

Peterborough City Council
Scheme for the Financial Management of Schools

Table of Contents

1. INTRODUCTION

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

2. FINANCIAL CONTROLS

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

3. INSTALMENTS OF BUDGET SHARE; BANKING ARRANGEMENTS

- 3.1 Frequency of instalments
- 3.2 Proportion of budget share payable at each instalment
- 3.3 School Standards Fund & Interest Claw-back
- 3.4 Interest claw-back
- 3.5 Interest on Late Budget Share Payments
- 3.6 Budget shares for closing schools
- 3.7 Bank and building society accounts
- 3.8 Restrictions on accounts
- 3.9 Borrowing by schools
- 3.10 Other provisions
- 3.11 Use of Credit & Debit cards

4. THE TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

- 4.1 Right to carry forward surplus balances
- 4.2 Controls on Surplus Balances
- 4.3 Balances Assigned for Specific Purposes
- 4.4 Interest on surplus balances
- 4.5 Obligation to carry forward deficit balances
- 4.6 Planning for deficit balances
- 4.7 Charging of interest on deficit balances
- 4.8 Writing off deficits
- 4.9 Balances of closing and amalgamating schools
- 4.10 Licensed Deficits
- 4.11 Loan Schemes
- 4.12 Credit Union Approach
- 4.13 GM Schools Balances

5. INCOME

- 5.1 Income from lettings
- 5.2 Income from fees and charges
- 5.3 Income from fund raising activities
- 5.4 Income from the sale of assets
- 5.5 Administrative procedures for the collection of income
- 5.6 Purposes for which income may be used

6. THE CHARGING OF SCHOOL BUDGET SHARES

- 6.1 General provision
- 6.2 Circumstances in which charges may be made
- 6.3 General Teaching Council (GTC)

7. TAXATION

- 7.1 Value Added Tax
- 7.2 Construction Industry Tax Scheme

8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

- 8.1 Provision of services from centrally retained budgets
- 8.2 Timescales for the provision of services bought back from the Local Authority using delegated budgets
- 8.3 The Packaging of Services
- 8.4 Service level agreements
- 8.5 Teachers Pensions

9. PFI CLAUSES

10. INSURANCE

- 10.1 Insurance cover

11. MISCELLANEOUS

- 11.1 Right of access to information
- 11.2 Liability of governors
- 11.3 Governors expenses
- 11.4 Responsibility for legal costs
- 11.5 Health and Safety
- 11.6 Right of attendance for Chief Finance Officer
- 11.7 Delegation to new schools
- 11.8 Optional Delegation by a School
- 11.9 Documents Containing Further Financial Controls and Procedures
- 11.10 Interest on late payments
- 11.11 Whistleblowing
- 11.12 Child protection
- 11.13 School Meals
- 11.14 School Fund Accounts

12. GM AND GM SPECIAL SCHOOLS

- 12.1 GM and GM special schools' balances
- 12.2 Section 255 loans

13. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

14. EXTENDED COMMUNITY FACILITIES

- 14.1-3 Introduction
- 14.4-6 Consultation with the Local Authority Financial Aspects
- 14.7-8 Funding Agreements Local Authority Powers
- 14.9-10 Other Prohibitions, Restrictions & Limitations
- 14.11-12 Supply of Financial Information
- 14.13-14 Audit
- 14.15-17 Treatment of Income & Surpluses
- 14.18-19 Health & Safety Matters
- 14.20-21 Insurance
- 14.22-24 Taxation
- 14.25-27 Banking

- ANNEX A: Schools to which the scheme applies
- ANNEX B: Responsibility for repairs and maintenance
- ANNEX C: Principles of Best Value
- ANNEX D: Proportion of budget share payable at each instalment
- ANNEX E: Interest clawback provisions
- ANNEX F: Permitted Bank and Building Society Accounts
- ANNEX G: Fees to be deducted from Teachers Salaries and remitted to the General Teaching Council for England (GTC)
- ANNEX H: Schedule for the Calculation of Non- Staffing Budgets in relation to closing schools.

SECTION 1: INTRODUCTION

THE OUTLINE SCHEME

SECTION 1: INTRODUCTION

1.1 The Funding Framework

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

Peterborough City Council may determine the size of both the Schools Budget and Local Authority Budget¹. As a minimum the Local Authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The Secretary of State retains the power to set a minimum schools budget for any Local Authority. The city council may also centrally retain funding in the schools budget² for the purposes defined in regulations, subject to any limits or conditions, including gaining the approval of the Schools Forum, or the Secretary of State in some instances, prescribed by the Secretary of State. The balance of the schools budget left after the deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the Local Authority budget must be retained centrally, although earmarked allocations may be made to schools.

Peterborough City Council may retain an unallocated reserve within the Schools Budget but must otherwise distribute delegated funding amongst its maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned³.

The Act⁴ requires the financial controls within which delegation works to be set out in a scheme made by Peterborough City Council and approved by the Secretary of State. All revisions to the scheme must also be approved by the Secretary of State, who has power to modify schemes or impose one. This document forms the required scheme for this Council.

Subject to provisions of this scheme, governing bodies of schools may spend budget shares for the purposes of their school⁵. They may also spend budget shares on any additional purposes prescribed by the Secretary of State⁶.

Peterborough City Council may suspend a school's right to a delegated budget if the provisions of the school financing scheme, or rules applied by the scheme have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State⁷.

¹ The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State and include all expenditure, direct and indirect, on the Local Authority's maintained schools, except for capital and certain miscellaneous items.

² These purposes are defined in regulations made by the Secretary of State under s.45 of the School Standards and Framework Act 1998.

³ Unless the school is a new school which has not yet received a delegated budget or the right to a delegated budget has been suspended in accordance with s.51 of the School Standards and Framework Act 1998 Act.

⁴ S.48 of the School Standards and Framework Act 1998.

⁵ Further guidance on eligible expenditure that is deemed for "the purposes of the school" are set out in paragraph 2.13 of this scheme.

⁶ In regulations made under s.50 of the School Standards and Framework Act 1998.

⁷ A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.

SECTION 1: INTRODUCTION

Peterborough City Council publishes each year a statement setting out details of its planned Schools Budget and Local Authority Budget, showing:

- the amounts to be centrally retained;
- the budget share for each school;
- the formula used to calculate those budget shares;
- the detailed calculation for each school.

This information is available on Children's Services website at www.thelearningcity.co.uk/Schools_Colleges/School_Funding

After each financial year the Peterborough City Council 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.⁸The detailed publication requirements for financial statements and for schemes are set out in regulations, but each school must receive a copy of the scheme and any amendment, and each year's budget and out-turn statements so far as they relate to that school or central expenditure.

At the same time as issuing its budget statement as required by section 52 of the Schools Standards and Framework Act 1998, the Authority will also inform each maintained school of the estimate of each school's budget share, including central government grant income paid via the Local Authority, for the two financial years following the year of which the statement is being issued. The estimate will be provided in a format determined by the Authority and this format may include the provision of information within an electronic budget modelling system. The estimate will use information available to the Authority at the date of preparation and will be provisional in nature, implying no commitment on the part of the Authority to fund the school at the level shown in the estimate. The Authority may issue additional budget estimates from time to time.

1.2 The role of the scheme

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

1.2.1 Application of the scheme to the Authority and maintained schools

This scheme applies to all community, nursery, voluntary, foundation, community special or foundation special schools in the area of Peterborough City Council⁹ (as listed in Annex A). The scheme will also apply to any new maintained schools that open after 1 April 2007.

1.3 Publication of the scheme

A copy of the scheme will be supplied to the governing body and the headteacher of each school covered by the scheme, or placed on a publicly accessible website and any approved revisions will be notified to each such school. Publication requirements are contained in Regulation 27 of the School Finance (England) Regulations 2006.

⁸ Both types of statement are subject to audit certification by the Audit Commission, and information in them may be collated and published by the Secretary of State.

⁹ These are the categories of schools as from 1 Sept. 1999. From 1st April 1999 to 31 August 1999 these schools were called county, voluntary, maintained special, grant-maintained and grant-maintained special schools.

SECTION 1: INTRODUCTION

The authority may publish their scheme and any amendments to it in a manner determined by the Local Authority. A copy of the revised version of the scheme will be published on the Local Authorities website and can be found at:

http://www.thelearningcity.co.uk/schools_colleges/schools_funding/default.asp

1.4 Revision of the scheme

Any proposed revisions to the scheme will be the subject of consultation with all schools and will require approval by the Secretary of State.

1.5 Delegation of powers to the headteacher

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

The Governing Body, or a committee of the Governing Body is required to approve the first formal budget plan to be submitted to the Local Education Authority each year.¹⁰ Governors may choose to delegate the responsibility for the preparation and drafting of the annual budget plan.

1.6 Maintenance of schools

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

¹⁰ See paragraph 2.3 Submission of Budget Plans

SECTION 2: FINANCIAL CONTROLS AND AUDIT

SECTION 2: FINANCIAL REQUIREMENTS: AUDIT

2.1.1 Application of financial controls to schools

In managing their delegated budgets schools must abide by Peterborough City Council's requirements on financial controls and monitoring. These are set out within this scheme as well as within the Supplementary Financial Regulations.

2.1.2 Provision of financial information and reports

Schools are required to provide Peterborough City Council with details of expected and actual expenditure and income, in a form and at times determined by the Council. The arrangements for the format of reports and the timetable for returns are set out in the Supplementary Financial Regulations.

The council may not require the submission of this information more often than once every three months, with the following exceptions:

- those returns connected with tax or bank reconciliation
- for those schools that fail to meet the criteria for quarterly reporting contained in paragraph 3.6 of the council's Supplementary Financial Regulations
- in the case of closing schools, where monthly returns will be required for the last six quarterly reporting periods before the date the school is due to close.

2.1.3 Payment of salaries; payment of bills

The procedures for these will vary according to the choices schools make about the holding of bank accounts and the buying back of the authority's payroll system. These are set out in the Supplementary Financial Regulations.

Governing bodies should have arrangements in place to ensure that all salary payments made by schools to individual staff are in accordance with legislative requirements, have due regard to the pay and conditions for each type of staff group and must reflect the pay policies set and approved by the Governing Body.

2.1.4 Control of assets

Each school must maintain an inventory (or register of assets) in relation to all assets¹¹ exceeding a value of £1,000 and setting out the basic authorisation procedures for disposal of assets. Guidance on the format/content of the inventory and the authorisation procedures for the disposal of assets are contained within the Supplementary Financial Regulations. Schools can determine their own arrangements for maintaining a register for assets worth less than £1,000 but are required to keep some form of register for insurance purposes.

¹¹ An asset for the purpose of these regulations is defined as purchases that have a physical substance, or intangible assets e.g. purchased software licenses, trademarks or patents that will bring benefit, (be in use) for more than one financial year.

SECTION 2: FINANCIAL CONTROLS AND AUDIT

In the event that formal notice of the closure of a school has been published by the authority, the closing school is required to submit, within three months, the inventory (register of assets) for all assets over £1,000 held by the school. The school inventory/asset register must continue to be maintained between the time that the notice to close is published and the actual date of closure.

A completed schedule setting out how each asset in the inventory/register of assets is to be disposed of should be submitted with the schools final year-end accounts for the last **complete** financial year before the closure of the school. An updated version of the inventory/register of assets including those assets disposed of in the period between the start of the next financial year and the date of closure should be included with the submission of the schools final interim accounts. Detailed guidance on the control of assets for closing schools is set out in the Supplementary Financial Regulations.

2.1.5 Accounting Policies (including year-end procedures)

Schools are required to abide by procedures issued by the authority in relation to accounting policies and year-end procedures as detailed in the Supplementary Financial Regulations and as issued by Peterborough City Council from time to time.

Closing schools are required to comply with the guidance and requirements set out in the council's Supplementary Financial Regulations with regard to the submission of an interim set of accounts prepared to the date of the closure of the school.

2.1.6 Writing off of debts

Governing bodies are only authorised to write off debts up to a level stipulated by the Chief Finance Officer. The current level is set out in the Supplementary Financial Regulations.

In the case of larger debts the school must follow the procedure set out within the Supplementary Financial Regulations.

2.2 Basis of accounting

Schools financial returns provided to Peterborough City Council must be on an accruals basis.

Schools are free to determine which financial software they wish to use and to decide on how they organise their accounts, provided they meet any costs of modification to provide reports required by the Local Authority.

2.3 Submission of budget plans

Each school is required to submit a budget plan to the Authority by the end of May each year, showing the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. Schools are allowed to take full account of estimated deficits or surpluses as at the previous 31 March in their budget plan. The format of the budget plan is set out within the Supplementary Financial Regulations

Peterborough City Council may also require the submission of revised plans where the authority deems it necessary. Such revised plans shall not be required at intervals of less than three months.

Peterborough City Council will supply schools that do not maintain their record of account

SECTION 2: FINANCIAL CONTROLS AND AUDIT

locally with all income and expenditure data held by the Council, which is necessary for efficient planning by schools. The Local Authority will provide an annual statement of when this information is to be made available to schools through the year.

The schools formal annual budget plan must be approved by the governing body or a committee of the governing body. The submitted budget plan must be signed by the Chair of Governors and the decision recorded in the minutes of the meeting that the budget plan is approved.

2.3.1 Submission of Financial Forecasts

From April 2008, schools will be required to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.

The forecasts will be used by the authority in conjunction with the balance control mechanism, to provide evidence to support the schools adherence to the Financial Management Standards in Schools and to demonstrate effective financial planning.

2.4 Best value

The governing body of each school shall submit a statement setting out what steps it will be taking in the course of the year to ensure that expenditure, particularly in respect of large service contracts, will reflect the principles of the best value regime. To assist schools in doing this the principles of 'best value' are set out in Annex C. A sample of a Best Value statement can be found in the Financial Management Standard Toolkit (R34 & R37).

2.5 Virement

Schools are free to vire between budget heads in the expenditure of their budget shares but governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required. This regulation may not apply to some earmarked funds that have been devolved to schools for a specific purpose.

2.6 Audit: General

Schools are required to co-operate both with auditors employed by the Local Authority (internal audit) and auditors appointed by the Audit Commission to audit the Local Authority itself (external audit) and provide access to the school's records.

In regard to internal audit, all schools come within the audit regime determined by Peterborough City Council. Details are contained within the Supplementary Financial Regulations. In relation to external audit all schools come within Peterborough City Council external audit regime as determined by the Audit Commission. Schools must also provide access to school records for HM Revenue and Customs when required.

2.7 Separate external audits

A governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any Peterborough City Council 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 Peterborough City Council's internal and external auditors.

SECTION 2: FINANCIAL CONTROLS AND AUDIT

2.8 Audit of voluntary and private funds

In addition to the normal internal and external audits, schools must provide audit certificates in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school. The procedures for furnishing audit certificates and advice on the handling of such voluntary and private funds is set out within the Supplementary Financial Regulations.

2.9 Register of business interests

The governing body of each school is required to establish a register, which lists for each member of the governing body, the headteacher and those school staff with responsibilities for finance and/or the allocation of resources, any business interests they or any member of their immediate family have. The Governing Body is required to keep the register up to date with notification of changes and through annual review of entries, and to make the register available for inspection by officers of Peterborough City Council, governors, staff and parents. More detailed guidance on the maintenance of such a register is included in the Supplementary Financial Regulations.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters¹². Schools are required to assess in advance, where relevant, the Health and Safety competence of contractors, taking account of Peterborough City Council's policies and procedures.

2.11 Application of contracts to schools

Schools have a right to opt out of Peterborough City Council arranged contracts except where this scheme provides otherwise. There are no contracts currently in existence that binds schools to their use.

Governing bodies are empowered under paragraph 3 of schedule 10 of the Schools Standards and framework Act 1998 to enter into contracts. In most cases schools do so on behalf of the Local Authority as the maintainer of the schools and the owner of the funds in the budget share, hence the requirements for Local Authorities to counter-sign contracts exceeding a certain value.

However contracts may be made solely on behalf of the Governing Body for those schools where the Governing Body has clear statutory obligations - for example contracts made by aided or foundation schools for the employment of staff.

Where approval has been received for the discontinuation of a school, the Governing Body is required to ensure that any contracts entered into after that date, expire at the date of closure.

¹² **However, any section of the Authority's financial regulations and standing orders shall not apply if it requires schools:**

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

SECTION 2: FINANCIAL CONTROLS AND AUDIT

For existing contracts that are due to continue beyond this date, the Governing Body should ensure that any penalties for the early termination of the contract are charged to the schools budget share and reported as part of the closure of the schools accounts.

2.12 Central funds and earmarking

Peterborough City Council is authorised to make sums available to schools from central funds, in the form of allocations that are additional to and separate from the schools' budget shares (the Standards Fund regulations will require Local Authorities to do this with some grants). 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 which Peterborough City Council itself is not permitted to vire), this can not be carried to the point of assimilating the allocations into the school's budget share.

Earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share. Peterborough City Council has the right to claw back any such funds that have not been spent for the prescribed purpose in year or within the period which schools are allowed to use the funding, if different.

The accounting procedures to be used in respect of earmarked funds are set out in the Supplementary Financial Regulations. The Local Authority is not permitted to make any deduction, in respect of interest costs to the Local Authority, from payments to schools of devolved or specific grant.

2.13 Spending for the purposes of the school

Governing bodies are free¹³ to spend budget shares 'for the purposes of the school', subject to the provisions of this scheme.

The authority further defines the term for the purposes of the school as expenditure incurred as a result of providing education to the pupils registered on the school roll. This may include costs incurred in other educational establishments where a school uses other providers to support the curriculum for specific pupils on their roll, for example the cost of courses delivered in partnership with another school, college or education provider.

Schools are not permitted to use their budget shares to offset expenditure incurred in another school, even in circumstances where pupils transfer from one school to another in the event of a school closure. Funds should only transfer between schools in the following circumstances:

- As a result of the sale or purchase of services between the schools
- To facilitate a managed move to a new school for a pupil being transferred under the Local Authority's Fair Access Protocol
- To contribute to the funding of partnership arrangements with other organisations, including schools for the delivery of curricular, pastoral or extended community services
- In circumstances where a single school is responsible for holding, managing and accounting for funds provided for more than one school in an area, cluster or federation.

¹³ In accordance with s50 (3) of the School Standards and Framework Act 1998 (the SSAF Act 1998). Under s.50 (3) (b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. This is set out in the Schools Budget Shares (prescribed Purposes) (England) Regulations 2002 (SI 2002/378), which have been amended by the Schools Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2004 (SI 2004/444).

SECTION 2: FINANCIAL CONTROLS AND AUDIT

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 premises¹⁴. If the expected capital expenditure from the budget share in any one year will exceed £15,000 the governing body must notify Peterborough City Council and take into account any advice from the Local Authority as to the merits of the proposed expenditure.

For schools which approval for discontinuation has been secured, all planned use of budget shares to meet the cost of capital expenditure not required by health & safety requirements must be agreed with the Local Authority in advance. This is to ensure that any such spending from the start of the financial year after the date of the publication of the planned closure is necessary and provides value for money.

Where premises are owned by Peterborough City Council, or the school has voluntary controlled status, then the governing body shall seek the consent of Peterborough City Council to the proposed works, but such consent can be withheld only on health & safety grounds¹⁵.

2.15 Financial Management Standard

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

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

2.16 Notice of concern

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

¹⁴ This includes expenditure by the governing body of a voluntary aided school on work that is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998.

¹⁵ These requirements are to assist Peterborough City Council to ensure compliance with the Schools Premises Regulations and DfES Construction Standards and Health and Safety Legislation.

SECTION 2: FINANCIAL CONTROLS AND AUDIT

- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the Local Authority;
- insisting on regular financial monitoring meetings at the school attended by Local Authority officers;
- requiring a governing body to buy into a Local Authority's financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

Where a school disputes any aspect of the notice of concern, then the Governing Body may appeal to the Cabinet Members for Finance and Children's Services setting out their concerns in writing. The appeal will be considered by the Cabinet Members, who, after considering the evidence and on the basis of a unanimous decision may request that the notice is revised, or remains unchanged.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE BANKING ARRANGEMENTS

SECTION 3: INSTALMENTS OF THE BUDGET SHARE: BANKING ARRANGEMENTS

3.1 Frequency of instalments

The budget share will be made available to governing bodies monthly.

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 as set out in Annex D

3.3 School Standards Grant Funding (SSG)

In making available the SSG allocation to schools no interest clawback will be applied to the amount before it is made available.

3.4 Interest clawback

Peterborough City Council will deduct from budget share instalments an amount equal to the estimated interest lost by Peterborough City Council in making available the budget share in advance. The calculation basis of the deduction is set out in Annex E.

3.5 Interest on late budget share payments

Peterborough City Council will add interest to late payments of budget share instalments, where the late payment is as a result of a Local Authority error. The rate of interest is the same as that used for the calculation of Interest Clawback set out in Annex E.

3.6 Budget shares for closing schools

For schools for which approval for discontinuation has been secured, a budget share related to the number of months remaining in the financial year in which the school closes will be calculated as follows:

- estimated direct and indirect staffing costs required to maintain the school until closure
- estimated non-staffing costs based on the average spend for the same period over the last three years as set out in the schedule included at Annex H.
- the cost of contracts, including penalties where the liability may be to the date of the school closure or longer, where it has not been possible to negotiate the early release of a contract.
- actual revenue grant allocations the school qualifies for and adjusted where appropriate under grant regulations for the part-year
- actual costs of commitments arising from the delivery of extended community facilities until the closure of the school, including any earmarked balances related to such activities
- any expenditure required to secure external income due to the school
- any expenditure related to the physical closure of the school including decant, removal and security costs once the school term has ended
- any balances brought forward from the previous financial-year required to fund activities, projects and commitments agreed prior to the start of the new financial year

The budget share will be agreed with the school in advance of the start of the financial year, and funding will be allocated monthly on the basis of the total budget share divided by the

SECTION 3: INSTALMENTS OF THE BUDGET SHARE BANKING ARRANGEMENTS

number of months remaining before closure.

3.7 Bank and building society accounts

All Peterborough schools are required to have an external bank account into which their budget share instalments (as determined by other provisions of this scheme) are paid. Schools shall be allowed to retain all interest payable on the account unless they choose to have an account within a Local Authority contract which makes other provisions.

3.8 Restrictions on accounts

Only one account may be held for the purpose of receiving budget share payments. This must be at the banks or building societies listed in Annex F.

Any school closing an account used to receive its budget share and opening another must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list, and give Peterborough City Council 2 months notice in writing.

Schools are allowed to have accounts for budget share purposes that are in the name of the school rather than Peterborough City Council¹⁶. However if a school has a bank account the account mandate should provide that the Local Authority is the owner of the funds in the account; that the Local Authority is entitled to receive statements; and that if a school's right to a delegated budget is suspended by the Local Authority then the Local Authority has the right to take control of the account.

3.9 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary of State¹⁷,f, or where the Local Authority has granted a licence for the school to operate a deficit budget that will require financing through a bank overdraft during the period of the licence.

3.10 Use of Credit & Debit Cards

Schools are permitted to use credit and debit cards for making payments for goods and services. The use of this facility must be limited to making purchases that cannot be secured via the schools normal ordering and payment processes, for example the ordering of goods and services over the internet.

The use of credit cards is not considered to infringe the borrowing restrictions imposed on schools as long as the balance on the account is cleared in full at the end of each month. Schools are required to ensure that arrangements are in place to set up a payment by direct debit to clear the total balance of the account due each month in order to satisfy this condition.

The governing body must authorise any cards to be used having considered the potential risk over and above that of the purchase order system and appropriate controls over usage. The

¹⁶ Money paid by Peterborough City Council and held in such accounts remains Local Authority property until spent (s.49 (5) of the Act).

¹⁷ This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of Peterborough City Council when repaying loans.

SECTION 3: INSTALMENTS OF THE BUDGET SHARE BANKING ARRANGEMENTS

following procedures as a minimum requirement must be put in place to ensure the secure and effective use of these cards.

- a) The governing body should approve a list of authorised users
- b) The governing body should determine restrictions on the use of the card/s and set maximum spending limits
- c) Written instructions on the scope and use of the cards must be agreed in advance by the Governing Body
- d) A member of staff, who is not a card signatory, should be appointed to control the use of the cards
- e) Documentary proof of any goods purchased with the charge or credit card including details of the nature and cost of those goods should be returned to the person responsible for recording charge card transactions as soon after each purchase as is reasonably practical.
- f) All transactions charged to the card account must be reconciled monthly by a member of staff, other than the card signatory.

3.11 Other provisions

Peterborough City Council has formulated separate detailed regulations and guidance in respect of other aspects of banking arrangements, which are as set out in the Supplementary Financial Regulations.

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

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

4.1 The right to carry forward surplus balances

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

4.2 Controls on Surplus Balances

Balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2004

- a) The Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be uncommitted balance category (BO2) as defined in the Consistent Financial Reporting Framework. This balance should exclude any carried forward funds relating to activities not relative to the schools budget share, for example surplus funds related to the provision of extended community facilities and schools private fund accounts.
- b) The Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous year.
- c) The Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority as listed at paragraph 4.3 of the scheme, 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.¹⁸
- d) If the result of steps a-c is a sum greater than 5% of the current year's budget share (secondary schools) or 8% (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 for the school, whether under provisions in this scheme or otherwise. Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school is permitted by the Authority.

The totals of any amounts deducted from Schools' budgeted shares by the Authority under these provisions are to be applied to the Schools Budget of the Authority.

¹⁸ The last provision is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely.

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

4.3 Balances Assigned for Specific Purposes

The purposes for which schools can retain balances permitted under section 4.2 (c) declared for specific purposes are those balances that are to be used to;

- (a) provide surplus funds for the replacement of ICT facilities, including computer hardware, software, renewal or installation of cabling and telephone systems. Funding retained in each year for this purpose should not be retained for any longer than three years.
- (b) provide surplus funds for planned maintenance undertaken by the school on a three year rolling programme
- (c) provide surplus funds for the replacement and renewal of school furniture and equipment which must be used over a period of three years.
- (d) provide contingency funds which if necessary can be used to manage the impact of future budget reductions over a period of no more than 3 years.
- (e) provide contributions from revenue budgets each year towards capital projects undertaken within three years

Governing Bodies will be required by 1st July each year to complete an annual return containing details of all balances held by the school as at 31 March each year. This information will be used to calculate the maximum balances to be held by schools each year in line with the regulations stipulated in 4.2, and will be subject to audit. Further guidance on the level and use of balances retained by schools is included in the Authority's Supplementary Financial Regulations.

4.4 Interest on Surplus Balances

Balances held by the Authority on behalf of schools will attract interest on the following basis:

$$(A+B)/2 \times C$$

Where

A is the surplus brought forward at the start of the financial year
B is the surplus carried forward at the end of the year
and C is the average base rate in force during the financial year.

4.5 Obligation to carry forward deficit balances

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share (see also 4.9). Peterborough City Council has the power to schedule repayments of deficits that already existed at schools maintained by Peterborough City Council on 31 March 1999.

4.6 Planning for deficit budgets

Schools may only plan for a deficit budget in accordance with the terms of paragraph 4.10 below.

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

4.7 Charging of interest on deficit balances

Peterborough City Council will charge interest on any deficit balances held by the Authority on behalf of schools, except on those of GM/GM special schools for which special provisions apply (see section 12). The basis of the calculation of interest shall be as follows:

$$(A+B)/2 \times C$$

Where:

A is the surplus or deficit brought forward at the start of the financial year

B is the deficit carried forward at the end of the year

and C is the average base rate in force during the financial year.

4.8 Writing off deficits

Peterborough City Council has no power to write off the deficit balance of any school.

4.9 Balances of closing and replacement schools

When a school closes any balance (whether surplus or deficit) shall revert to Peterborough City Council; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school.

4.10 Licensed deficits

Peterborough City Council will permit schools that have no deficit at 31 March to plan for a deficit budget in exceptional circumstances. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances¹⁹

A school may be granted a deficit budget subject to:

(a) Licensed deficits will be considered only for schools experiencing an unforeseen /unforeseeable event which cannot be managed within one financial year.

(b) The maximum limit available for the approval of licensed deficits is 30% of the total of all school balances.

(c) A financial appraisal of the school's submitted budget and plans for reducing the deficit over the maximum period of five years

(d) The deficit being progressively reduced and eliminated within a maximum period of five years from the year the deficit was agreed

(e) A maximum limit of £100,000 or 5% of the school's delegated budget, whichever is the lower in the year in which the deficit is proposed. The minimum level of deficit shall be zero.

¹⁹ Although it is open to Peterborough City Council, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant Local Authority finance legislation.

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

(f) The approval of the Director of Corporate Services in consultation with the Director of Education. Initial discussions on such an application should be referred to the Assistant Finance Manager and the Schools Financial Analyst (Education & Children Finance Team).

(g) The total of deficits in any given financial year not exceeding the ceiling as set above in (c).

If a school has a licensed deficit and the school proposes to spend the amount received by it in respect of School Standards Grant on purposes other than reducing the licensed deficit, the LEA will agree to the proposal in so far that the expenditure planned by the school is reasonable in the schools financial circumstances.

Peterborough City Council will be using all schools balances to determine the total maximum limit for licensed deficits. This will include balances held by schools in external bank accounts. The licensed deficit is not a loan, but approval for a school to go into deficit. If a school with an external bank account needs to borrow to finance such a deficit it will need to make such arrangements as permitted by section 4.9.

4.11 Loan Schemes

Peterborough City Council does not operate a loan scheme.

4.12 Credit Union Approach

Schools are allowed, within the regulations to group together to utilise externally held balances for a credit union approach to loans. If schools choose this approach, Peterborough City Council requires that an annual audit certificate related to any such scheme be submitted to the LEA.

4.13 Balances of schools that were formerly GM.

See section 12.

SECTION 6: THE CHARGING OF SCHOOLS BUDGET SHARES

SECTION 5: INCOME

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

5.1 Income from lettings

Schools may retain income from lettings of the school premises, which would otherwise accrue to Peterborough City Council, subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share. However, schools whose premises are owned by Peterborough City Council shall be required to have regard to directions issued by Peterborough City Council as to the use of school premises as permitted under the School Standards & Framework Act 1998 for various categories of school.

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

5.2 Income from fees and charges

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

5.3 Income from fund-raising activities

Schools may retain income from fund-raising activities.

5.4 Income from the sale of assets

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it will be for Peterborough City Council 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 Peterborough City Council.

In order to enable schools and the authority to consider on which assets schools may retain the proceeds, schools should, with effect from the publication of this scheme, include details on their inventory / register of assets the funding source for the asset. Further guidance is included in the supplementary financial regulations.

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

5.5 Administrative procedures for the collection of income

Because of the potential VAT implications of providing services which lead to fees and charges, fund raising activities and the sale of assets, Peterborough City Council has established VAT regulations related to the collection of income, which are set out in the Supplementary Financial Regulations.

SECTION 6: THE CHARGING OF SCHOOLS BUDGET SHARES

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The budget share of a school may be charged by Peterborough City Council without the consent of the governing body only in circumstances set out in 6.2 below.

Peterborough City Council 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 Peterborough City Council cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996.

Peterborough City Council has in place procedures for dealing with any disputes arising from charges made to school budgets under the conditions above. The details of this procedure are set out in the Supplementary Financial Regulations.

Peterborough City Council must charge salaries of school based staff to school budget shares at actual cost.

6.2 Circumstances in which charges may be made

- 6.2.1 Where premature retirement costs have been incurred without the prior written agreement of Peterborough City Council to bear such costs (the amount chargeable being only the excess over any amount agreed by Peterborough City Council).
- 6.2.2 Other expenditure incurred to secure resignations where the school had not followed Local Authority advice.
- 6.2.3 Awards by courts and industrial tribunals against Peterborough City Council, or out of court settlements, arising from action or inaction by the governing body contrary to Peterborough City Council's advice, even where the Local Authority and Governing Body act jointly.²⁰
- 6.2.4 Expenditure by Peterborough City Council in carrying out health and safety work or capital expenditure for which Peterborough City Council is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.
- 6.2.5 Expenditure by Peterborough City Council incurred in making good defects in building work funded by capital spending from budget shares, where Peterborough City Council owns the premises or the school has voluntary controlled status.
- 6.2.6 Expenditure incurred by Peterborough City Council in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by Peterborough City Council²¹
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a

²⁰ In framing such advice Local Authority's must have taken proper account of the role of aided school governing bodies under section 60 (5) of the School Standards and Framework Act 1998.

²¹ Peterborough City Council's minimum requirements for insurance purposes are included in section 10.

SECTION 6: THE CHARGING OF SCHOOLS BUDGET SHARES

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 Peterborough City Council.

6.2.8 Recovery of penalties imposed on Peterborough City Council by the Board of Inland Revenue, the Contributions Agency, HM Customs and Excise, Teachers Pensions or regulatory authorities as a result of school negligence.

6.2.9 Correction of Local Authority errors in calculating charges to a budget share

6.2.10 Additional transport costs incurred by Peterborough City Council arising from decisions by the governing body on school term dates, the length of the school day, and failure to notify Peterborough City Council of non-pupil days any of which result in unnecessary transport costs.

6.2.11 Legal costs incurred by Peterborough City Council because the governing body did not accept the advice of Peterborough City Council (see also section 11).

6.2.12 Deleted

6.2.13 Costs of necessary health and safety training for staff employed by Peterborough City Council, where funding for training has been delegated but the necessary training not carried out.

6.2.14 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.

6.2.15 Peterborough City Council may charge for work done on teacher pension remittance and records for schools using non-Local Authority payroll contractors so long as the work is the minimum needed to comply with statutory regulations.

6.2.16 Costs incurred by the Local 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.

6.2.17 Cost incurred by the Local Authority due to the submission by the school of incorrect data

6.2.18 Recovery of amounts spent from specific grants on ineligible purposes

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

6.3 General Teaching Council - Fees to be deducted from teachers salaries and remitted to the General Teaching Council for England (GTC)

The General Teaching Council for England (Deduction of Fees) Regulations 2001 ("the Regulations", S.I. 2001 no 3993) came into force on 10 January 2002. The Regulations apply to teachers at maintained schools registered with the General Teaching Council for England ("the GTC") or required to be so registered by the Teachers (Compulsory Registration) (England) Regulations 2001 (S.I. 2001 No. 1266).

The regulations place a duty on the employer to such teachers to deduct and remit the GTC fee in respect of a teacher who has not already paid the fee to the GTC where the GTC has

SECTION 6: THE CHARGING OF SCHOOLS BUDGET SHARES

notified the employer to deduct and remit the fee of that teacher.

This included teachers who have indicated to the GTC that they wish to pay the fee by a salary deduction as well as teachers who have not indicated how they wish to pay the fee.

In order to ensure the performance of the duties to deduct and remit the fee imposed on employers by the regulations the conditions set out in Annex G to this scheme are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares and come into effect on 28 February 2002.

SECTION 7: TAXATION

SECTION 7: TAXATION

7.1 VALUE ADDED TAX

Peterborough City Council has established procedures to enable schools to utilise the Authority's ability to reclaim VAT on expenditure relating to non-business activity. These are set out in separate guidance in the Supplementary Financial Regulations.

Amounts reclaimed through these procedures will be passed back to the school.

7.2 Construction Industry Taxation Scheme (CITS)

Schools are no longer required to comply with the procedures issued by the Authority in connection with the Inland Revenue's Construction Industry Tax Scheme.

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

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

8.1: Provision of services from centrally retained budgets

Peterborough City Council shall determine on what basis services, including Premature Retirement with Compensation (PRC) and Redundancy payments, from centrally retained funds will be provided to schools. However Peterborough City Council is debarred from discriminating in its provision of services on the basis of categories of schools except where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

From April 2006, the Local Authority has retained centrally funds within the Schools Budget for the payment of costs to staff arising as a result of redundancy. Individual schools are permitted to claim reimbursement for termination of employment costs where the redundancy results in a permanent saving in the overall schools budget, and where the school demonstrates that they do not have funds available to cover the costs from within their schools budget share or from accumulated school balances.

All requests for funding should be directed in writing to the Head of Business Support, Children's Services in advance of the agreement to make an individual redundant.

Where the Local Authority makes a decision to reorganise a school, or number of schools, and as a result, redundancy, severance or pension costs are incurred, then these costs will be chargeable either to the Schools Budget or the General Fund in accordance with regulations and legislation.

8.2 Times-scales for the provision of services bought back from Peterborough City Council using delegated budgets

The term of any arrangement with a school starting on or after 1 April 2007 to buy services or facilities from Peterborough City Council shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later. For any subsequent agreement relating to the same services the period must not exceed five years. The contract periods for the supply of catering services may be extended to five years for the initial agreement and seven years for subsequent agreements.

Services provided by the Local Authority where the expenditure has been delegated must be offered at prices that are intended to generate income, which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

This provision compliments the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or profit is not always achievable over fixed financial years: it is for the Local Authority to show during audit tests that the charging policy can be reasonably expected to avoid central subsidy of services.

8.3 Packaging of Services

Peterborough City Council may provide any service for which funding has been delegated. But where Peterborough City Council is offering the service on a buyback basis it must be offered in a way that does not unreasonably restrict schools' freedom of choice among the services available. Where practicable, this will include provision on a service by service basis as well as

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

in packages of services, except for centrally funded premises and liability insurance.

8.4 Service level agreements

Service level agreements must be in place at least by the end of February in the preceding financial year and that schools have at least a month to consider the terms of the agreements. All service level agreements between the City Council and Schools must be in place by 31st March each year in order to be effective for the following financial year.

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.

Services, if offered at all by Peterborough City Council, shall be available on a basis, which is not related to an extended agreement, as well as on the basis of such agreements.

8.5 Teachers Pension Scheme – Data Returns

In order to ensure the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares and came into effect on 1 November 2002. The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the Authority to provide payroll services.

“A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teacher's Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. The governing body shall meet any consequential costs from the school's budget share”.

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required from each school. The governing body shall meet any consequential costs from the school's budget share.”

SECTION 9: PFI/PPP

SECTION 9: PFI/PPP

- 9.1 Peterborough City Council shall have the power to issue regulations from time to time relating to PFI/PPP projects. Amongst other issues these may deal with the reaching of agreements with the governing bodies of schools as to the basis of charges relating to such schemes; and the treatment of monies withheld from contractors due to poor performance.

The Local Authority may charge a school's budget share amounts agreed under PFI/PPP agreements entered into by the governing body of a school.

9.2 ARRANGMENTS FOR CHARGING SCHOOLS FOR FACILITIES MANAGEMENT COSTS ARISING FROM PFI SCHEMES

- 9.2.1 **Peterborough City Council will charge schools in respect of their contributions towards the unitary charge related to the delivery of facilities management arrangements as set out within the individual Governing Body Agreement and the contract requirements between Peterborough City Council and the PFI Contractor. The authority will also recover funds from individual schools budget share allocations arising from the special PFI allocations funded from the schools budget.**
- 9.2.2 **A schedule of charges will be sent to the school before the start of each financial year and costs will be included as per the schedule each month on the schools funding statement. The monthly charge will be offset against income due to the school under Section 3, paragraph 3.1 of this scheme.**
- 9.2.3 **Schools will be charged on their funding statement monthly in arrears for any variations to services as set out in the contract and credited monthly in arrears for the non achievement of key performance targets as set out in the contract.**
- 9.2.4 **The Authority will charge individual schools monthly in arrears in relation to the provision of Free School Meals and Ad Hoc Catering Services as set out within the PFI contract Part 7 – Catering & Vending.**

SECTION 10: INSURANCE

SECTION 10: INSURANCE

10.1 Insurance cover

For those schools using an insurer other than Peterborough City Council, are required to demonstrate that the cover obtained is relevant to a Local Authority's insurable interests and is at least as good as the relevant minimum cover provided by Peterborough City Council for those schools that opt for cover under the Local Authority's insurance arrangements.

The Local Authority in determining their insurable interests must have regard to the actual risk, which might reasonably be expected to arise at the school in question, rather than applying an arbitrary minimum level to cover all schools.

SECTION 11: MISCELLANEOUS

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

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

11.2 Liability of governors

Because the governing body is a corporate body²², governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

11.3 Governors' expenses

Peterborough City Council shall have the power to delegate to the governing body of a school that is yet to receive a delegated budget, funds to meet governors' expenses.

Only allowances in respect of purposes specified in regulations²³ 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

Costs in respect of legal actions incurred by the governing body, although the responsibility of Peterborough City Council as part of the cost of maintaining the school (unless they relate to the statutory responsibility of aided school governors for buildings) may be charged to the school's budget share unless the governing body acts in accordance with the advice of the Authority.

Where there is a conflict of interest between the Local Authority and the Governing Body, the school may obtain legal advice either by contacting the Legal Department of Peterborough City Council directly, or by seeking independent legal advice.

11.5 Health and Safety

In expending the schools budget share, the Governing Body should have due regard to duties placed on Peterborough City Council in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share.

²² and because of the terms of s.50(7) of the SSAF Act

²³ schedule 11 of the School Standards and Framework Act 1998,

SECTION 11: MISCELLANEOUS

11.6 Right of attendance for Chief Finance Officer

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

The Chief Finance Officer's attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine, and prior notice of such attendance will be given unless impracticable to do so.

11.7 Delegation to New Schools

Peterborough City Council is empowered to delegate selectively and optionally to the governing bodies of schools that have yet to receive delegated budgets²⁴.

11.8 Optional Delegation by a School

Where a school exercises an option to receive delegated or devolved funding for an item, that option may only be exercised once a year by notifying, in writing, Peterborough City Council by the 1st February of the preceding financial year.

This section refers only to optional delegation for insurance and admissions funding.

11.9 Special Educational Need

Schools are required to use their best endeavours in spending their budget share to secure the special educational needs of their pupils.²⁵

11.10 Documents Containing Further Financial Controls and Procedures

Supplementary Financial Regulations
Standing Orders in Respect of Contracts
Code of Conduct – Tendering
Financial Regulations
Code of Practice on Local Authority and School Relations

11.11 Whistleblowing

Peterborough City Council has a policy and procedures on Whistleblowing, which is published in the Schools Personnel Manual issued by EPM Ltd. Schools should establish their own procedures and take into consideration the policy of the Council.

Schools are bound by the statutory requirements of the Human Rights Act and should have regard to guidance issued by Peterborough City Council from time to time.

²⁴ Section 49 (1-3) of the Schools Standard and Framework act states that a new school must receive a delegated budget not later than the date on which it opens (that is to say the date on which it first admits pupils), unless the Local Authority has obtained the Secretary of State's approval to a postponement beyond that date. Section 49 (3) of the act enables Local Authority's to give a delegated budget to a new school in advance of it's opening date.

²⁵ The Local Authority may in extreme circumstances, not related to individual pupils suspend delegation under the powers allowable under section 51 of the SSAF 1998, if a school fails to make adequate provision for special educational needs within the school.

SECTION 11: MISCELLANEOUS

11.12 Child Protection

Peterborough City Council has a policy of requesting that schools release staff to attend child protection case conferences and other related events. The authority has a scheme in place to reimburse schools for attendance at initial case conferences, review conferences and core group. Details of the scheme are included in the Supplementary Financial Regulations.

11.13 School Meals

Peterborough City Council does not have a policy relating to the provision of school meals.

11.14 Financial Management of School Fund Accounts

Most schools have money available from sources other than the Local Authority, which may be used for the general benefit of the school. If such funds are controlled by an employee because of his or her position at the school, but are maintained in a bank account which is separate to the schools main bank account, then they are regarded as unofficial funds.

The Local Government Act 1972 states that a Local Authority may require any of its staff to account for all money and property committed to their charge and to produce the relevant supporting documents. To fulfil section 151 responsibilities, this requirement is extended to include all staff at all schools.

Accounts must be maintained and supporting documents held for all transactions. Financial management arrangements for the school fund must be formalised and follow the best practice adopted for the authorisation of expenditure, and for the recording, accounting, reporting and auditing of the schools main account.

Expenditure from school fund accounts should be legal, within the terms of reference operated for the fund and authorised appropriately.

Audit certificates must be provided to the Local Authority as set out in paragraph 2.8 of this scheme. A copy must also be retained at the school. Annual audited accounts are required by 31 August after the year end.

SECTION 12: GM AND GM SPECIAL SCHOOLS

SECTION 12: GM AND GM SPECIAL SCHOOLS

12.1 Balances of schools that were formally Grant Maintained

Such schools continue to have the right to spend any surplus balances that they bring with them from the period during which they were funded by the FAS.

Where a deficit balance existed at the end of FAS funding any schedule for eliminating the deficit agreed with the FAS will continue to be adhered to.

In the case of deficits incurred when the school was previously maintained by Cambridgeshire County Council that subsequently carried over into the change of status under the GM Finance Regulations any schedule relating to that deficit will continue to be adhered to.

12.2 Section 255 SSAF Loans

Section 4.6 in respect of interest charged on deficit balances will only to apply to deficits accumulated once the school commences to be maintained by Peterborough City Council. Amounts due in respect of loans from the FAS may be charged by Peterborough City Council against a schools budget share where payments are not made to the Secretary of State.

SECTION 13: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

SECTION 13: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

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

The de minimis limit Peterborough City Council intends to use for the definition of capital and revenue expenditure in the financial accounts, from 1 April 2007, is £10,000, with the exception of specific capital grants allocated to schools that are below £10,000.

Voluntary Aided schools should note the information at Annex B should be read alongside the more detailed information on the definition of repair work in "How to apply for funding for capital repair projects" Changes introduced in 1 April 2000 issued to all VA schools in March 2000. For the purposes of determining whether the Local Authority or VA governors are responsible for funding capital or repair work, consult the full list detailing the division of liabilities at Annex G of that publication.

Items that are not the VA governing bodies' responsibility should be treated on the same basis as community and foundation schools and funding delegated by the Local Authority under its scheme.

SECTION 14: EXTENDED COMMUNITY FACILITIES

SECTION 14 COMMUNITY FACILITIES

Introduction

- 14.1 Schools that choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. Regulations made under s.28 can specify activities, which may not be undertaken at all under the main enabling power. Schools are obliged to consult its Local Authority and have regard to advice from the authority. The Secretary of State will issue guidance to governing bodies about a range of issues connected with exercise of the power, and schools must have regard to that.

However, under s28 (1), the main limitations and restrictions on the power will be

a. those contained in schools' own instruments of government, if any; and

b. in the maintaining Local Authority'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.

- 14.2 Schools are therefore subject to prohibitions, restrictions and limitations in the Peterborough Scheme for the Financial Management of 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.

A school is prohibited from using the budget share to fund community facilities, including start up costs and on-going expenditure, or to meet any deficit arising from such activities.

- 14.3 In circumstances where the mismanagement of community facilities result in a school experiencing serious financial difficulties, the Local Authority can consider this situation as grounds for the suspension of a school's right to a delegated budget.

Consultation with the Local Authority

- 14.4 Section 28(4) of the Education Act 2002 requires that before a school exercises the community facilities power, the Governing Body of the school must consult with the Local Authority on proposals to extend the use of their facilities and have regard to any advice offered to them by the Local Authority.

- 14.5 The Local Authority is required to provide advice, free of charge, and comment on the proposals within two months of being consulted by the school.

- 14.6 The school should inform the Local Authority what action has been taken following the Authority's advice.

SECTION 14: EXTENDED COMMUNITY FACILITIES

Funding agreements – Local Authority powers

- 14.7 Schools are not permitted to use their budget share to fund either the set up costs, recurrent funding or any deficit incurred as a result of providing extended community facilities. Some projects may therefore involve entering into agreements with third parties for the supply of funding and/or taking part in the provision of extended facilities.

Schools are required to consult with the Local Authority on third party agreements including the submission of the financial arrangements of the agreement, which must demonstrate that the financial interests of both the school and the Local Authority are protected from any financial difficulty arising from the operation of the agreement.

Schools must consult with the Local Authority on plans to extend the use of their facilities, including any third party arrangements, at least two months before such arrangements are due to come into force. This will enable the Local Authority to respond to the consultation and provide any necessary advice that may impact on the interest of the authority or the school.

- 14.8 If a third party agreement has been or is to be concluded against the wishes of the Local Authority, or has been concluded without informing the Authority, this may constitute grounds for suspension of the right to a delegated budget. This would only apply in the circumstances where, in the view of the Authority, the agreement is seriously prejudicial to the interests of the school or the Authority.

Other Prohibitions, Restrictions and Limitations

- 14.9 The Local Authority cannot veto either funding agreements with third parties or other proposed uses of the community facilities power.
- 14.10 In entering into third party agreements that, in the view of the Local Authority, carry significant financial risks the Governing Body is required to make arrangements to protect the financial interests of the authority by either:
- carrying out the activity concerned through the vehicle of a limited company, or
 - by obtaining indemnity insurance for the risks associated with the project in question, or

Supply of financial information

- 14.11 For those schools that exercise the community facilities power, a summary financial statement showing the income and expenditure from the facilities in question will be required for the previous six months of activity and an estimate for the next six months. The minimum information required in the statement is set out in the council's Supplementary Financial Regulations.
- 14.12 The Authority, 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, may require financial statements to be supplied every three months and, if the Authority sees fit, to require the submission of a recovery plan for the activity in question.

SECTION 14: EXTENDED COMMUNITY FACILITIES

Audit

- 14.13 Schools are required to grant access to the Authority to those records kept in relation to the operation of extended community facilities in order to facilitate the internal and external audit of relevant income and expenditure.
- 14.14 Where a school has entered into a third party agreement for the delivery of extended community facilities, any such agreement must contain adequate provision for the right of access by the Authorities auditors' to records and property held on the school premises or elsewhere insofar as they relate to the activity in question.

Treatment of income and surpluses

- 14.15 Schools are permitted to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that is the Local Authority or some other funding provider.
- 14.16 A school may carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of each financial year, transfer all or part of it to the budget share balance.

Where the authority ceases to maintain a community school, any accumulated retained income obtained from exercise of the community facilities power reverts to the authority, unless otherwise agreed with a third party funding provider.

- 14.17 Should a community facility accrue a deficit, then this may only be recovered from surpluses derived from the operation of that facility. If this is insufficient then the Local Authority is required to meet all liabilities from its own resources, hence the need for the Local Authority's interests in reviewing the financial aspects of any such agreements.

Health and Safety Matters

- 14.18 The health and safety provisions of the main scheme set out in paragraph 11.5 above apply also to those schools providing services undertaken through the extension of their facilities for community use.
- 14.19 The Governing Body shall be responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. The Governing Body is free to pass on such costs to a funding partner as part of an agreement with that partner.

SECTION 14: EXTENDED COMMUNITY FACILITIES

Insurance

- 14.20 If a Governing Body intends to extend the use of the school's facilities under the community facilities power, then it is the responsibility of the Governing Body to ensure adequate insurance arrangements are made for insurance against risks arising from the use of that power. This insurance must not be funded from the school budget share. In order to protect the Authority's interests the Governing Body is required to seek advice from the Authority's insurance officer before finalising any insurance arrangements for community facilities.
- 14.21 The Local Authority is permitted under these regulations to undertake its own assessment of insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, to make arrangements itself and charge the resultant costs to the school. Such costs must not be charged to the schools budget share.

Details on the Peterborough City Council's minimum requirements for insurance purposes are included in the Supplementary Financial Regulations.

Taxation

- 14.22 Schools should seek the advice of the Local Authority 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.
- 14.23 For any member of staff employed by the school or Local Authority in connection with community facilities at the school and paid from funds held in the schools bank account, (whether a separate account is used for community facilities or not) the school is likely to be held liable for payments of income tax and national insurance, in line with Inland Revenue rules.
- 14.24 The regulations related to CITS in paragraph 7.2 above will also apply to those schools providing facilities by exercising the extended community facilities powers.

Banking

- 14.25 Schools exercising extended community facilities powers must maintain separate bank accounts for the school's budget share and for community facilities.
- 14.26 Schools are required to choose a banker for extended community facility bank accounts from the list of banks and building societies listed in Annex F. The detailed banking arrangements set out in the council's Supplementary Financial Regulations will also apply to these accounts. Bank accounts relating to extended community facilities are exempt from the requirement to show the Local Authority as the owner of the bank account on any mandates drawn up on the account.
- 14.27 Schools may not borrow money for the purpose of extending their facilities for community use without the written consent of the Secretary of State.

ANNEX A: LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

ANNEX A

LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

Name of School	Address				
Abbotsmede Community Primary School	Kingsley Road			Peterborough	PE1 5JS
All Saints C of E Junior School	Dogsthorpe Road	Dogsthorpe		Peterborough	PE1 3PW
Arthur Mellows Village College	Helpston Road	Glinton		Peterborough	PE6 7JX
Barnack C of E Primary School	School Road	Barnack		Stamford	PE9 3DZ
Bishop Creighton Primary School	Vineyard Road	Eastgate		Peterborough	PE1 5DB
Braybrook Primary School	Braybrook	Orton Goldhay		Peterborough	PE2 5QL
Brewster Avenue Infant School	Brewster Avenue	Woodston		Peterborough	PE2 9PN
Bushfield Community College	Orton Centre	Orton Goldhay		Peterborough	PE2 5RQ
Castor C of E Primary School	Stocks Hill	Castor		Peterborough	PE5 7AY
Caverstede Nursery School	Caverstede Rd	Paston		Peterborough	PE4 6EX
Discovery Primary School	Mountsteven Avenue	Walton		Peterborough	PE4 6HX
Dogsthorpe Infant School	Central Avenue	Dogsthorpe		Peterborough	PE1 4LH
Dogsthorpe Junior School	Central Avenue	Dogsthorpe		Peterborough	PE1 4LH
Eye C of E (VC) Primary School	Eyebury Road	Eye		Peterborough	PE6 7TD
Eyrescroft Primary School	Eyrescroft	Bretton		Peterborough	PE3 8EZ
Fulbridge Primary School	Keeton Road			Peterborough	PE1 3JQ
Gladstone Primary School	Gladstone Street			Peterborough	PE1 2BX
Gunthorpe Primary School	The Pentlands, Hallfields Lane	Gunthorpe		Peterborough	PE4 7YP
Hampton College	Eagle Way	Hampton Vale		Peterborough	PE7 8BF
Hampton Hargate Primary School	Hargate Way	Hampton		Peterborough	PE7 8BZ
Hampton Vale Primary	(September 2004)				
Heltwate School	Heltwate	North Bretton		Peterborough	PE3 8RL
Heritage Park Primary School	Park Farm Way	Park Farm		Peterborough	PE2 6FG
Highlees Community Primary School	Ashton Road	Westwood		Peterborough	PE3 7ER
Jack Hunt School	Ledbury Road	Netherton		Peterborough	PE3 9PN
John Clare Primary School	West Street	Helpston		Peterborough	PE6 7DU
Ken Stimpson Community School	Staniland Way	Werrington		Peterborough	PE4 6JT
Leighton Primary School	Leighton	Orton Malborne		Peterborough	PE2 5PL
Longthorpe Primary School	Bradwell Road	Longthorpe		Peterborough	PE3 9QW
Marshfields School	Eastern Close	Dogsthorpe		Peterborough	PE1 4PP
Matley Primary School	Matley	Orton Brimbles		Peterborough	PE2 5YQ
Middleton Primary School	Middleton	South Bretton		Peterborough	PE3 9XJ
NeneGate Special School	Park Lane	Eastfield		Peterborough	PE1 5GZ
Nene Valley Primary School	Sugar Way			Peterborough	PE2 9RT
Newark Hill Primary School	Eastfield Road			Peterborough	PE1 4RE
Newborough C of E Primary School	School Road	Newborough		Peterborough	PE6 7RG
Northborough Primary School	Church Street	Northborough		Peterborough	PE6 9BN
Norwood Primary School	Gunthorpe Road	Gunthorpe		Peterborough	PE4 7DZ
Oakdale Primary School	Oakdale Avenue	Stanground		Peterborough	PE2 8TD
Old Fletton Primary School	London Road	Old Fletton		Peterborough	PE2 9DR
Orton Longueville School	Oundle Road	Orton Longueville		Peterborough	PE2 7EA
Orton Wistow Primary School	Wistow Way			Peterborough	PE2 6GF

ANNEX A: LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

Name of School	Address			
Parnwell Primary School	Saltersgate	Parnwell	Peterborough	PE1 4YH
Paston Ridings Primary School	Paston Ridings	Paston	Peterborough	PE4 7XG
Peakirk cum Glinton C of E Primary School	Rectory Lane	Glinton	Peterborough	PE6 7JW
Queens Drive Infant School	Queens Drive West		Peterborough	PE1 2JU
Ravensthorpe Primary School	Brigstock Court	Ravensthorpe	Peterborough	PE3 7NB
Sacred Heart RC Primary School	Tollgate	Bretton	Peterborough	PE3 9XD
Southfields Infant School	Southfields Estate	Stanground	Peterborough	PE2 8PU
Southfields Junior School	Southfields Estate	Stanground	Peterborough	PE2 8PU
St Augustine's C of E (V A) Junior School	Palmerston Road		Peterborough	PE2 9DH
St Botolph's C of E Primary School	Oundle Road	Orton Longueville	Peterborough	PE2 7EA
St John Fisher RC School	Park Lane		Peterborough	PE1 5JN
St John's C of E School	Riseholme	Orton Goldhay	Peterborough	PE2 5SP
St Thomas More RC Primary School	Park Lane	Eastfield	Peterborough	PE1 5JW
Stanground College	Peterborough Road	Peterborough		PE7 3BY
Stanground St John's C of E Primary School	Chapel Street	Stanground	Peterborough	PE2 8JG
The Beeches Primary School	Beech Avenue		Peterborough	PE1 2EH
The Duke of Bedford Primary School	Wisbech Road	Thorney	Peterborough	PE6 OST
The Kings School (The Cathedral School)	Park Road		Peterborough	PE1 2UE
The Phoenix School	Orton Goldhay		Peterborough	PE2 5SD
Thorpe Primary School	Atherstone Avenue	Netherton	Peterborough	PE3 9UG
Voyager School	Mountsteven Avenue	Walton	Peterborough	PE4 6HX
Watergall Primary School	Watergall	Bretton	Peterborough	PE3 8NX
Welbourne Primary School	Goodwin Walk	Werrington	Peterborough	PE4 6NR
Welland Primary School	Scalford Drive	Welland	Peterborough	PE1 4TR
Werrington Primary School	Amberley Slope	Werrington	Peterborough	PE4 6QG
West Town Primary School	Williamson Avenue		Peterborough	PE3 6BA
William Law C of E Primary School	Twelvetree Avenue	Werrington	Peterborough	PE4 5DT
Winyates Primary School	Winyates	Orton Goldhay	Peterborough	PE2 5RF
Wittering Primary School	Church Road	Wittering	Peterborough	PE8 6AF
Woodston Primary School	Celta Road	Woodston	Peterborough	PE2 9ER

ANNEX B: LEA CAPITAL & REVENUE SPLIT FOR R & M RESPONSIBILITIES

ANNEX B

LOCAL AUTHORITY CAPITAL /REVENUE SPLIT AND ITEMS WHICH ARE THE SEPARATE RESPONSIBILITY OF GOVERNORS IN VA SCHOOLS

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

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

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

ANNEX B: LEA CAPITAL & REVENUE SPLIT FOR R & M RESPONSIBILITIES

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
	Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace/ repair small areas of rotten/ defective joists, rafters, purlins etc. Not complete trusses
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof
	Insulation. Replacement /repair of substantially all. Improve insulation to current standards	
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/ damaged
	Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/ replacement/ repainting
	Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters
	Drainage. Replacement of all/substantially all on existing roof	
	Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/ Replacement /cleaning
<u>Other</u>	Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link
	Rebuild or substantially repair structure of existing covered link Add porch etc. to existing building	Minor repairs, maintenance to existing
	Rebuild or substantially repair structure of existing porch	
Floors		
<u>Ground Floor</u>	Structure and dpc in new building	Repair/replacement of small parts of an existing structure

ANNEX B: LEA CAPITAL & REVENUE SPLIT FOR R & M RESPONSIBILITIES

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
	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.
<u>Upper Floor</u>	Structure - as ground floor	As ground floor
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor
Ceilings		
<u>Top/ only storey</u>	Suspension	Repair/ replacement Incl. From water damage, & necessary decoration
	Membrane	
	Fixed	Repair/ replacement inc. from water damage
	Access panels	Repair/ replacement
<u>Lower storeys</u>	Suspension	Repair/ replacement
	Membrane	
	Fixed	Repair/ replacement
<u>All</u>	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection
External walls		
<u>Masonry/ cladding</u>	Structure	Repairs
	Underpinning/ propping for new build	Preventive measures e.g. tree removal
	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.

ANNEX B: LEA CAPITAL & REVENUE SPLIT FOR R & M RESPONSIBILITIES

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
	External Finish on existing buildings where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building /replacement build	
<u>Windows and Doors</u>	Framing - new build	Repair/ replacement of individual frames. Repainting frames
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting frames
	Glazing - new build	Replacing broken glass
	Glazing Upgrading existing glazing	
	Ironmongery Improved security	Repair/ replacement, upgrading locks etc.
	Jointing including mastic joints	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
<u>Masonry chimneys</u>	Structure	
	Jointing including expansion and mortar joints/pointing/DPC	Repair / Re-pointing
Internal walls		
<u>Solid</u>	Complete including various internal finishes, linings and decorations.	Repairs and redecoration to internal plaster/linings tiles, pin boards etc.
	Refurbishment and Alterations	Minor Alterations
<u>Partitions</u>	Complete Structure including linings, framing, glazing, decoration etc.	Repairs and redecoration
<u>Doors & Screens</u>	Refurbishment and alterations Framing/screens/doors to new buildings, including glazing, ironmongery, jointing and internal decorations.	Minor alterations Internal maintenance and redecoration. Repair/replacement of defective doors and screens.

ANNEX B: LEA CAPITAL & REVENUE SPLIT FOR R & M RESPONSIBILITIES

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
Sanitary Services		
<u>Lavatories</u>	In new buildings, provision of all toilet fittings, waste plumbing and internal drainage.	Repair/replacement of damaged sanitary ware, fittings, waste plumbing etc..
<u>Kitchens</u>	Large scale toilet refurbishment	Small areas of refurbishment
	Kitchens in new buildings complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.	Maintain kitchen to requirements of LA Cleaning out drainage systems Redecoration
	General refurbishment	Repairs
Mechanical services		
<u>Heating/ hot water</u>	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects
	Safe removal of old/ damaged asbestos boiler and pipework insulation, where risk to Health & Safety.	Monitoring systems Health & safety issues
	Planned replacement of old boiler/ controls systems past the end of their useful life	Replacement of defective parts
	Emergency replacement of boiler plant/ systems	
<u>Cold water</u>	Provision of cold water services, storage tanks, distribution, boosters, hose reels etc. in major projects	Maintenance and repair/ replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks.
<u>Gas</u>	Distribution on new and major refurbishment's, terminal units	Repairs, maintenance and gas safety All servicing

ANNEX B: LEA CAPITAL & REVENUE SPLIT FOR R & M RESPONSIBILITIES

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
<u>Ventilation</u>	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units
<u>Other</u>	Swimming pool plant and its complete installation, including heat recovery systems	Repair/ replacement of parts to plant pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.
Electrical services		
<u>General</u>	Main switchgear and distribution in major projects.	Testing/ replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards	All testing, earthing and bonding to meet Health & Safety. All servicing.
<u>Power</u>	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
<u>Other</u>	Lightning protection in new build	Repair/ replacement
	Alarm systems, CCTV, lifts/ hoists etc.,	Repair and maintenance
	New installation of communication systems, radio/ TV, call, telephone, data transmission, IT etc. and provision in new build.	Repair/ replacement/ maintenance, including all door access systems
External Works		
<u>Pavings</u>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access.	Maintenance and repair Car park and playground markings.
<u>Miscellaneous</u>	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.

ANNEX B: LEA CAPITAL & REVENUE SPLIT FOR R & M RESPONSIBILITIES

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
<u>Drainage</u>	Drains, soakaways, inspection chambers and sewage plant as part of new projects	Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary.
<u>Open air pools</u>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.
<u>Services distribution</u>	Heating mains gas mains water mains electricity mains, renewal of any above.	Annual servicing

This illustrative list is the DfEE interpretation of the CIPFA code of practice and local and local authorities should refer to the code when defining capital and revenue.

ANNEX C

BEST VALUE AND SCHOOLS

1. This statement is intended to assist schools in considering the relevance of best value principles to the expenditure of funds from their delegated budget share. When submitting annual budget plans, schools are required to say how best value principles are being followed.
2. Best value will be a statutory duty to deliver services to clear standards, covering both cost and quality, the most effective, economic and efficient means available. Legislation is to place a duty on local authorities to secure best value in respect of the way in which they exercise their functions. The new duty is not intended to apply to those functions, which are exercised by the governing bodies of Local Authority maintained schools. However, schools will be encouraged to adopt the best value performance management framework.
3. In relation to schools and expenditure from delegated budgets, the main features of best value can be summarised as a need for the governing body of a school to ensure:
 - a) the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-OFSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:
 - Challenging** how and why a service is provided (including consideration of alternative providers);
 - Comparison** of performance against other schools taking into account the views of parents and pupils:
 - Mechanisms to **consult** stakeholders, especially parents and pupils;
 - Embracing **competition** as a means of securing efficient and effective services:
 - b) the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;
 - c) that the following are included in school development plans-
 - A summary of objectives and strategy for the future;
 - Forward targets on an annual and longer-term basis;
 - Description of the means by which performance targets will be achieved
 - A report on current performance
 - d) that internal and external audit takes place ensuring that performance information is scrutinised. Local Authority oversight of school finances provides external review.
4. The independent inspection and intervention elements of the best value framework will be the responsibilities of other bodies and therefore not relevant to demonstration by a governing body of adherence to best value principles.

ANNEX D: PROPORTION OF BUDGET SHARE PAYABLE AT EACH INSTALMENT

ANNEX D

PROPORTION OF BUDGET SHARE PAYABLE AT EACH INSTALMENT

A school's budget share will be paid into a bank account opened for this purpose as follows:

With the exception of the first year of operation, twelve monthly instalments will be paid on or before the 20th of the each month.

Schools operating a bank account for the first time will receive 25% of the first monthly instalment at the beginning of April

The monthly instalments will be in the following ratio:

April	1.25
May – February	1.00
March	0.75

A school not operating a bank account will have access to its entire budget share from the start of the year.

ANNEX E: INTEREST CLAWBACK PROVISIONS

ANNEX E - INTEREST CLAWBACK PROVISIONS

Peterborough City Council will make a deduction from budget share instalments paid into bank accounts of schools operating such accounts as follows:

In respect of each budget share instalment an amount equal to

$$A \times (B / 365) \times C$$

Where

A = 80% of the annual budget share/ 12

B = bank base rate on 20th of the relevant month

C = the number of days (inclusively) between the 20th and the day three days before the last day of the relevant month.

This will enable Peterborough City Council to recover lost interest

ANNEX F: LIST OF APPROVED BANKS & BUILDING SOCIETIES

ANNEX F – LIST OF APPROVED BANKS & BUILDING SOCIETIES

Abbey National Plc
1-4 Long Causeway
Peterborough

HSBC Bank Plc
Cathedral Square
Peterborough

Alliance & Leicester Plc
4 Church Street
Peterborough
(now includes Girobank)
Barclays Bank PLC
1 Church Street
Peterborough
(now includes Woolwich)
Bradford & Bingley Plc
19 Bridge Street
Peterborough

Lloyds Bank Plc
Cathedral Square
Peterborough
(now includes Cheltenham & Gloucester)
Royal Bank of Scotland PLC
14-15 Hereward Cross
Peterborough
(now includes NatWest)
The Co-operative Bank PLC
33 Westgate
Peterborough

HBOS Plc
19 Long Causeway
Peterborough
(now includes Bank of Scotland)

Yorkshire Bank PLC
10 Church Street
Peterborough

Building Societies

Britannia Building Society
Midgate House
2 Midgate
Peterborough

Nationwide Building Society
28 Long Causeway
Peterborough

Leeds Building Society
2 Queen Street
Peterborough

Norwich & Peterborough Building Society
5 Cathedral Square
Peterborough

ANNEX G: FEES REMITTED TO THE GTC DEDUCTED FROM TEACHERS SALARIES

ANNEX G

FEES REMITTED TO THE GTC DEDUCTED FROM TEACHERS' SALARIES

- (1) By virtue of Section 46 of the School Standards and Framework Act 1998 and the regulations made under that section²⁶ the costs of payroll administration for teachers in the Authority's maintained schools fall to be met from the budget shares which are allocated to governing bodies pursuant to section 47 of the Act, and which are delegated to them pursuant to sections 49-50. Accordingly, by virtue of Chapter IV of Part II of that Act and this Scheme, governing bodies of maintained schools are responsible for making suitable arrangements (or ensuring that such arrangements are made) for the administration of payroll services in respect of their teachers.
- (2) A governing body of a community school, community special school or a voluntary controlled school, though not the employer of the teachers at such a school, shall:-
 - (a) where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by the Authority to the GTC. The governing body shall meet any consequential costs from the school's budget share;
 - (b) where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by that person to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share; and
 - (c) where the governing body directly administers the payroll, deduct and remit the fees to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share.
- (3) A governing body of a foundation school, a foundation special school or a voluntary aided school, as the employer of its teachers, is by virtue of the Regulations under a duty to deduct (or arrange for the deduction of) the fee and to remit the fee to the GTC. Accordingly, a governing body shall:-
 - (a) where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by the Authority to the GTC on the governing body's behalf. The Authority shall agree to any such amendment. The governing body shall meet any consequential costs from the school's budget share;

²⁶ At present the Financing of Maintained Schools (England) Regulations 2001 (S.I 2001 No 475, Part II and Schedule 1)

ANNEX G: FEES REMITTED TO THE GTC DEDUCTED FROM TEACHERS SALARIES

- (b) where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by that person to the GTC or to the Governing body for onward transmission to GTC. The governing body shall meet any consequential costs from the school's budget share; and
 - (c) where the governing body directly administers the payroll, deduct and remit the fees to the GTC. The governing body shall meet any consequential costs from the school's budget share.
- (4) All this shall be done whether the funding for the salary payments is paid to the Authority by the school from budget share instalments which have been held by the school in an independent bank account, or the salary costs are directly charged by the Authority to the school's budget share account.

ANNEX H: SCHEDULE FOR CALCULATING CLOSING SCHOOLS NON- SALARY BUDGET SHARE

CFR Ref	Description of Expenditure (CFR Headings)	Basis of determination of Budget Share
E09	Staff Development & Training	Based on SIP and actual costs
E10	Supply Teacher Insurance	Based on Estimated Actual Costs
E11	Staff Related Insurance	Based on Estimated Actual Costs
E12	Building Maintenance & Improvement	Based on Needs Analysis for period up to closure of school & including contract costs to date of closure with penalties for early termination if applicable.
E13	Grounds Maintenance & Improvement	Based on Needs Analysis for period up to closure of school & including contract costs to date of closure with penalties for early termination if applicable.
E14	Cleaning & Caretaking	Based on actual staff costs, or contracts to date of closure with penalties for early termination if applicable.
E15	Water & Sewerage	Based on average of last three years actual costs for same period.
E16	Energy	Based on average of last three years actual costs for same period.
E17	Rates	Based on estimated actual costs for remaining period school is opened.
E18	Other Occupation Costs	Based on average of last three years actual costs for same period.
E19	Learning Resources (non ICT)	Based on average of last three years actual costs for same period.
E20	ICT Learning Resources	Based on average of last three years actual costs for same period, and including any software licence agreements, including termination of agreements where appropriate.
E21	Exam Fees	Based on estimated actual costs
E22	Administrative Supplies	Based on average of last three years actual costs for same period.
E23	Other Insurance Premiums	Based on estimated actual costs for remaining period school is opened.
E24	Special Facilities	Based on estimated actual costs for remaining period school is opened.
E25	Catering Supplies	Based on average of last three years actual costs.
E26	Agency Supply Staff	Based on average of last three years actual costs for same period.
E27	Bought in Professional Services - Curriculum	Based on Needs Analysis for period up to closure of school & including contract costs to date of closure with penalties for early termination if applicable.
E28	Bought in Professional Services - Other	Based on Needs Analysis for period up to closure of school & including contract costs to date of closure with penalties for early termination if applicable.
E29	Loan Interest	Based on estimated actual costs
E30	Direct Revenue Financing (contributions to capital)	Based on agreed schemes to be funded
E31	Community Focused Extended School Staff	Based on estimated actual costs for remaining period school is opened.
E32	Community Focused Extended School Costs	Based on estimated actual costs for remaining period school is opened.