to the LA by 31 May at the latest, in the format requested by the LA prior to the start of the year, duly authorised by the Head teacher and Chair of Governors. It is essential that schools maintain accurate and up to date budgets in their financial systems.

The budget plan must be in the format set out in the Schools Financial Procedures Manual and include all relevant items of expenditure and income along with any specified supplementary information. Schools must take account of any surplus from earlier years and must take account of any accumulated deficit when formulating its plan. The LA will provide schools with all income and expenditure data that it holds which is necessary to efficient planning by schools such as inflation rates and pay rates that it recommends should be used in the budget planning process. Budget plans should be submitted within 4 weeks of schools receiving their budget information from the LA.

Schools must accept responsibility for the proper coding of income and expenditure to ensure that requirements of consistent financial reporting (CFR) are met.

### **2.3.1 Submission of Financial forecasts**

Schools are required to submit a 3-year financial forecast linked to the School Improvement Plan in a format required by the LA. The LA will pass on details of income and expenditure inflation rates to be used but schools should also try to reflect increases/decreases in pupil numbers, salary incremental drift and changes in spending patterns.

Future-year financial forecasts indicate that a school is undertaking effective financial planning and so will be used as evidence to support the compliance with the Financial Management Standard in Schools (section 2.15) and will be used to support the LA's balance control mechanism (see section 4).

## **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, taking into account the Authority's purchasing, tendering and contracting requirements.

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

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

## **2.5 Virement**

Schools are free to vire between expenditure and income budget heads in their budget shares. Governors must determine a procedure for authorising virements between budget heads, including financial limits above which the approval of the governors is required. To maintain accurate budgetary control, budget virements should be updated on the school's computerised financial system at the earliest opportunity.

Records should be kept of virements made and the authorisations obtained from Governors.

## **2.6 Audit: General**

In regard to internal audit, all schools come within the audit regime determined by the LA and will be subject to audit as and when deemed necessary by the Section 151 Officer.

The Council has a statutory responsibility to maintain an adequate and effective internal audit function and this responsibility has been delegated to the Chief Executive and Director of Finance. The Council's Internal Audit Section provides this service. Schools are required to co-operate both with auditors employed by the local authority (internal audit) and with auditors appointed to audit the local authority itself (external audit). This includes providing access to schools' records for both internal and external auditors.

In regard to internal audit, all schools come within the audit regime determined by the LA and will be subject to audit as and when deemed necessary by the Section 151 Officer. In relation to external audit, all schools come within the LA external audit regime as determined by the Public Sector Audit Appointments (PSAA) Ltd.

## **2.7 Separate external audits**

In instances where a school wishes to seek an additional source of assurance at its own expense, a governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA 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 LA's internal and external auditors. If a school chooses to exercise this discretion it should ensure that, the appointed auditors are competent and that the Director of Children's Services is notified of the appointment.

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

Schools must have their voluntary and private funds audited annually. They must obtain an audit certificate/statement confirming that an audit has been carried out and that in the auditor's view the funds are properly maintained and accounted for. Schools must provide copies of audit certificates, for all voluntary and private funds held by the school and of the accounts of any trading organisations controlled by the school, to the LA annually. A school refusing to provide audit certificates to the LA as required by the scheme is in breach of the scheme and the LA may take action on that basis.

Schools are required to advise Schools Finance Team of any trading organisations controlled by the school that are not operated as part of their official or unofficial funds.

The administration of the “Private” or “Unofficial” funds should be of the same high standard as for the main delegated budget. The operation of these funds needs to conform to the LA Financial Regulations

## **2.9 Register of business interests**

The governing body of each school is required to establish and maintain a register that lists, for each member of the governing body and the head teacher and staff.

- Any business and pecuniary interests they or any members 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 governors are also required to keep the register up to date with notification of changes through annual review of entries, and to make the register available for inspection by governors, staff and parents, and the LA; and to publish the register on a publically available website.

Nil returns from staff and governors should be included in the register. Further details and a recommended format for the register are set out in the Schools Financial Procedures Manual. Declaration of any pecuniary interests should also be made at governors meetings and minuted.

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

Schools are required to abide by the LA's financial regulations and standing orders for this scheme in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures e.g. the Corporate Health and Safety Policy.

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

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

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

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

Schools have the right to opt out of LA arranged contracts except where they have lost that right for particular contracts (whenever started) in accordance with a specified written procedure. In

such cases, they will be bound into the contract for its length (although the contract might contain clauses allowing variance of its terms and conditions).

In general, schools, under paragraph 3 of schedule 10 of the Education Act 2002, enter into contracts on behalf of the LA as maintainer of the school and owner of the funds in the budget share. However, where a governing body has a clear statutory duty, e.g. contracts made by aided schools for the employment of staff, the governing body are acting on their own behalf.

## **2.12 Central funds and earmarking**

The LA is authorised to make sums available to schools from central funds, in the form of allocations that are additional to and separate from the schools' budget shares. Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used.

While these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant that 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. Such allocations may also be sums for Special Educational Needs or other initiatives funded from the central expenditure of a LA's School Budget or other LA budget; once again, these should not be assimilated into the school's budget share.

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. Earmarked funds are to be returned to the LA if not spent within the period for which the earmarked funding was given.

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

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

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

Although s.50 (3) of the Act 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. By virtue of section 50(3A) (which came into force on 1<sup>st</sup> 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 roll of other maintained schools or academies.

Governing bodies are reminded that the prime purpose of the school and its consequent expenditure should be the provision of teaching and learning for the pupils and students attending the school.

In addition, the following restrictions shall apply:

- Expenses incurred in connection with staff farewell celebrations and other such social events shall not be funded from the schools delegated budget.

- The advice of the Local authority should be sought in relation to proposed grants to individuals or groups since these may not be classifiable as being for the purposes of the school.

The costs of non-school activities taking place on school premises are specifically excluded from schools' budget shares; these include expenditure on:

- Adult and community education, student awards, youth services, nursery schools, boarding houses, pupil referral units and secure units;
- Pre and post school activities, crèches, nurseries, and other self-financing activities. Additional costs in providing these activities must be met from income raised from charges to participants for the activities;
- Non-curriculum activities. The costs of trips such as skiing must be met from charges to participants;
- Fund raising activities.

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

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises in addition to any devolved capital grant. 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 Schools Standards and Framework Act 1998.

If the expected capital expenditure from the budget share in any one year, the governing body must submit detailed proposals to the Director of Children's Services prior to taking any other action and take into account any advice from the Director of Children's Services as to the merits or not of the proposed expenditure.

Where owns the premises, the governing body shall seek the consent of the LA to the proposed works, but such consent will only be withheld on health and safety grounds. The reason for these requirements is to help ensure compliance with the current School Premises Regulations and DfE Construction Standards, and health and safety legislation.

## **2.15 Notice of concern**

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

Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of 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 systems;
- Imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share -for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the LA may take where the governing body does not comply with the notice.

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

All LA maintained schools (including nursery schools and pupil referral units 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 which time of 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. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

## **2.17 Fraud**

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

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

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

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**

Governing bodies shall allocated a cash sum each year by LA, called their Schools Budget Share. The cash sum will advanced to schools at predetermined monthly intervals during the course of the year. Each allocation shall be in the form of a BACS transfer into the School's bank account. The Schools Budget Share shall remain Haringey's property until spent by the governing body or head teacher as Haringey's agent.

Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

### **3.2 Proportion of Budget Share payable at each instalment**

The proportion of the budget share to be made available to schools shall be calculated based on one twelfth of the annual school budget share per month. 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. If 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.

### **3.3 Interest clawback**

There is no interest clawback from the schools budget share.

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

LA will add interest to any late payments of budget share instalments to schools, where such late payment is the result of a LA error. The interest rate used will be the current Bank of England base rate.

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

Where a date has been approved under the relevant sections of the Act to close a school, the payment of budget allocations will continue up to the date of closure in the same manner as hitherto. However, the maximum amount that will be so transferred to the control of the governors will be the pro rata share of what would have been the annual budget share had the school not been discontinued. This is (including any deductions in respect of deficits from earlier years) together with any agreed additions to meet exceptional costs approved by the LA from central budgets. Consequently, the percentages set out in paragraph 3.1 above may need to be adjusted appropriately depending on the date of closure. Where the closure is phased over more than one financial year these arrangements will only apply in the last financial year in which the LA maintains the school.

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

All governing bodies may have an external bank account into which their budget share instalments are paid subject to the requirements set out in 3.5.1 below. Where schools have such accounts, they shall be allowed to retain all interest payable on the account.



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.

All schools have responsibility for matters in respect of PAYE as they have their own bank accounts and have delegated payroll responsibility.

Any school requesting a bank account shall not be able to have one until school cleared all deficit. The schools must not overdrawn as a matter of course and should notify of any instance of going overdrawn.

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

### **3.5.1 Restrictions on Accounts**

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 J
- Lloyds TSB
- Bank of Scotland
- Barclays
- HSBC
- Nationwide Building Society

Responsibility for opening a school's bank account will be with the school who will notify to the bank at which they have opened an account. Bank accounts will be in the name of the governing body as agents of and cheques will be in their name. Cheque signatories will be determined by the governing body and notified to the Director, but must be employees of the school or officers of where delegation has been withdrawn. Two signatories will be required for all cheques and other documents withdrawing funds from the bank.

The opening of all accounts shall be authorised by the governing body that shall set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The account mandate should acknowledge that:

- is the owner of the funds in the account;
- it is entitled to receive bank statements;
- it can take control of the account if the LA suspends the school's right to a delegated budget.

The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds shall also be subject to the same level of control. The bank shall also be advised that the account must not become overdrawn. Schools are in any case, prohibited from borrowing to finance a revenue deficit under the terms of the Scheme for Financing Schools (see paragraph 3.6).

Detailed procedures on the use of bank accounts are contained in the Schools' Financial Procedures Manual.

### **3.6 Borrowing by Schools**

Schools may borrow money only with the written permission of the Secretary of State. The general position is that schools will only be granted permission for borrowing in exceptional circumstances. Any request to the Secretary of State for such permission must have been subject to prior notification to. From time to time, the Secretary of State may introduce limited schemes to meet broader policy objectives. Schools are allowed to use any scheme that the Secretary of State has said is available to schools without specific approval. Governing bodies do not act as agents of the LA when repaying loans.

Schools may not use credit cards or overdrafts. However, the use of LA purchase card is encouraged, as this can be a useful means of facilitating electronic purchases.

This provision does not apply to loan schemes run by the Authority (see sections 4.9/4.10)

The Scheme for Financing Schools places a duty on the governing body of all maintained schools to plan and conduct its affairs to remain solvent. Schools must not borrow to finance a deficit, including through a bank overdraft. Schools shall apply good financial management practice by forecasting their cash position with reasonable accuracy to ensure that they refrain from incurring a revenue deficit, as well as maximising interest from available funds.

The general provision in the paragraphs above forbidding governing bodies to borrow money shall not apply to schemes operated by as set out in paragraphs 4.9 and 4.10. Schools are reminded that using credit cards constitutes a form of borrowing, and accordingly schools are not permitted to apply or use credit cards for borrowing funds purposes. Schools are permitted to use any scheme which the Secretary of State has said is available to schools without current approval, currently including the Salix scheme, which is designed to promote energy saving.

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.

The governing body should authorise the use of procurement cards, including charge cards only after considering the potential risk and reviewing the procedures detailed in the Schools Financial Procedures Manual.

### **3.7 Other provisions**

The rules and guidance relating to banking arrangements are set out in Financial Regulations.

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

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

All schools will be able to carry forward surplus balances from one year to the next. The amount of surplus balance to be carried forward for each school will be shown in the out-turn statement published by the LA under s.52 of the 1998 Act. The surplus will be calculated by taking the difference between expenditure and the school's budget share for the year plus or minus any balance brought forward from the previous year.

The amount of a surplus balance will 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. There may be commitments against any figure shown in such a statement.

### **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. 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. 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 31st 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) that 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**

Where a school completes a year-end with a deficit, the school's deficit balance to be brought forward will be identified in the school's S.251 out-turn statement agreed and published by. Except in exceptional circumstances, the school shall repay the deficit in the following financial year.

#### **4.4 Planning for deficit balances**

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

#### **4.5 Charging of interest on deficit budgets**

Maintained schools will be charged for deficit balances on licensed deficits at the bank base rate as at 1 April of the financial year on the agreed deficit amount. Where deficit balances remain and are not approved as a licensed deficit position then interest will be chargeable on the budgeted deficit amount. The interest chargeable to the schools will be based on 1 % above Bank Base rate as at 1 April of the financial year.

#### **4.6 Writing off deficits**

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

The LA may give assistance towards the elimination of a deficit balance through the allocation of a cash sum from the authority's schools budget, (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty. In respect of mainstream maintained school, from a de-delegated contingency budget where Schools Forum has agreed this.

#### **4.7 Balances of closing and amalgamated schools**

When a school closes, the final established balance (whether surplus or deficit) of the school will be transferred to. The balance will not be transferred to the successor 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.

Where an Infant and a Junior School amalgamate, the LA will make an allocation to the new school that has the effect of giving them the benefit of an additional sum, which is equal to the balances of the relevant closing schools.

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

The general provision in paragraph 3.7.1 above forbidding governing bodies to borrow

money shall not apply to deficit management schemes run by the LA as set out in this section.

#### **4.9 Licensed deficits**

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, 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 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.

Regular meetings will be required with schools with deficit budgets with representatives of the Chief Finance Officer to review the progress towards reducing the deficit budget.

The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by on behalf of schools. There will be a maximum of three years for repayment.

## **SECTION 5: INCOME**

### **5.1 Income from lettings**

Schools may retain income from lettings of the school premises that would otherwise accrue to the LA, subject to alternative provisions arising from any joint use or PFI agreements. Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided 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. However, schools whose premises are owned by the LA shall be required to have regard to directions issued by the LA as to the use of school premises. Such directions are only those permitted under the School Standards and framework Act 1998 for various categories. The administration of this area should be carried out in accordance with Financial Regulations issued by the LA to schools.

The governing body shall be responsible for arrangements for the collection, custody, control and banking of income that the school has authority to collect and account for. The head teacher must complete regular financial returns of income banked (including the value of VAT). All income collected must be accounted for separately by collecting officers and not mixed with other official, voluntary or private funds. In addition, income collected must not be used to cash personal or other cheques.

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school.

For any schools under a PFI/PPP agreement alternative arrangements may exist for lettings income and this is contained in Section 9.

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

The governing body may retain income from fees and charges except where a service provided by Haringey from centrally retained funds. However, schools are required to have regard to all policy statements on charging produced by Haringey as set out in the Schools Financial Procedures Manual.

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

Schools may retain income from fund-raising activities.

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

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it will be for 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 Haringey. (See also Section 2: 1.4)

The procedures carried out for any sales should be in accordance with Schools Financial Handbook.

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

Schools will be required to apply proper procedures for the accounting and collection of VAT on fees and charges arising from fund-raising activities and the sale of assets. Haringey will

establish administrative procedures published in the Schools Finance Procedures Manual for the collection of income that may vary from time to time in the light of advice from HMRC.

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

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

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

### **6.1 General provision**

The budget share of a school may be charged by the LA without the prior consent of the governing body in circumstances set out below (6.2)

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

Schools are reminded that the LA cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under Section 496 of the Education Act 1996. The LA may only charge the actual cost incurred and the LA may incur a cost only for matters where it has a statutory duty to provide. If that statutory duty belongs to others, the LA has no power to intervene.

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

The LA is required to charge school budget shares with the salaries of school based staff at actual cost.

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

**6.2.1** Recovery of premature retirement costs that have been incurred without the prior written agreement of the LA to bear such costs. The amount chargeable will be the amounts in excess over any amount agreed by the LA.

**6.2.2** Recovery of other expenditure incurred to secure resignations where the school had not followed LA advice.

**6.2.3** Recovery of 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** Recovery of 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 to a satisfactory standard.

**6.2.5** Recovery of expenditure by the LA incurred in making good defects in building work carried out by governing bodies to premises owned by the LA or the school has voluntary controlled status.

**6.2.6** Expenditure incurred by the authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover to the minimum standard specified by the Council's Insurance Manager. The minimum specified level shall not be higher than the level arranged by the LA for schools that have decided to buy back into the in-house insurance package from their delegated budgets.

**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, including any interest, imposed on the LA by the Board of Inland Revenue, the Contributions Agency, HM Revenue & Customs. Teachers' Pension or



regulatory authority as a result of school negligence, or where governing bodies fail to comply with the requirements set out in the Schools Financial Procedures Manual.

**6.2.9** Recovery of sums to correct errors made by the LA in calculating charges to a budget share (e.g. pension deductions). No such deductions will take place if the error relates to a period for which the accounts been closed.

**6.2.10** Recovery of additional costs incurred by the LA arising from decisions by the governing body on the length of the school day e.g. transport costs and failure to notify the LA of non-pupil days resulting in unnecessary costs.

**6.2.11** Recovery of legal costs incurred by the LA because the governing body did not accept the advice of the LA.

**6.2.12** Recovery of the cost 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.

**6.2.13** Recovery of any 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** Recovery of any compensation for costs incurred by the LA if a school fails to pay a debt and which subsequently falls upon the LA to pay. This will include interest payments as per the Late Payment of Commercial Debts Act 1998.

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

**6.2.16** 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** Recovery of costs incurred by the LA where the school has failed to return information required by the LA on time, or where the information has to be corrected. This will be charged in accordance with the list of charges under service level agreements for ad hoc work, where these are applicable.

**6.2.19** Recovery of penalties imposed on the LA by copyright or similar agencies because of a governing body failing in its responsibility for copyright or similar compliance.

**6.2.20** Recovery of costs incurred by the LA, because the governing body did not abide by the Scheme, resulting in additional work for Schools Finance or Internal Audit beyond their regular programme of work.

**6.2.21** Costs incurred by the LA because of withdrawal of delegation.

**6.2.22** many grant making organisations require that bids for grants for specific projects have the support of the LA before the bid is submitted. In the event that a school that had received a grant failed to complete the project in a satisfactory manner, the LA would be required to return the funding. In such a case, the LA will recover the funds from the school's account.

**6.2.23** Recovery of any costs to the LA because of the governing body being in breach of the terms of a contract.

**6.2.24** at the end of the financial year, recovery of unspent balances of allocations from centrally held budgets. Where actual expenditure did not meet the conditions of the grant aid or specific purposes for which the allocation was made, the value of that expenditure will be included in the unspent balance. In the case of grant-aided expenditure, the recovery will include both the values of the grant aid and the LA's contribution unless the matched funding came from the school's delegated budget.

**6.2.25** Recovery of interest claw-back due on budget shares.

**6.2.26** Recovery of the 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.

**6.2.20** Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admissions appeals has been delegated to all schools as part of their formula allocation.

## **SECTION 7: TAXATION**

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

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.

Where H.M. Revenues & Customs discovers errors in the operation of the VAT system within maintained schools they will seek to recover the appropriate portion of the tax from Haringey. Any amounts paid to H.M. Revenues & Customs this way will be recovered from the school's delegated budget.

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

With effect from April 2007, schools are exempt from CIS. This exemption means that where a contract is between the school/governing body and the subcontractor (i.e. not with LA) CIS reporting is not required. Schools will still have a responsibility for checking employment status for payments to subcontractors employed by schools as contractors for work of a construction nature are subject to special verification and reporting and this is contained in a separate guidance note detailing these arrangements published in the Schools Financial Procedures Manual. Each school shall make returns in a prescribed format providing details of payments made under the Construction Industry Tax declaration scheme.

Where H.M. Revenue & Customs discovers errors in the operation of the CITS system within maintained schools they will seek to recover the appropriate portion of the tax from Haringey. Any amounts paid to H.M. Revenue & Customs in this way will be recovered from the Schools Budget Share.

### **7.3 Payments to individuals claiming to be self-employed**

Schools are required to abide by procedures issued by the LA in connection with payments to individuals claiming to be self-employed.

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

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

The LA will determine on what basis services from centrally retained funds will be provided to schools, but the LA will not discriminate in its provision of services based on 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**

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.

If the Authority under the terms of a SLA provides services or facilities, 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.

When a service is provided, for which funding is not retained centrally by under the Regulations made under Section 45A of the Act, it must be offered at prices which are set to cover the costs of providing the service overall, even if schools are charged at differential rates.

#### **8.2.1 Packaging**

Any buyback basis, which is provided by LA, must be offered in a way, that 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**

**8.3.1** If services or facilities are provided under a service level agreement -whether free or on a buyback basis -the terms of any such agreement starting on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that. Centrally arranged premises and liability insurance are excluded from these requirements as to service supply, as the limitations envisaged may be impracticable for insurance purposes.

**8.3.2** Where services are offered by the LA they will be available on the basis of buy-back for an extended period and/or on an ad-hoc basis. Different rates will apply to the different types of agreement.

**8.3.3** Service Level Agreements must be in place at least one month before the start of the financial year in which they are effective. Schools must have at least one month to consider Schools are required to give two months' notice if they wish to cancel a SLA during the year.

### **8.4 Teachers Pensions**

All governing bodies 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 to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on 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. All governing bodies of maintained school, which have entered into any arrangement or agreement with a person other than the LA to provide payroll services, shall ensure that any such arrangement or agreement varied to require that person to supply salary, service and pensions data to the LA. As the LA, requires to submit its monthly return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. LA will advise schools of the timing, format and specification of the information required.

A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the LA within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

A governing body of any maintained school, which directly administers its payroll, shall supply salary, service and pensions data to the LA, which Haringey, as the LA, requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. LA 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 LA 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 INITIATIVES/PUBLIC PRIVATE PARTNERSHIPS**

### **9.1 Private Finance Initiative (PFI)**

Haringey, as the LA, will consult and reach agreement with governing bodies of schools regarding the implementation of any Private Finance Initiative schemes for specific services.

These regulations will deal with a number of issues relating to PFI Schemes including the reaching of agreements with the governing bodies of schools as to the basis of charges relating to PFI/PPP schemes; the treatment of income from third party lettings and the treatment of monies withheld from contractors due to poor performance. All of these regulations will be contained in a school specific 'Governing Body Agreement' that the school will be required to sign before being included within any PFI contract. This agreement is between the LA and governing body and sets out details of the services provided under the PFI contract and the schools financial contributions.

The LA has the power to charge to a school's budget share amounts agreed under a PFI/PPP scheme entered into by the school governing body.

## **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.

## **SECTION 11: MISCELLANEOUS**

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

Governing bodies shall supply the LA with whatever information is required in order for the LA to satisfy itself that the school is managing its delegated finances satisfactorily, or using earmarked funds for their proper purposes. In normal circumstances the LA will not require any more information than is set out in other sections of this scheme and this provision will only be followed where there are concerns about the state of a school's financial management arrangements.

### **11.2 Liability of governors**

Because the governing body is a corporate body and because of the terms of s.50 (7) of the School Standards and Framework Act 1998, governors of maintained schools would not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

A fraudulent act is an example of behaviour that is not in good faith. Breaches of the Scheme or rejecting LA advice as to financial management are not in themselves necessarily breaches of good faith.

### **11.3 Governors' expenses**

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 at rates set by the LA.

Under section 50 (5) of the Act only allowances in respect of purposes specified in regulations under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

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

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

Legal costs incurred by the governing body arising from legal actions, (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 has followed LA advice. Schools normally will not be reimbursed for the cost of legal actions or costs awarded against the LA where the school has not followed the advice of the LA.

This is separate from the cost of legal advice provided which may be obtained by the school, will be paid for by the school in accordance with the arrangements the school has made for obtaining its legal advice.

Governors of voluntary aided schools are reminded that no legal costs relating to the governors' statutory duties for buildings can be a charge on the LA for any reason as these are not part of the costs to the LA of maintaining a voluntary aided school.

Occasions might arise where the governors believe there is a conflict of interest between themselves and the LA. Where that is the case, it is for the school to discuss this view with



the LA in order to reach agreement about whether such conflict does exist or might reasonably expected to exist.

Where agreement is reached on this point, the LA will need to satisfy itself that the source of the governor's legal advice was appropriate (the diocese for example in the case of a diocesan voluntary aided school). The LA would need good reasons for rejecting any source of advice proposed by governors. Under these circumstances, the school would not automatically deemed not to be acting in accordance with the advice of the LA with the consequences set out above.

However, if no such agreement were reached or the school took advice from an unsatisfactory source or did not act in accordance with the advice given by the agreed appropriate source, the school would normally be deemed to be acting contrary to the advice of the LA and the consequences set out above would apply.

### **11.5 Health and Safety**

In expending the school's budget share, the governing body should have regard to duties placed on the LA in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share. The LA may issue directions to the governing body and head teacher of any school under s.39(3) of the School Standards and Framework Act 1998.

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

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

The Chief Finance Officer's attendance shall normally be limited to items that relate to issues of probity or overall financial management and shall not regarded as routine. Prior notice of attendance will normally be given except where it is impracticable to do so.

### **11.7 Special educational needs**

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.

### **11.8 Whistleblowing**

Where a school employee or governor wishes to complain about the financial management or financial propriety at the school this should be carried out in accordance with the school's Whistleblowing Policy and Procedures. The school; is strongly advised to adopt the Council's Whistleblowing Policy & Procedures.

### **11.9 Child Protection**

Schools sometimes need to release staff to attend child protection case conferences and other related events. The LA does not however make any specific payment to schools to help meet the costs involved.

#### **11.10 Delegation to Schools**

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

#### **11.11 Interest on Late Payments**

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.

#### **11.12 Redundancy/early retirement costs**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided in Appendix C.

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

12.1 The authority delegates all funding for repairs and maintenance to schools. Only capital expenditure retained by the authority. 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 in line with the CIPFA Code of Practice on local authority accounting. Illustrative examples of the categories of work which governing bodies are expected to finance from their budget are provided in the attached Annex D.

12.2 Voluntary aided governors will continue to be eligible for grant from the DfE in respect of their statutory responsibilities and in addition, they will have responsibility for repair and maintenance items on the same basis as community schools.

## **SECTION 13: COMMUNITY FACILITIES POWER**

### **13.1 Application of schemes for financing schools to the community facilities power**

The schools which, choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. This includes those schools who are providing the following types of facilities:

After School Clubs  
Breakfast Clubs  
Childcare Facilities Other income generating activities

The provision of community facilities tends to be where schools are incurring additional costs to provide activities, which are funded from fees and grants.

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

However, under s. 28(1), the main limitations and restrictions on the power will be those contained in schools' own instruments of government, if any; and in maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the Scheme for Financing Schools.

This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Authority and schools to secure the provision of adult and community learning. Sections 27 and 28 of the Education Act 2002, which explain the new provisions, are detailed in Annex D (1).

### **13.2 School's budget share**

The budget share of a school may not be used to fund community facilities -either start-up costs or ongoing expenditure -or to meet deficits arising from such activities.

### **13.3 Mis-management of community facilities funds**

The mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

### **13.4 Requirement to consult LA**

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the local education authority, and have regard to advice given to them by their LA.

### **13.5 Requirement to seek LA advice**

Schools are required to seek LA advice in order that both schools and the LA are alerted to any potential financial and other operational liabilities. Haringey has adopted a formal procedure for considering schools' proposals and this should ensure that, from the outset, both parties are aware of all pertinent issues before any resource commitments are entered into. Governing bodies must adhere to the following proposal procedures:

- If a decision is made to enter into a third party arrangement in respect of this provision, the governing body must submit a written proposal to LA.
- Haringey will respond and provide advice to the governing body, depending upon the type of agreement, within eight weeks of receipt of the proposal.
- If it is necessary, the governing body must respond with a revised proposal within six weeks.
- The governing body must then comply with procedures as detailed in the Schools Financial Procedures Manual, and this document, when entering into a contract.

All community facilities arrangements are subject to this procedure.

### **13.6 Requirements relating to the provision of advice**

Haringey is required to provide schools with advice within 8 weeks of being consulted, although will seek to offer advice earlier, if possible. Schools are required to inform of any action taken following receipt and consideration of Haringey's advice, within 6 weeks of receiving such advice.

### **13.7 Funding agreements with third parties**

The provision of community facilities in many schools may be 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. A very wide range of bodies and organisations are potentially involved.

Haringey's requirement in relation to funding agreements with third parties (as opposed to funding agreements with itself) is that any such proposed agreement should be submitted to LA for its comments, giving at least 6 weeks to allow adequate time to consider and respond.

Once approved by Haringey the funding agreement may not impose a right of veto for Haringey on such agreements, either directly or through requiring a right to countersign the agreement. If the third party requires LA consent to the agreement for it to proceed, such a requirement and the method by which LA consent is to be signified is a matter for that third party, not for the scheme.

### **13.8 Agreements seriously prejudicial to the interests of the school or of LA**

Schools should be aware that, if an agreement has been or is to be concluded against the wishes of Haringey, or has been concluded without informing, which in the view of Haringey is seriously prejudicial to the interests of the school or of Haringey that may constitute grounds for suspension of the right to a delegated budget.

#### **13.9.1 Projects with significant financial risk**

Although the LA does not have the right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power. LA may require that in

a specific instance of use of the community facilities power by a governing body, the governing body concerned shall arrange to protect the financial interests of the LA. For example, this may involve undertaking the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question. The LA will consider each case individually and advise accordingly. This requirement will only be imposed where the LA believes that the proposed project carries significant financial risks.

### **13.9.2 Property considerations**

In considering any proposals for the provision of community facilities, LA will need to be satisfied regarding the use or change of use of buildings, access, fire and other safety aspects. The restrictions on use (where covenants on use bar certain activities or limit the use of the building to educational use), provision of additional accommodation by third parties and the maintenance responsibilities and liabilities.

### **13.10 Constraints on the exercise of the community facilities power**

Section 28 of the Education Act 2002 provides that the exercise of the community facilities power be subject to prohibitions, restrictions and limitations in the Scheme for Financing Schools.

### **13.11 Financial statements**

Schools, which exercise the community facilities power, are required to provide Haringey every six months, from the commencement date of the project, with a summary statement, in a form determined by Haringey. This must show the income and expenditure for the school arising from the facilities in question for the previous three months and on an estimated basis, for the next six months.

On giving notice to the school that, it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, LA will require such financial statements to be supplied every month. If LA sees fit, it may also require the submission of a recovery plan for the activity in question.

Haringey requires such information in order to ensure that schools are not at financial risk. Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share. LA will suspend the right to delegation, if necessary.

### **13.12 Agreements between schools and**

These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and Haringey as to the financial reporting requirements arising from the funding in question.

### **13.13 Access to school records**

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

### **13.14 Access to other records**

Schools are required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure. In this instance school, records include but are not restricted to all financial records and documentation and a register of pupils attending the community facility.

Schools are required in concluding funding agreements with other persons pursuant to the exercise of the community facilities power. To ensure that such agreements contain adequate provision for access by the LA 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. For example, third parties should maintain their own register, which is available upon request for inspection.

### **13.15 Retention of income**

Schools are permitted to retain net income derived from community facilities except where otherwise agree with a funding provider, whether that is Haringey or some other body or individual.

Schools are allowed to carry retained net income over from one financial year to the next as a separate community facilities surplus. Subject to the agreement of the LA at the end of each financial year, schools can transfer all or part of the retained net income to the budget share balance.

### **13.16 Schools ceasing to be maintained**

If the school is a community or community special school, and ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to unless otherwise agreed with a funding provider.

### **13.17 Recovery of funds**

If there is a deficit on community facilities and Haringey needs to recover funds to meet third party liabilities it may only do so from any accumulated community facilities surplus. If this is insufficient, Haringey will have to meet the third party liabilities from its own resources.

This arises from the provision of s.51A of the School Standards and Framework Act 1998 (inserted by paragraph 4 of Schedule 3 to the Education Act 2002), which provides that such liabilities are part of the expenses of maintaining the school; may be recovered from the governing body. The expenditure incurred by the governing body in the exercise of the community facilities power may not be met from the budget share unless such a purpose is prescribed by regulations made under s.50(3)(b) of the 1998 Act.

### **13.18 Extension of Health and Safety provisions**

The health and safety provisions of the main scheme are extended to the community facilities power exercised by schools. These include that the governing body is required to have due regard to duties placed on Haringey in relation to health and safety, and Haringey's policy on health and safety matters in the management of the budget share.

Schools are reminded that where they directly employ a contractor using delegated funding, they must ensure that the contractor is competent, adequately insured and that the contractor has an appropriate health and safety policy and arrangements. The contractor

should demonstrate to the school's satisfaction that they have considered all the health and safety implications of working on the school site.

Some work commissioned by schools may fall under the requirements of the Construction Design and Management Regulations 1994 and schools must ensure that all the requirements of these regulations are met.

### **13.19 Criminal records clearance**

All staff working with children must have Criminal Records Bureau checks undertaken. Governing bodies are responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

### **13.20 Schools' responsibilities for insurance arrangements**

It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power, such insurance cannot be funded from the school budget share.

In principle, the insurance issues arising from use of the community facilities power are the same as those that already arise from non-school use of school premises. However, a school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary.

All schools are required to provide information to Haringey to confirm the details of its insurance arrangements/cover for any community facilities provision. This enables Haringey to check that any insurable interest it may have is covered.

It may be necessary for insurance to be in the joint names of the governing body and LA. All schools are required to seek Haringey's advice before finalising any insurance arrangement for community facilities.

### **13.21 LA's insurance responsibility**

LA is empowered to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share. These provisions are necessary in order for Haringey to protect itself against possible third party claims.

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

In general, schools may only make use of Haringey's VAT reclaim facility for expenditure on community facilities when this is from LA funds and not expenditure from other funds. LA will follow H.M. Revenue & Customs guidance (Notice 749 on local authorities) concerning the recovery of VAT where schools use donated funds.

The facility for local authorities to reclaim VAT can be used by schools in spending their budget shares, which by virtue of s.49 (5) of the School Standards and Framework Act 1998



are the property of Haringey. This facility also applies to funding given by Haringey to schools outside the budget share.

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

Haringey will make further, specific advice available to schools, as appropriate and this will be contained in the Schools Financial Procedures Manual.

### **13.23 School/Local Authority employees**

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

### **13.24 Construction industry scheme**

Schools are required to abide by procedures issued by the LA in connection with Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

### **13.25 Banking arrangements**

Where a school opts to provide community facilities, it must operate the same banking arrangements, which it uses for its budget share. Schools should maintain a separate bank account with adequate internal accounting controls to maintain separation of funds.

### **13.26 Bank accounts and signatories**

The Scheme for Financing Schools continues to apply in respect of banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates (except that such mandates may provide that funds for community facilities not provided by are not the property of ), and similar matters.

### **13.27 Borrowing by schools**

Governing bodies are reminded that they must not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining LA.

## **Appendix A**

### **Sections 27 and 28 of the Education Act 2002**

#### **Section 27 - Power of governing body to provide community facilities etc.**

(1) The governing body of a maintained school shall have power to provide any facilities or services whose provision furthers any charitable purpose for the benefit of-

- (a) pupils at the school or their families, or
- (b) people who live or work in the locality in which the school is situated.

(2) The power under subsection (1) includes, in particular, power for a governing body to-

- (a) incur expenditure,
- (b) enter into arrangements or agreements with any person,
- (c) co-operate with, or facilitate or co-ordinate the activities of, any person, and
- (d) provide staff, goods, services and accommodation to any person.

(3) Subject to the provisions of Chapter 3 of Part 6 of the Education Act 1996 (c. 56) (charges in connection with education), a governing body may charge for any services or facilities provided under this section.

(4) This section has effect subject to section 28.

#### **Section 28 - Limits on power to provide community facilities etc.**

(1) Section 27(1) does not enable a governing body to do anything which they are unable to do by virtue of any prohibition, restriction or limitation on their powers which is contained in-

- (a) the school's instrument of government, or
- (b) any scheme under section 48 of the School Standards and Framework Act 1998 (c. 31) (local education authorities' financial schemes) which relates to the school.

(2) Regulations may make provision preventing governing bodies from doing, by virtue of section 27(1), anything that is specified, or is of a description specified, in the regulations.

(3) A governing body shall exercise the power conferred by section 27(1) only if and to the extent that they are satisfied that anything which they propose to do 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.

(4) Before exercising the power under section 27(1):

- (a) governing body shall consult-
  - (i) the local education authority,
  - (ii) the staff of the school, and

(iii) the parents of registered pupils of the school

(b) where the proposed exercise of the power would affect registered pupils of the school and the governing body consider it appropriate in view of their age and understanding to consult all or some of them, shall consult the registered pupils or such of them as the governing body consider it appropriate to consult, and

(c) shall consult such other persons, as the governing body consider appropriate.

(5) In exercising the power under section 27(1) or consulting under subsection (4), a governing body shall have regard-

(a) to any guidance given from time to time (in relation to England) by the Secretary of State or (in relation to Wales) by the National Assembly for Wales, and

(b) to any advice given to them from time to time by the local education authority.

## Appendix B

DFE No	School		Type
2002	Belmont Junior School	Community	Primary
2003	Belmont Infant School	Community	Primary
2004	Bounds Green Junior School	Community	Primary
2005	Bounds Green Infant School	Community	Primary
2008	Campsbourne Junior School	Community	Primary
2009	Campsbourne Infant School	Community	Primary
2015	The Devonshire Hill Nursery & Primary School	Community	Primary
2020	Earlsmead Primary School	Community	Primary
2022	Highgate Primary School	Community	Primary
2025	Lancasterian Primary School	Community	Primary
2029	Coldfall Primary School	Community	Primary
2031	Tetherdown Primary School	Community	Primary
2041	Rokesly Junior School	Community	Primary
2042	Rokesly Infant & Nursery School	Community	Primary
2045	South Harringay Junior School	Community	Primary
2046	South Harringay Infant School	Community	Primary
2047	Stamford Hill Primary School	Community	Primary
2051	West Green Primary School	Community	Primary
2057	Tiverton Primary School	Community	Primary
2058	Coleridge Primary School	Community	Primary
2062	Welbourne Primary School	Community	Primary
2063	Lea Valley Primary School	Community	Primary
2065	Ferry Lane Primary School	Community	Primary
2072	Rhodes Avenue Primary School	Community	Primary
2075	Crowland Primary School	Community	Primary
2076	Weston Park Primary School	Community	Primary
2077	The Willow Primary School	Community	Primary
2078	Alexandra Primary School	Community	Primary
2079	Stroud Green Primary School	Community	Primary
2080	Earlham Primary School	Community	Primary
2082	Lordship Lane Primary School	Community	Primary
2083	Bruce Grove Primary School	Community	Primary
2084	Risley Avenue Primary School	Community	Primary
2085	Muswell Hill Primary School	Community	Primary
2088	Seven Sisters Primary School	Community	Primary

3000	St Aidan's Voluntary Controlled Primary School	Community	Primary
3001	The Mulberry Primary School	Community	Primary
3302	St Michael's CofE Voluntary Aided Primary School	Community	Primary
3303	St James Church of England Primary School	Community	Primary
3306	St Mary's CofE Primary School	Community	Primary
3500	Our Lady of Muswell Catholic Primary School	Community	Primary
3501	St Francis de Sales RC Junior School	Community	Primary
3502	St Ignatius RC Primary School	Community	Primary
3503	St Mary's Priory RC Junior School	Community	Primary
3504	St Paul's RC Primary School	Community	Primary
3505	St Mary's Priory RC Infant School	Community	Primary
3506	St Peter-in-Chains RC Infant School	Community	Primary
3507	St Francis de Sales RC Infant School	Community	Primary
3508	St Martin of Porres RC Primary School	Community	Primary
3509	St Gildas' Catholic Junior School	Community	Primary
3510	St John Vianney RC Primary School	Community	Primary
3511	Chestnuts Primary School	Community	Primary
3512	North Harringay Primary School	Community	Primary
4029	Hornsey School for Girls	Community	Secondary
4030	Highgate Wood Secondary School	Secondary	Secondary
4032	Fortismere School	Secondary	Secondary
4033	Gladesmore Community School	Secondary	Secondary
4037	Park View School	Secondary	Secondary

## **Appendix C**

### **RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS**

This guidance sets out the position relating to the charging of early retirement and redundancy costs under the 2002 Education Act and the circumstances in which exceptions will be made.

#### **Redundancy Costs**

Redundancy costs must be charged to the local authority's budget unless there is a good reason for it not to be centrally funded.

Redundancy costs would be expected to be met from the school's delegated budget in the following circumstances:

- If a school has decided to offer more generous terms than the authority's policy;
- If a school is otherwise acting outside the LA 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 an agreed deficit arrangement;
- 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;
- Approval in principle of the reorganization has not been sought from the panel in advance of the reorganization.

#### **Early Retirement Costs**

Premature retirement costs must be charged to the school's delegated budget unless the local authority agrees otherwise for costs to be centrally funded. Haringey does not fund pension strain-capital cost for individual.

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.

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

Agreement to charge the local authority's budget would be subject to a successful application for additional support to the Haringey restructure & scrutiny Panel.

## **Appendix D**

### **REPAIRS AND MAINTENANCE OF SCHOOL BUILDINGS AND GROUNDS**

#### **ILLUSTRATIVE EXAMPLES IN LINE WITH DfE INTERPRETATION OF CIPFA CODE OF PRACTICE**

<b><u>ELEMENT</u></b>	<b><u>CAPITAL: AS CIPFA CODE OF PRACTICE</u></b>	<b><u>REVENUE: REPAIRS &amp; MAINTENANCE</u></b>	<b><u>VA SCHOOLS – GOVERNORS RESPONSIBILITIES (Full Details In DfE Document “Determination Of Financial Liability”)</u></b>

<b>Roofs</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Flat</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure	New structure and repair replacement of 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	<u>Replacement of structure</u>
	Screed / insulation in a new building/extension	Repair/replacement of screed/ insulation where defective.	New screed/insulation and repairs
	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.	Replacement/repair of screed/insulation
	Finish on new build. Replacement of all/substantially all on existing roof	Replacement of roof finish on existing building, to under capital value limit. Re-coating chippings to improve life expectancy	Finish on new build. Replacement of roof finish on existing building. Re-coating

	Edge Trim/ Fascia on new build	Repairs/ replacement. (uPVC) Repainting.	Edge Trim/fascia on new build and repairs/replacement/ repainting
	Edge Trim/ Fascia, Replacement of all/substantially all on existing roof	Repairs/ replacement. (uPVC) Repainting.	Replacement of edge Trim/Fascia on existing building
	Drainage on new build	Clearing out gutters and downpipes. Replacement/repair/ repainting of/ individual gutters/pipes	Drainage on new building and repairs/replacement/ repainting ( <u>NOT</u> cleaning gutters/downpipes)
	Other e.g. Flashings, Rooflights on new build Replacement of all/substantially all on existing roof	Repair/ Replacement/ cleaning of individual items	Flashings/rooflights on new building and repair/replacement ( <u>NOT</u> cleaning)
<u>Pitched</u>	Structure. New (not replacement) structure	Repair/replacement of small parts of an existing structure	Structure of new roof and all repairs <u>EXCEPT</u> trusses (i.e. internal repairs)
	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	Replacement of internal structure <u>EXCEPT</u> trusses (i.e. internal repairs)
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof	Insulation in new building and repair/replacement.
	Insulation. Replacement /repair of substantially all. Improve insulation to current standards		Repair/replacement or improve insulation
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/ damaged	Finish in new building/extension and repair/replacement in existing building



	Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/ replacement/ Repainting	Bargeboards/fascias in new building/extension and repairs/replacement/ repainting in existing building
	Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters	Drainage in new building/extension and repair/replacement. ( <u>NOT</u> cleaning guttering or downpipes)
	Drainage. Replacement of all/substantially all on existing roof		Drainage replacement in existing roof.
	Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/ Replacement /cleaning	Flashings, roof windows in new building/ extension and repair replacement ( <u>NOT</u> cleaning) in existing roof
<u>Other</u>	Provide new covered link etc. between existing buildings Rebuild or substantially repair structure of existing covered link Add porch etc. to existing building Rebuild or substantially repair structure of existing porch	Minor repairs, maintenance to existing covered link Minor repairs, maintenance to existing	Provide new covered link and repairs to existing. ( <u>NOT</u> cleaning) Re-build or repair structure of existing covered link. Add new porch and minor repairs to existing Re-build or repair existing porch.
<b>Floors</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Ground Floor</u>	Structure and dpc in new building	Repair/replacement of small parts of an existing structure	Structure and dpc of new building and repair replacement to existing structure
	Structure and dpc - Replacement of all or substantial part of an existing structure to		

	prevent imminent or correct actual major failure of the structure		
	Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room	Replacement and repair of screed and finishes/ Replacement of mats/ matwells. Maintenance e.g. revarnishing wooden floors.	Provide screed and finish in new buildings ( <u>NOT</u> repairs to finishes, matwells etc.)
<u>Upper Floor</u>	Structure - as ground floor	As ground floor	Structure of new building and replacement of existing structure
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor	As ground floor
<b>Ceilings</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Top/ only storey</u>	Suspension	Repair/ replacement incl. From water damage, & necessary decoration	Provision, ( <u>NOT</u> repair or replacement)
	Membrane		Provision, ( <u>NOT</u> repair or replacement)
	Fixed	Repair/ replacement inc. from water damage	Provision, ( <u>NOT</u> repair or replacement)
	Access panels	Repair/ replacement	Provision, ( <u>NOT</u> repair or replacement)
<u>Lower storeys</u>	Suspension	Repair/ replacement	Provision, ( <u>NOT</u> repair or replacement)
	Membrane		Provision, ( <u>NOT</u> repair or replacement)
	Fixed	Repair/ replacement	Provision, ( <u>NOT</u> repair or 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	Removal/replacement of damaged/disturbed asbestos <u>EXCEPT</u> where part of repair project.

External walls	CAPITAL	REVENUE	GOVERNORS' RESPONSIBILITIES
<u>Masonry/cladding</u>	Structure Underpinning/ propping for new build	Repairs Preventive measures e.g. tree removal	Structure, underpinning/ propping of new building and repairs, ( <u>NOT</u> tree removal unless part of clearing new site)
	External Finish on new build	Repair/replacement of small parts of an existing structure. e.g. repointing/ recladding a proportion of a wall where failure has occurred.	External finish on new building and repairs/replacement of existing structure including re-pointing/re- cladding
	External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building /replacement build		External finish on existing building including correcting of structure.
<u>Windows and Doors</u>	Framing - new build	Repair/ replacement of individual frames. Repainting frames	New window frames and doors in new building and repairs/replacement ( <u>NOT</u> replacement/ repair/ re-painting of internal doors or windows)
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames	New windows in replacement programme
	Glazing - new build	Replacing broken glass	Glazing new building and replace broken glass.
	Glazing Upgrading existing glazing		Upgrading existing glazing
	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.	Ironmongery to improve security and repair/replacement.
	Jointing including mastic joints		Jointing
	Internal and external	Internal and external	Internal and external

	decorations to new build	decoration to include cleaning down and preparation.	decoration of new provision, external re-decoration ( <u>NOT</u> internal re-decoration)
<u>Masonry chimneys</u>	Structure		Structure of chimneys
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing	Jointing/Pointing and DPC of chimneys and repair/re-pointing.
<b>Internal walls</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<u>Solid</u>	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.	New walls & finishes, ( <u>Not</u> repair/ replacement)
	Refurbishment and alterations	Minor alterations	
<u>Partitions</u>	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.	New partitions, ( <u>Not</u> repair/ replacement)
	Refurbishment and alterations	Minor alterations	
<u>Doors &amp; 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	Provision of new, ( <u>Not</u> repair/ replacement)
<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass	New glazing and replacement of broken glass, ( <u>Not</u> internal window repairs)
<b>Sanitary Services</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<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.	Provision. ( <u>Not</u> repair/ replacement of damaged sanitary ware)
	Large scale toilet refurbishment	Small areas of refurbishment	Provision / refurbishment ( <u>Not</u> replacement of

			damaged sanitary ware)
	Provision of disabled facilities, and specialist facilities related to pupils with statements	Repair/ replacement of damaged fittings, waste plumbing etc.	Provision, ( <u>Not</u> repair/ replacement of damaged fittings 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  Redecoration  Repairs  Repairs/replacement parts	
<b>Mechanical services</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<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	Provision of complete system, ( <u>Not</u> repair/ replacement or maintenance)
	Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring systems  Health & safety issues	
	Planned replacement of old boiler/ controls systems past the end of their useful life  Emergency replacement of boiler plant/systems	Replacement of defective parts	
<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.	Provision of complete system, ( <u>Not</u> repair/ replacement or maintenance)
<u>Gas</u>	Distribution on new and major	Repairs, maintenance and gas safety	

	refurbishments, terminal units	All servicing	
<u>Ventilation</u>	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units	Provision, ( <u>Not</u> repair/ replacement)
<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.	If Governors provided.
<b>Electrical services</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<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.	Provision, ( <u>Not</u> repair/ replacement or maintenance)
	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	Provision, ( <u>Not</u> repair/ replacement)
<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency	Provision, ( <u>Not</u> repair/ replacement)
<u>Other</u>	Lightning protection in new build	Repair/ replacement	Provision and repair
	Alarm systems, CCTV, lifts/ hoists etc.,	Repair and maintenance	Provision, ( <u>Not</u> repair or 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	

<b>External Works</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>GOVERNORS' RESPONSIBILITIES</b>
<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.	Provision if part of statutory proposal project. <u>Not</u> repair or maintenance  Provision and repair of ramps and steps.
<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, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.	Foul drainage plus external gutters and drainpipes. Not maintenance
<u>Open air pools</u>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.	If governors provided.
<u>Services distribution</u>	Heating mains gas mains water mains electricity mains, renewal of any above.	Annual servicing	Provision grant aided but <u>not</u> for repair