

The Derbyshire Scheme for Financing Schools

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SECTION 1: INTRODUCTION

1.1 The funding framework

The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998, Section 251 of the Apprenticeships, Skills, Children & Learning Act 2009 and the School and Early Years Finance (England) Regulations 2012.

Under the legislation, local authorities determine for themselves the size of their Schools Budget and their non-schools education budget – although at minimum an authority must appropriate all of its Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools. Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the 1998 Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their School Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the 1998 Act. The financial controls within which delegation works are set out in a scheme made by the authority in accordance with s.48 of the 1998 Act and regulations made under that section. All proposals to revise the scheme must be approved by the schools forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school* and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act.

(*Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)

An authority may suspend a maintained school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A maintained school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.

Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the authority must publish a statement showing out-turn expenditure at both central level and for each maintained school, and the balances held in respect of each maintained school.

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

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

1.2 The role of the scheme

This scheme sets out the financial relationship between the authority and all community, nursery, voluntary or foundation schools, community or foundation special schools and pupil referral units (PRUs) maintained by the authority, whether they are situated in the area of the authority or situated elsewhere. It contains requirements relating to financial management and associated issues, which are binding on both the authority and on the schools. A list of schools, that the scheme is applicable to, can be found in Annex A; the scheme does not apply to academies.

1.3 Publication of the scheme

The scheme, and any amendments to it, will be published on a website accessible to the general public (www.derbyshire.gov.uk). Any approved revisions will be published by the date the revisions come into force, together with a statement specifying the date when the revised scheme comes into force.

1.4 Revision of the scheme

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

Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval.

1.5 Delegation of powers to the headteacher

Although governors may delegate certain financial powers to the headteacher they still retain overall responsibility for any actions taken. Each governing body is required 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. **Governors cannot abrogate responsibility for financial control**; and must have regular and meaningful meetings whatever the level of delegation. Changes for April 2004, enabled “functions relating to the first formal budget plan of the financial year”, to be delegated to a committee. As the Committee with responsibility for the budget remains accountable to the main governing body, the governors may wish to consider which budget responsibilities should remain with the main governing body.

1.6 Maintenance of Schools

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

SECTION 2: FINANCIAL CONTROLS

2.1 The financial framework

2.1.1 Application of financial controls to schools

In managing their delegated budgets schools must abide by the authority's requirements on financial controls and monitoring.

This document sets out the financial controls that the authority wishes to see operate. In some cases, other documents have been referred to in order to minimise the size of this document. In principle, the authority wishes to minimise the disruption faced by any changes, and the majority of regulations remain similar to those which operated immediately prior to the new arrangements. In general, those schools operating the Derbyshire School Administration System (DSAS) and SAP will be able to abide by these regulations by operating existing systems.

2.1.2 Provision of financial information and reports

Schools are required to provide the authority with details of expected (i.e. budgeted) and actual expenditure and income, in a form and at times determined by the authority. The details of these requirements are set out in the authority's **Financial Document 1**. The restriction to a minimum 3 month interval does not apply to schools which are part of an on-line financial accounting system operated by the authority.

2.1.3 Payment of salaries/wages and 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. The procedures which apply to the different choices made by schools are set out in the authority's **Financial Document 2**.

2.1.4 Control of assets and security

Governors are responsible for maintaining an inventory of the school's moveable non-capital assets and setting out the basic authorisation procedures for disposal of assets. Whilst schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000, they must keep a register in some form. The authority's **Financial Document 3** offers guidance on both inventories and security issues.

2.1.5 Accounting policies (including year-end procedures)

Schools must abide by procedures issued by the authority in relation to accounting policies and year-end procedures.

The Director of Finance will issue advice to schools concerning year-end procedures each year. It should be noted that all schools' revenue accounts will have to be

completed by the deadlines set, which will be a maximum of two weeks after the end of the period concerned in order that the authority can meet its statutory reporting obligations.

2.1.6 Writing off of debts

Governing bodies are required to determine a policy concerning the writing off of debts, to include a limit appropriate to their size and circumstances. This policy should include a level for the governing body and a lower level for which delegation may be authorised for the headteacher. Each school must supply a copy of such policy to the Director of Finance.

In the case of larger debts (above the school limit and in any event where the debt is greater than £1,000) the school must consult the Director of Finance.

2.2 Basis of accounting

All reports and accounts furnished to the authority must be on an accrual basis.

2.3 Submission of budget plans

The Committee with responsibility for the budget remains accountable to the main governing body. The governors may therefore wish to consider which budget responsibilities should remain with the main governing body. Each school is required to submit a budget plan, together with a copy of the formal minute of approval, by the committee with responsibility for the budget, to the authority by the second Friday in May each year, showing the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The deadline can be extended by one month in exceptional circumstances, if agreed by the authority. The authority will also require schools to submit revised plans where the authority deems it necessary. Such revised plans shall not be required at intervals of more than once every three months. The authority will wish to encourage schools to prepare draft budget plans, as part of the budget planning cycle.

The authority will supply schools with all income and expenditure data which it holds and which is necessary for schools to plan efficiently. The authority will also supply schools with an annual statement showing when this information will be available at times through the year.

Schools are allowed to take full account of estimated deficits/surpluses at the previous 31 March in their budget plan.

A blank Governors Approved Budget Plan (Annex 1) can be found on the Schools Extranet on the following link:

https://derbyshire.inthehive.net/extranet/finance_legal/budget_advice_planning/guidance_all_schools/annex_1/Related%20Documents/Annex%201%20template.xls

2.3.1 Submission of Financial Forecasts

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

2.4 Efficiency and Value for Money

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the authority's purchasing, tendering and contracting requirements outlined in section 2.10.

It is for head and governors to determine at school level how to secure better value for money. It is important for schools to review their current expenditure, compare it with other schools and think about how to make improvements.

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. Some restrictions on the right to vire money are necessary (see Section 2.12), relating to earmarked or grant assisted funding.

2.6 Audit: General

Schools are required to co-operate with both the auditors employed by the authority (**internal audit**) and auditors appointed to audit the authority itself (**external audit**).

In respect of **internal audit**, all schools come within the audit regime determined by the authority.

1. The Director of Finance has a statutory duty to maintain an adequate and effective internal audit of the accounts of the County Council. As part of this duty he is also responsible for auditing accounts relating to the delegated budgets (Regulation 5, Accounts and Audit Regulations 1996).
2. The Director of Finance or his authorised representative shall have authority to:-
 - (i) enter at all reasonable times any school premises or land;
 - (ii) have access at all times to such records and documents, including computer data, and correspondence relating to any financial and other transactions of the school as appear to him/her to be necessary for the audit;
 - (iii) require and receive such explanations as are necessary, in his opinion, concerning any matter under examination;

- (iv) require any employee at the school to produce cash or any other property under his or her control.
- 3. Cases of suspected fraud, misappropriation of money, materials or equipment, or any mismanagement of money or other assets, or any other irregularities, either official or unofficial must be reported immediately to the Director of Finance - Assistant Director of Finance (Audit) and RIPA (Regulation of Investigatory Powers Act) Monitoring Officer.

Where an irregularity is disclosed after investigation, a report will be submitted by the Director of Finance to the Chief Executive, who will consider any legal proceedings. The Strategic Director (CAYA) and governors will be consulted as appropriate.

- 4. The Director of Finance shall approve any new systems for the maintenance of financial records or records of assets of the authority or any changes to such systems. All consultations relating to new systems or changes to existing systems should be undertaken through the Director of Finance - Assistant Director of Finance (Audit) and RIPA Monitoring Officer.

In respect of **external audit** all schools come within the authority's external audit regime. The requirements set out in paragraph 2 above apply equally to appointed external auditors.

In all cases, schools must maintain a proper audit trail within their financial records from the source document to the accounts.

2.7 Separate external audits

In instances where a school wishes to seek an additional source of assurance at its own expense, a governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any authority internal or external audit process. Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also co-operate with the authority's internal and external auditors.

2.8 Audit of voluntary and private funds

In addition to the normal internal and external audits, schools must make available, on request, audit certificates in respect of any voluntary or private school funds they hold and of the accounts of any trading organisations controlled by the school. (See also ***Financial Document 4***).

Any school considering setting up a trading organisation must ensure that the Director of Finance and the Director of Legal Services have approved the arrangements concerned to ensure that the operation is within the legal powers of the school and that the financial arrangements are satisfactory.

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 and the headteacher, any business interests they or any member of their immediate family may have. The register must be kept up to date with any notifications of changes and through an annual review of entries and must be made available for inspection by governors, staff, parents and the authority.

The authority's *Financial Document 5* offers additional guidance on this topic.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the authority's financial regulations and standing orders in purchasing, tendering and contracting matters. This should include a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the authority's policies and procedures. Please see www.procurementconnection.co.uk for the best practice process guide for schools.

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 authority officer countersignature for any contracts for good 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 a total spend of:

£10,000 plus 1% of a school's budget (including Schools Block funding, Post 16 funding; Early Years funding and High Needs PLACE funding; excluding rates) up to a combined maximum of £30,000*

* Schools are advised that, in operating within this increased upper threshold, they should consider:

- setting a generally lower limit at local level;
- tendering below this if they feel it is of benefit on a specific scheme; and
- reviewing their internal authorisation limits regularly as part of SFVS

2.11 Application of contracts to schools

Schools have the right to opt out of authority-arranged contracts except for contracts for which schools agree to be covered by in respect of services for which funding is delegated by the authority after 1 April 1999. In such cases, schools will be bound into the contract for its length (although the contract might contain clauses allowing

variance of its terms and conditions).

Although governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the authority as maintainer of the school and owner of the funds in the budget share. Other contracts, however, may be made solely on behalf of the governing body, when the governing body has clear statutory obligations – for example, contracts made by aided or foundation schools for the employment of staff.

2.12 Central funds and earmarking

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

Such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share. Earmarked funds must be returned to the authority if not spent in-year, or within the period stipulated by the authority over which schools are allowed to use the funding if different.

Where funds are earmarked for a specific purpose or must be demonstrated to comply with grant conditions, it will be necessary to account for any costs incurred separately from normal expenditure. All Government, European Union and other agency funding must be accounted for in the schools' or authority's accounts and not in any unofficial accounts. Further advice on accounting arrangements can be sought from the authority. Supplementary guidance on the accounting treatment of such funding may be issued from time to time.

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

2.13 Spending for the purposes of the school

Although s.50(3) of the School Standards and Framework Act 1998 (the SSAF Act 1998) allows governing bodies to spend budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme. As well as the various standard provisions, authorities may wish to propose their own restrictions on this freedom, arising from local circumstances.

By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school. Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which

expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools.

2.14 Capital spending from budget shares

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998. (Please refer also to Section 3.6.)

If the expected capital expenditure from the budget share in any one year will exceed £15,000 the governing body must notify the authority and take into account any advice from the Strategic Director (CAYA) as to the merits of the proposed expenditure.

Where the County Council owns the premises, or the school has voluntary controlled status, then the governing body shall seek the consent of the County Council to the proposed works. Such consent, however, can only be withheld on health and safety grounds (See also ***Financial Document 6***).

2.15 Notice of concern

The authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Director of Finance and the Strategic Director (CAYA), 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 authority or the school.

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

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the authority;
- insisting on regular financial monitoring meetings at the school attended by authority officers;

- requiring a governing body to buy into an 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.

2.16 Schools Financial Value Standard (SFVS)

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

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specific deadline and an agreed owner. **Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.**

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

2.17 Fraud

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

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

SECTION 3: INSTALMENTS OF THE BUDGET SHARE - BANKING ARRANGEMENTS

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

3.1 Frequency of instalments

The budget share will be made available to the governing body monthly. Top up payments for pupils with high needs should be made on a monthly basis following pupils in real time (i.e. not following the profile in the table below) unless alternative arrangements have been agreed with the provider.

3.2 Proportion of budget share payable at each instalment

The proportion of the budget share to be made available to schools will be calculated on the total school budget share for the year, excluding rates expenditure, as follows:-

<i>Month</i>	<i>Standard Profile</i>	<i>Alternative Profile</i>
	<i>% of Total School Budget</i>	
<i>April (1st payment)</i>	<i>4</i>	<i>8</i>
<i>April</i>	<i>4</i>	<i>0</i>
<i>May</i>	<i>8</i>	<i>8</i>
<i>June</i>	<i>8</i>	<i>8</i>
<i>July</i>	<i>8</i>	<i>8</i>
<i>August</i>	<i>8</i>	<i>8</i>
<i>September</i>	<i>10</i>	<i>10</i>
<i>October</i>	<i>10</i>	<i>10</i>
<i>November</i>	<i>8</i>	<i>8</i>
<i>December</i>	<i>8</i>	<i>8</i>
<i>January</i>	<i>8</i>	<i>8</i>
<i>February</i>	<i>8</i>	<i>8</i>
<i>March</i>	<i>8</i>	<i>8</i>

Dates of advances

- a) *Standard Profile* ~ last banking day before 19th except April (first payment) will be on 1 April.
- b) *Alternative Profile* ~ notional advance during the first financial week of each calendar month.

The alternative profile will be used for those schools not operating a local bank account.

The Director of Finance will review the profile of budget instalments periodically to ensure that it remains broadly consistent with the profile of funding received by the authority for schools. Where changes from the current profile are deemed necessary

schools will be advised of this in advance of the start of the financial year to which they relate.

3.3 Interest clawback

The potential growth in the, then, Individual Schools Budget (ISB) was reduced in 1999-2000 to fund this scheme. The authority will therefore make no deduction from individual budget share instalments to cover the estimated interest lost by the authority in making available the budget share in advance.

3.3.1 Interest on late budget share payments

Interest will be added to late payments of budget share instalments, where such late payment is the result of an authority error. The interest rate will be the prevailing Bank of England base rate.

3.4 Budget shares for closing schools

Budget shares of schools for which approval for discontinuation has been secured, will be made available until closure on a monthly basis.

3.5 Bank and building society accounts

All schools may have an external bank account into which their budget share instalments (as determined by other provisions) are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account, but must meet all charges.

New bank account arrangements may only be made with effect from the beginning of each financial year. The authority will require three months notice to open such accounts. Any school requesting a bank account shall not be able to have one until any deficit is cleared.

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

3.5.1 Restrictions on accounts

If the school decides to open an account for the purpose of receiving budget share payments, only the following banks or building societies may be used:

Banks:

Santander UK

Lloyds Banking Group

Halifax (HBOS)

Lloyds TSB

Barclays Bank Group

National Australia Bank

Yorkshire Bank

Royal Bank of Scotland Group

National Westminster

Royal Bank of Scotland

Co-operative Bank

(Britannia Building Society)

HSBC Group

Building Societies:

Nationwide (Derbyshire & Cheshire)

This list will be kept under review and updated to ensure it is consistent with the authority's Treasury Management policy.

If a school wishes to use any other financial institution, an application should be made to the Director of Finance.

Schools having bank accounts with other banks prior to 1 April 2009 should be allowed to retain those accounts.

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.

Schools are allowed to have accounts for budget share purposes, which are in the name of the school rather than the authority. However, if a school has such an account, the account mandate must provide that the authority is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the authority.

Any money paid by the authority and held in such accounts remains authority property until, spent (S.49 (5) of the 1998 Act). Accounts in the name of individuals are strictly forbidden. The opening of all accounts must be notified to the Director of Finance.

The signatories for bank accounts must be restricted to authority employees or employees of schools maintained by the authority.

Where a school chooses to operate a bank account, the Director of Finance will

automatically close the existing imprest account and transfer any residual balance to the school budget.

The authority will continue to operate the existing school imprest account system whereby the accounts are in the name of the authority but specific to each school, for schools which wish to use such arrangements.

3.6 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary of State, except under the provisions in the scheme shown under sections 4.9.1 and 4.9.2. This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the authority when repaying loans.

Please contact the Department via the website www.education.gov.uk/help/contactus/df for any queries about school borrowing.

Schools must notify the Director of Finance in advance of any proposed leasing arrangements or any other arrangements to delay or defer payment for goods or services. Any scheme, however described, which effectively spreads the cost of payments across financial years, is likely to fall into this category. Such arrangements may only be entered into after obtaining written approval from the Director of Finance.

Schools are prohibited from using credit cards, which are regarded as borrowing. However, the authority is actively looking at the potential for the use of procurement cards by schools, as these cards may offer a useful means of facilitating electronic purchase.

3.7 Other Provisions

Certain leasing arrangements (finance leases) count against the authority's capital finance programme and schools are not free to enter into such arrangements without specific written authority from the Director of Finance via schoolfunding@derbyshire.gov.uk

Careful advice is needed as to what constitutes an operating lease or a finance lease.

Schools must not overdraw their bank accounts. An early advance scheme is available to schools if they anticipate that they will become overdrawn. The early advance scheme will be subject to a maximum total early advance of 5% of the school's total budget share.

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. Unless there are exceptional circumstances, any balance will be transferred to a school's bank account on 1 April. This balance will be determined on a provisional basis, pending a later reconciliation. The estimated balance will be forecast by reference to the current expenditure profile against the school's budget.

The amount of a surplus balance would be shown in the relevant out-turn statement published in accordance with directions given by the Secretary of State under S251 of the Apprenticeships, Skills, Children and Learning Act 2009 (although there may be commitments against any figure shown in such a statement).

4.2 Reporting on and control of the use of surplus balances

The authority appreciates that schools are moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate and should not be burdened by bureaucracy. Schools are encouraged to retain, where possible, a modest balance towards future liabilities and potential need for replacement of equipment. In order to allow the authority to monitor schools' financial positions, governing bodies will be asked to report to the authority on the use which the schools intend to make of surplus balances and will wish to focus particularly on those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.

4.3 Interest on surplus balances

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

Interest on balances will be calculated on a weekly basis, by comparing the school's total balance of expenditure with the appropriate calculated budget profile, shown at 3.2 above, and credited to the school's cost centre.

4.4 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 4.8 & 4.9)

4.5 Planning for deficit budgets

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

4.9 below.

4.6 Charging of interest on deficit balances

The authority charges interest on any deficit balance held by the authority. Charges for interest on balances will be calculated on a weekly basis, by comparing the school's total balance of expenditure with the appropriate calculated budget profile, shown at 3.2 above, and charged to the school's cost centre. Each school, which does have its own bank account, receives a six monthly 'interest on balances statement' from the authority.

4.7 Writing off deficits

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

4.8 Balances of closing and replacement schools

When a school closes, any balance (whether surplus or deficit) shall revert to the authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

4.9 Licensed deficits

The general provision in paragraph 3.6 above forbidding governing bodies to borrow money shall not apply to this scheme run by the authority. The authority will permit schools to plan for a deficit budget, in particular circumstances. The funding to allow such a deficit budget will be provided from the collective surplus of school balances held by the authority on behalf of schools. Although it is open to the authority, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant authority finance legislation.

The authority's licensed deficit facility will consider applications for the following reasons:-

- A governing body is unable to prepare a balanced budget without seriously jeopardising the school's ability to meet its legal responsibilities;
- Projects where the school demonstrates an ability to repay its investment over more than a single financial year (previously funded by the "loan" scheme)

The maximum size of any individual school's combined approved deficit is:

Secondary Schools	£200,000
Nursery/Primary/Special Schools	£50,000

For deficits allowed under 4.9.2, it will not be expected that the repayments would exceed 5% of the schools' normal budget.

The maximum proportion of the collective balances, which are held by the authority to back these arrangements, will not exceed 25%. The extent to which schools' applications for projects can be supported will be dependent upon the aggregate level of schools' balances at the end of the previous financial year. The Director of Finance has determined that 25% of the previous year's balances can be used to finance schools' licensed deficits. Where there is a conflict between licensed deficits under 4.9.1 and other applications, those qualifying under 4.9.1 will take precedence.

The licensed deficit scheme has now effectively incorporated the former loans to schools scheme which has ceased. Items that were previously suitable for loans can now be applied for through a licensed deficit.

4.9.1 Unable to prepare a balanced budget (maximum 3 years)

Governing bodies are required to plan to operate within the constraints of their cash limited budget share. In certain circumstances, however, a school may need to make expenditure in one year and partially finance it by anticipating the school's budget for the following year(s). An example might be where urgent maintenance work is required or where action necessary to balance the budget in the current financial year can be demonstrated seriously to jeopardise the school's ability to meet its legal responsibilities. Such an arrangement may only be made with the prior approval of the authority in accordance with the financial regulations.

This authority has recognised the legal conflict between the responsibility of governors to operate within their budget share in any given financial year and, at the same time, maintaining the integrity of their educational provision in an academic year. A school, which plans to operate a deficit which does not exceed:

- Nursery/primary/special schools
BOTH 3% of the budget share* AND £10,000
- Secondary schools
EITHER 3% of the budget share* OR £150,000

will need to seek the approval of the Strategic Director (CAYA).

*'budget share' is deemed to include Schools Block, Post 16 funding; Early Years funding and High Needs PLACE funding; excluding rates.

For deficits in excess of this limit, where a school can demonstrate, following rigorous examination by officers from the Children and Younger Adults (CAYA) Department and Corporate Finance, that all alternatives have been exhausted, the governors may make a formal request to the Cabinet Member Children & Young People for approval to implement a budget plan to bring the school into balance over a two year period. **In exceptional circumstances only, a school may be allowed to repay its deficit over a**

three year period, subject to the specific approval of the Cabinet Member Children & Young People. Before giving approval to such a course of action, the Cabinet Member Children & Young People will need to be convinced that the school's ability to deliver the national curriculum would otherwise be seriously jeopardised and that no other course of action is available.

Where the governors are unwilling or unable to adopt a course of action deemed reasonable by the Cabinet Member Children & Young People, the authority will consider the removal of delegated powers to enable the necessary actions to be taken. Appropriate mechanisms will be in place to ensure that a school's deficit is not extended indefinitely.

Balances held by a school in an external bank account remain the property of the authority (if made available by the authority initially) and therefore may legally be taken account by the authority in assessing the total level of loans it might wish to make to schools. The authority will liaise with the school as to whether these balances should be taken account of to provide assurance to both the authority and the school.

4.9.2 Project based (maximum 5 years)

A school governing body may apply to the Strategic Director (CAYA) for a licensed deficit relating to a specific project or a loan at any time during the year. All requests will need to be endorsed by the Strategic Director (CAYA) and the Director of Finance before consideration by the Cabinet Member Children & Young People. The request will be judged against a number of financial criteria to assess the school's ability to repay the deficit. These will include the schools:

- i) ability to meet the annual repayments;
- ii) record of balances;
- iii) ability to manage its budget; and
- iv) projected future years' budgets and costs.

The normal maximum repayment period will be three years. However, this may be extended to no more than five years in certain circumstances, i.e. where a significant proportion of the repayment is guaranteed by savings generated by the investment or where, in the view of the Strategic Director (CAYA) and Director of Finance, the benefits of the scheme are sufficient to warrant a longer time frame. In any event, the period of the licensed deficit must not be greater than the lifetime of the asset purchased by it.

The Cabinet Member Children & Young People will wish to consider, in particular, those bids which incorporate a guaranteed saving which covers, or contributes significantly to, the repayment of any licensed deficit. Projects with an environmental aspect, e.g. expenditure resulting in energy savings which will contribute to or actually repay the debt, will be encouraged. A licensed deficit in this category can be used only for the purpose for which it has been granted.

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 the authority, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Any such income must be paid into the public, not private account of the school. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. However, schools shall be required to have regard to directions issued by the authority as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools. Income from lettings of school premises should not normally be payable 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 the authority from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the authority. **Financial Document 7** sets out the authority's Charging and Remissions policy, and offers further guidance on this issue.

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 should be for the authority to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the authority.

5.5 Administrative procedures for the collection of income

Because of the potential Value Added Tax (VAT) implications of providing services which lead to fees and charges, fund raising activities and the sale of assets, the authority has established administrative procedures for the collection of income, which are set out in **Financial Document 8**. These procedures will be updated from time to time, in the light of advice from the VAT authorities.

5.6 Purposes for which income may be used

Income to the school from the sale of assets purchased with delegated funds may only

be spent for the purposes of the school. The disposal of capital assets belonging to the County Council must have the County Council's approval and the income thus generated will accrue to the County Council.

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The budget share of a school may be charged by the authority without the consent of the governing body only in circumstances set out in 6.2 below. The authority shall consult a school as to the intention to so charge, and shall notify a school when it has been done. Schools are reminded that the authority cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under S.496 of the Education Act 1996. The authority shall make arrangements for a dispute procedure for such charges.

- 6.1.1 A school's budget share must bear the actual cost of salaries for staff that are chargeable to that school.
- 6.1.2 Retrospective claims for the correction of errors and charges whether by a school against the authority or by the authority against a school will be limited to the current plus previous financial year.
- 6.1.3 For the avoidance of doubt, the authority may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

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 the authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the authority) - see also ***Financial Document 9***;
- 6.2.2 Other expenditure incurred to secure resignations where the school has not followed authority advice;
- 6.2.3 Awards by courts and industrial tribunals against the authority or out of court settlements, arising from action or inaction by the governing body contrary to the authority's advice;
- 6.2.4 Expenditure by the authority in carrying out health and safety work or capital expenditure for which the authority is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work;
- 6.2.5 Expenditure by the authority incurred in making good defects in building work funded by capital spending from budget shares, where the authority owns the premises or the school has voluntary controlled status;

- 6.2.6 Expenditure incurred by the authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the authority (see also 10.1);
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the authority;
- 6.2.8 Recovery of penalties and interest imposed on the authority by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence;
- 6.2.9 Correction of errors in calculating charges to a budget share (e.g. pension deductions);
- 6.2.10 Additional transport costs incurred by the authority arising from decisions by the governing body on the length of the school day, or failure to notify the authority of non-pupil days resulting in unnecessary transport costs;
- 6.2.11 Legal costs which are incurred by the authority because the governing body did not accept the advice of the authority (see also section 11);
- 6.2.12 Costs of necessary health and safety training for staff employed by the authority, where funding for training has been delegated but the necessary training not carried out;
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect;
- 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non-authority payroll contractors, the charge to be the minimum needed to meet the cost of the authority's compliance with its statutory obligations.
- 6.2.15 Costs incurred by the authority in securing provision where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs;
- 6.2.16 Additional costs to the authority incurred as a result of the school's failure to provide accurate financial or other strategic data in the format and to the timescale specified by the authority; also

where the authority incurs a loss due to the failure of a school to provide timely

and accurate data in respect of under 5s eligible for grant funding, receiving or scheduled to receive educational provision from the school. The authority relies on such data to: -

- a) generate its claim for various grant funding which is available; and
- b) ensure that, before payments for claims are made to private, independent and voluntary providers, pupils are not also registered with its own schools or providers.

It is, therefore, important that the information provided by schools about their pupil populations is accurate and timely in order to ensure that the authority is both appropriately funded and to check that no erroneous or duplicate payments are made to other providers. The amount of any deduction will be no more than the loss in grant income or the extent of any overpayment resulting from the lateness or inaccuracy of the information supplied by the school.

Each school which admits under 5s is required to maintain appropriate records and submit a termly (or more frequent) return providing details of individual pupils for whom educational provision is being made or is scheduled to be made by the school. The records and returns will be subject to audit. Details of the precise requirements, format and time scales necessary for schools to enable the authority to claim funding, make substantiated payments to other providers and account for the associated funding, will be notified to schools, as appropriate.

6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;

6.2.18 Costs incurred by the authority as result of the governing body breaching an external contract or arrangement with a Direct Service Organisation (DSO), which has been entered into voluntarily, or those which the scheme locks schools into;

6.2.19 Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster

6.2.20 Where the authority provides the cost of a particular activity and the governing body decides to levy a charge on parents, the authority may recover all or part of the funding provided and/or income accruing to the school in respect of that activity;

6.2.21 Where a short term loan, in support of a project of a capital nature, is approved by the authority, the repayments relating thereto;

6.2.22 Recoveries of any under-spending relating to earmarked or grant assisted funding, i.e. non-delegated funds credited to the school;

- 6.2.23 Interest applicable under the arrangements set out in Section 4.6 (interest on deficit balances);
- 6.2.24 Where such costs result in the school's budget being overspent the authority will make an interest charge on the overspending;
- 6.2.25 Amounts agreed under PFI/PPP or similar agreement entered into by the governing body of a school;

SECTION 7: TAXATION

7.1 VALUE ADDED TAX

7.1.1 Recovery/Charging of VAT

All schools will be registered for VAT under the County Council's registration number. All schools can therefore recover VAT on purchases made in relation to their educational activities subject to the rules set out by HM Revenue & Customs. The Director of Finance is available to advise on any issues relating to VAT. All schools must abide by advice given by either HM Revenue & Customs or the Director of Finance on VAT matters.

To recover the VAT on an invoice, the invoice must show: -

- (i) name and address and VAT Registration Number of the supplier;
- (ii) an identifying number (invoice number);
- (iii) the time of supply (tax point);
- (iv) the date of issue of the document;
- (v) name and address of the person/establishment the goods are supplied to;
- (vi) the type of supply (by sale, on hire);
- (vii) a description to identify the goods supplied;
- (viii) for each description: the quantity of the goods or the extent of the service, the rate of VAT and amount payable excluding VAT;
- (ix) the total charge excluding VAT (in sterling);
- (x) the rate of any cash discount offered;
- (xi) each rate of VAT chargeable and the amount of VAT chargeable (in sterling) at each rate;
- (xii) the total amount of VAT chargeable (in sterling); and
- (xiii) if the invoice contains details of goods/services which are exempt from VAT or zero rated as well as taxable supplies, then these need to be distinguished on the invoice and totalled separately.

An invoice marked "pro-forma" is not a VAT invoice. Please refer to the VAT officer before processing.

VAT must be carefully checked on invoices before processing. Any queries should be referred to the Corporate Finance's VAT Officer for advice BEFORE processing. All schools are liable to HM Revenue & Customs' investigations. The cost of any mistreatment of VAT would fall as a charge to the school's delegated budget.

Certain supplies made by the school attract VAT, which must be paid to HM Revenue & Customs. Schools using the DSAS or SAP systems must follow existing procedures to ensure that VAT is properly accounted for. Schools not operating these systems must ensure that all VAT charged on income and paid on invoices (outputs and inputs) are separately identified on the return made to the authority for financial accounting purposes (**Financial Document 1**). The Director of Finance may issue further detailed guidance from time to time on VAT and other taxation issues.

The local authority has established procedures to enable schools to utilise the authority's ability to reclaim VAT on expenditure relating to non-business activity. Amounts reclaimed through these procedures will be passed back to the school. For non bank account schools, the credit will be effective immediately as only the net cost will be charged to the school's account. For bank account schools, the refund will be effected as soon as practicable through the budget share instalment process. This will normally be by the next instalment, if the detail of income and expenditure forms have been submitted successfully to the authority at least a week before the date that the instalment is due.

7.1.2 It is absolutely essential that an audit trail exists from the financial return (**Financial Document 1**) or from the DSAS/SAP input, back to the source documents.

7.2 CIS (Construction Industry Tax Deduction Scheme)

Schools are required to abide by procedures issued by the authority in connection with CIS. For guidance on the procedures, please contact the Compliance and Control Team by email to sap.vim@derbyshire.gov.uk

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

8.1 Provision of services from centrally retained budgets

The authority shall determine on what basis services from centrally retained funds will be provided to schools, but the authority 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. In this context, services include the treatment by the authority of applications for the funding of existing premature retirement compensation (PRC) and redundancies.

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

The term of any arrangement with a school to buy services or facilities from the authority 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, and periods not exceeding five years for any subsequent agreement relating to the same services. These time-scales are extended to five years and seven years respectively for contracts for the supply of catering services.

Where a service is provided for which expenditure is not retainable centrally by the authority under the Regulations made under section 46 of the 1998 Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing that service. The total cost of the service must be met by total income, even if the schools are charged differentially.

8.2.1 Packaging

The authority may provide any service for which funding has been delegated. Where the authority is offering the service on a buyback basis it must do so in a way which does not unreasonably restrict schools' freedom of choice among the services available and, where practicable, this will include provision on a service-by-service basis as well as in packages of services. The authority is not, however, obliged to offer a service for non-statutory functions, where it considers that the service could not be offered without making an unacceptable financial loss.

8.3 Service level agreements

The details of services being offered to schools will be made available no later than 31 December, prior to the start of the financial year to which they apply and schools will have at least one month to consider the terms of those agreements.

8.3.1 If services or facilities are provided under a service level agreement - whether free or on a buyback basis - the terms of any such agreement which started on or after the inception of the scheme will be reviewed at least every three years if the agreement lasts longer than that.

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

8.4 Teachers Pensions/Additional Voluntary Contributions (AVCs)

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

The conditions only apply to governing bodies of maintained schools 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 Teachers' Pensions and to produce its audited contributions certificate. The authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the authority which the authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The authority will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

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

The authority 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 authority will retain the power to charge to the school's budget share amounts agreed under a PFI/PPP agreement entered into by the governing body of a school.

SECTION 10: INSURANCE

10.1 Insurance cover

If funds for insurance are retained by any school, the County Council will require the school to demonstrate that cover relevant to the County Council's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the County Council if the County Council makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets. It may also be necessary for insurance to be in joint names of the governing body and the County Council.

In determining the relevant minimum level of cover, the authority will have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such requirement, rather than applying an arbitrary minimum level of cover for all schools. (see also 6.2.6)

Further information on insurance is given in the authority's ***Financial Document 10***.

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

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

11.2 Liability of governors

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

11.3 Governors' expenses

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

Under section 50(5) of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

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

11.4 Responsibility for legal costs

Legal costs (i.e. those of legal action, including costs awarded against the authority) incurred by the governing body, although the responsibility of the authority as part of the cost of maintaining the school - unless they relate to the statutory responsibility of aided school governors for buildings - may be charged to the school's budget share unless the governing body acts in accordance with the advice of the authority. In circumstances where a governing body considers that a conflict of interest exists between the authority and the governing body, it should consult the Strategic Director (CAYA) and the Director of Legal Services with a view to agreement being reached as to how the matter, including the issue of costs should be resolved.

11.5 Health and Safety

In expending the school's budget share, the governing body is required to have due regard to duties placed on the authority in relation to health and safety, and the authority's policy on health and safety matters in the management of the budget share.

11.6 Right of attendance for the Director of Finance

Governing bodies are required to permit the Director of Finance of the authority or his/her nominee to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities. Prior notice will be given when such attendance is intended unless this is impracticable. The Director of Finance'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.

11.7 Special Educational Needs

In discharging their duties and responsibilities, governing bodies are reminded of their duty under Section 317 of the 1996 Education Act to use their best endeavours to ensure that appropriate provision is made for all pupils with special educational needs. They must also have regard to the Code of Practice on the identification and assessment of special educational needs. Governors are also reminded that:

- under the SEN Information Regulations 2001 the authority is required to publish information about special educational provision it normally expects to be met from school budget shares; and
- under Section 324 of the 1996 Act, the authority is under a duty to ensure that any special educational provision specified in a 'statement' made under that Section of the Act is arranged. In schools where funding for pupils with statements has been delegated or devolved the governing body has a duty to ensure that the provision specified in the statement is made.

If a pupil with a statement who has attracted additional funding from centrally held budgets transfers between schools during a financial year, the pupil's former school will be expected to pass to the receiving school any transferable special equipment or materials that have been purchased for the pupil's use.

11.8 Interest on late payments

The Late Payment of Commercial Debts (Interest) Act came into force on 1 November 1998. Small businesses can charge interest on outstanding debts. The legislation applies to all invoices issued by a small business on or after 1 November 1998, in respect of orders placed on or after that date. Any interest cost will fall as a charge to individual schools' budgets. Schools are, therefore, reminded to endeavour to pay invoices within the credit period allowed.

11.9 "Whistle Blowing"

The authority is required to specify within its Scheme, the procedure to be followed by persons working at a school or school governors, who wish to complain about financial management or financial propriety at the school, and how such complaints should be dealt with. Section 2.6 of this Scheme covers the general audit provisions and specifically refers to dealing with financial concerns:

“Cases of suspected fraud, misappropriation of money, materials or equipment,

or any mismanagement of money or other assets, or any other irregularities, either official or unofficial must be reported immediately to the Assistant Director of Finance (Audit) and RIPA Monitoring Officer.

Where an irregularity is disclosed after investigation, a report will be submitted by the Director of Finance to the Chief Executive, who will consider any legal proceedings. The Strategic Director (CAYA) and governors will be consulted as appropriate.”

Schools are encouraged to adopt their own “Whistle Blowing” policy to enable employees (and others involved in activities on behalf of the school) to disclose information about malpractice internally and to provide protection from subsequent victimisation, discrimination and disadvantage. The authority is able to offer advice on this.

11.10 Child protection

The funding for the cost of cover for absence due to child protection case conferences has been delegated to schools as part of the ‘Staff Costs: Other’ allocation. However, if schools have exceptionally high costs in covering this function, they may apply for support from the pooled Contingency. The costs of providing adequate training for the designated child protection teacher, or any other member of staff, shall be a charge against the monies placed under the control of the governors for staff development.

11.11 Redundancy/early retirement costs

The arrangements for sharing the costs of dismissal would normally be as follows:

- Redundancy (lump sum) charged to the authority’s non schools budget;
- Pension lump sum and on-going costs charged to schools’ individual delegated budget shares

It should be noted that schools would be expected to meet the costs of redundancy in full where the authority’s view was that the dismissals/retirements were not essential as permitted under Section 37 (4) of the Education Act 2002. The authority is also conscious that, in order to manage both the process of staffing reductions and schools’ finances, a school will need to take early decisions to identify difficulties and may need to initiate the necessary processes before its depletes any balances to avoid falling into deficit; thus worsening the difficulties. Further information can be found in Annex B.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 The authority retains funding centrally for expenditure on capital works.

12.2 The authority delegates funding for recurrent repairs and maintenance to schools. Only capital expenditure is to be retained by the authority. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the authority for financial accounting purposes in line with the CIPFA Code of Practice Local Authority accounting. The actual interpretation of the Code is a matter for the authority. The authority may also undertake work under internal insurance arrangements.

12.3 For voluntary aided schools, the liability of the authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the *de minimis* limit applied by the DfE to categorise such work, not the *de minimis* limit used by the authority.

12.4 Health and Safety

Schools are reminded that where they directly employ a contractor using delegated funding, they must ensure that the contractor is competent, adequately insured and that the contractor has an appropriate health and safety policy and arrangements. The contractor should demonstrate to the school's satisfaction that they have considered all the health and safety implications of working on the school site.

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

SECTION 13: POWER TO PROVIDE COMMUNITY FACILITIES

POWER TO PROVIDE COMMUNITY FACILITIES - Scheme Extension

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13.22 Construction industry scheme

BANKING

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13.24 Bank accounts and signatories

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INTRODUCTION

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

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

This should be demonstrated by the following:

- Approval by governing body of any projected deficit in school run provision.
- Approval by governing body of any grant to a community facilities provider or use of premises at no or reduced cost.

Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its authority and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

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

- a) those contained in schools' own instruments of government, if any; and
- b) in the maintaining 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.

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

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

Although s.50(3) of the School Standards and Framework Act 1998 (the SSAF Act 1998) allows governing bodies to spend budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme. As well as the various standard provisions authorities may wish to propose their own restrictions on this freedom, arising from local circumstances.

By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent

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

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

13.2 Mis-management of community facilities funds

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

CONSULTATION WITH THE AUTHORITY – FINANCIAL ASPECTS

13.3 Requirement to consult the authority

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

13.4 Requirement to seek authority advice

Schools are required to seek authority advice. In order that both schools and the authority are alerted to any potential financial and other operational liabilities, this authority has adopted a formal procedure for considering schools' proposals. This should ensure that, from the outset, both parties are aware of all pertinent issues before any resource commitments are entered into.

This procedure seeks to include reasonable requirements as to timeliness and the amount of information which schools must supply in seeking authority advice. This procedure will be published to all schools and schools will be advised of any revisions which may, from time to time, be necessary.

13.5 Requirements relating to the provision of advice

The authority is required to provide schools with advice within 6 weeks of being consulted, although the authority will seek to offer advice earlier if at all possible. Schools are required to inform the authority of any action taken following receipt and consideration of the authority's advice, within 4 weeks of receiving such advice.

FUNDING AGREEMENTS – AUTHORITY POWERS

13.6 Funding agreements with third parties

The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party, which will either be supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations are potentially involved.

13.7 Authority requirements in relation to funding agreements

The authority's requirement in relation to funding agreements with third parties (as opposed to funding agreements with the authority itself) are that any such proposed agreement should be submitted to the authority for its comments, giving the authority at least 4 weeks to allow adequate time to consider and respond.

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

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

OTHER PROHIBITIONS, RESTRICTIONS and LIMITATIONS

13.8 Constraints on the exercise of the community facilities power

The scheme may not give a right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power. The authority may, however, require that in a specific instance of use of the community facilities power by a governing body, the governing body concerned shall make arrangements to protect the financial interests of the authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the authority.

The authority is required to operate this provision in a reasonable fashion, imposing such a requirement only where it has good reason to believe that the proposed project carries significant financial risks.

13.9 Scheme Provisions

Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools.

The authority may, if it wishes, propose other scheme provisions which it believes to be necessary for inclusion within this section. This option will be kept under review and, where the authority feels additional provisions are required to safeguard the financial position of the authority or school, or to protect pupil welfare or education, it will make application to the Secretary of State for this Scheme to be amended.

13.9.1 Property considerations

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

SUPPLY OF FINANCIAL INFORMATION

13.10 Agreements between schools and 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, the authority will require such financial statements to be supplied every three months. If the authority sees fit, it may also require the submission of a recovery plan for the activity in question.

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

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

AUDIT

13.11 Access to schools' records

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

relevant income and expenditure.

13.12 Access to other records

In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, schools are required to ensure that such agreements contain adequate provision for access by the authority to those persons, their records and other property held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the authority to satisfy itself as to the propriety of expenditure on, and income from, the facilities in question.

TREATMENT OF INCOME AND SURPLUSES

13.13 Retention of income

Schools are permitted to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the authority or some other person.

13.14 Financial year end transactions

Schools are also permitted to carry such retained 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.

13.14.1 Schools ceasing to be maintained

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

13.14.2 Recovery of funds

If there is a deficit on community facilities and the authority needs to recover funds to meet third party liabilities, this will be charged to the school budget.

HEALTH AND SAFETY MATTERS

13.15 Extension of health and safety provisions

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

the budget share.

Schools are reminded that where they directly employ a contractor using delegated funding, they must ensure that the contractor is competent, adequately insured and that the contractor has an appropriate health and safety policy and arrangements. The contractor should demonstrate to the school's satisfaction that they have considered all the health and safety implications of working on the school site.

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

13.16 Criminal records clearance

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

INSURANCE

13.17 Schools' responsibilities for insurance arrangements

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

In principle, the insurance issues arising from use of the community facilities power are the same as those which already arise from non-school use of school premises. However, a school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary. All schools are required to provide information to the authority to confirm the details of its insurance arrangements/cover for any community facilities provision. This enables the authority to check that any insurable interest it may have is covered.

It may be necessary for insurance to be in the joint names of the governing body and the County Council. All schools are strongly recommended to contact the authority's Insurance Manager for advice on all issues relating to insurance, before they arrange any additional cover. All schools are required to seek the authority's advice before finalising any insurance arrangement for community facilities.

13.18 Authority's insurance responsibility

The authority is empowered to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges

those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share. These provisions are necessary in order for the authority to protect itself against possible third party claims.

TAXATION

13.19 Value Added Tax (VAT)

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

The facility for local authorities to reclaim VAT can be used by schools in spending their budget shares, which by virtue of s.49(5) of the 1998 Act are the property of the authority. This facility also applies to funding given by the authority to schools outside the budget share.

Schools should, however, seek the advice of the 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 authority VAT reclaim facility. The authority will make further, specific advice available to schools, as appropriate.

13.22 School/Authority employees

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

13.23 Construction industry scheme

Schools are required to abide by procedures issued by the authority in connection with Construction Industry Tax Deduction Scheme (CIS). For guidance on the procedures please contact the Compliance and Control Team by email to sap.vim@derbyshire.gov.uk

BANKING

13.22 Banking arrangements

Where a school opts to provide community facilities, it must operate the same banking arrangements which it uses for its budget share. Schools will, therefore, either maintain a separate bank account with adequate internal accounting controls or utilise authority banking arrangements.

The authority's main Scheme for Financing Schools continues to apply in respect of banking arrangement for schools. Paragraph 3.5 refers.

13.23 Bank accounts and signatories

The authority's main Scheme for Financing Schools continues to apply in respect of banks which may be used, signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters. Paragraph 3.5.1 refers.

13.24 Borrowing by schools

Governing bodies may borrow money only with the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining authority.

LIST OF SCHOOLS TO WHICH THE SCHEME APPLIES

DfE No.		
SECONDARY SCHOOLS		
4000	Swanwick Hall	
4001	Alfreton Grange Arts College	
4019	Chapel-en-le-Frith High	
4034	Tupton Hall	
4054	Wilsthorpe Business and Enterprise College	
4057	New Mills School and Sixth Form Centre	
4074	The William Allitt	
4089	Aldercar Community Language College	
4097	Granville Community	
4103	Frederick Gent	
4126	Eckington	
4172	John Flamsteed Community	
4173	Tibshelf Community A Specialist Sports College	
4174	Highfields	
4191	Glossopdale Community College	
4192	The Meadows Community	
4193	Hasland Hall Community	
4194	Newbold Community	
4195	Parkside Community	
4198	Heritage Mathematics and Computing Specialist	
4200	Springwell Community	
4505	Anthony Gell	
4509	Dronfield Henry Fanshawe	
4510	Buxton Community	
4601	St Thomas More Catholic - Science College	
4602	St Philip Howard Catholic	
5404	Belper School and Sixth Form Centre	
5409	Friesland	
5410	The Pingle	
5411	Lady Manners	
5416	Mill Hill	
PRIMARY		
2000	Leys Junior	
2002	Croft Community Infant	
2003	Woodbridge Junior	
2004	Ironville and Codnor Park Primary	
2005	Castle View Primary	
2006	Riddings Infant	
2007	Riddings Junior	
2008	Somerlea Park Junior	
2009	Somercotes Infant	
2010	Swanwick Primary	
2011	Brampton Primary	
2012	Gorseybrigg Primary	
2013	Chapel-en-le-Frith C E (Voluntary Controlled) Primary	
2017	Ashover Primary	
2018	Aston-On-Trent Primary	
2019	Bramley Vale Primary	
2021	Bamford Primary	
2022	Barlborough Primary	
2041	Blackwell Primary	
2043	Newton Primary	
2044	Westhouses Primary	
2045	New Bolsover Primary	

2046	Brockley Primary and Nursery	
2048	Bolsover Infant and Nursery	
2049	Bradwell Junior	
2050	Cutthorpe Primary	
2051	Wigley Primary	
2052	Brassington Primary	
2053	Firfield Primary	
2055	Brimington Junior	
2056	Brimington Manor Infants And Nursery	
2057	Henry Bradley Infants	
2058	Burbage Primary	
2060	Buxton Junior	
2061	Buxton Infant	
2062	Harpur Hill Primary	
2068	Combs Infant	
2072	Buxworth Primary	
2076	Holmgate Primary School and Nursery	
2079	Clowne Junior	
2080	Clowne Infant and Nursery	
2082	Crich Junior	
2083	Curbar Primary	
2084	Lea Primary	
2085	Doveridge Primary	
2086	Draycott Community Primary	
2089	Dronfield Junior	
2091	Dronfield Infant	
2092	William Levick Primary	
2093	Eckington Junior	
2095	Birk Hill Infant	
2097	Marsh Lane Primary	
2101	Renishaw Primary	
2102	Ridgeway Primary	
2103	Egginton Primary	
2104	Creswell Junior	
2105	Etwall Primary	
2106	Grindleford Primary	
2107	Findern Community Primary	
2109	Padfield Community Primary	
2113	Grassmoor Primary	
2115	Hayfield Primary	
2116	Aldercar Infant And Nursery	
2118	Heanor Langlely Infant School And Nursery	
2119	Langlely Mill Junior	
2124	Marlpool Junior	
2125	Marlpool Infant	
2126	Coppice Primary	
2127	Heath Primary	
2131	Penny Acres Primary	
2132	Hope Primary	
2133	Horsley Woodhouse Primary	
2135	Chaucer Infant and Nursery	
2138	Cotmanhay Junior	
2139	Cotmanhay Infant	
2141	Granby Junior	
2142	Hallam Fields Junior	
2143	Kensington Junior	
2145	Field House Infant	
2146	Charlotte Nursery and Infant	
2148	Kilburn Junior	
2149	Kilburn Infant And Nursery	

2150	Killamarsh Junior	
2151	Killamarsh Infant and Nursery	
2153	Little Eaton Primary	
2157	Harrington Junior	
2159	Parklands Infant and Nursery	
2160	Grange Primary	
2161	Longmoor Primary	
2169	Marston Montgomery Primary	
2172	Darley Dale Primary	
2173	Tansley Primary	
2174	Melbourne Junior	
2175	Melbourne Infant	
2177	Morley Primary	
2178	Morton Primary	
2179	New Mills Primary	
2180	Hague Bar Primary	
2181	Newtown Primary	
2182	Thornsett Primary	
2185	Ashbrook Junior	
2186	Overseal Primary	
2187	Parwich Primary	
2190	Pilsley Primary (Chesterfield)	
2191	Park House Primary	
2192	John King Infant	
2193	Kirkstead Junior	
2194	Longwood Community Infant	
2196	Anthony Bek Community Primary	
2201	Ripley Junior	
2202	Ripley Infant	
2205	Street Lane Primary	
2211	Scarcliffe Primary	
2212	Langwith Bassett Community Primary	
2213	Palterton Primary	
2217	Shardlow Primary	
2219	Brookfield Primary	
2223	Shirland Primary	
2224	Stonebroom Primary and Nursery	
2226	The Green Infant	
2227	Brigg Infant	
2228	Glebe Junior	
2229	South Wingfield Primary	
2233	Barrow Hill Primary	
2239	Staveley Junior	
2240	Poolsbrook Primary	
2242	Speedwell Infant	
2243	Duckmanton Primary	
2244	Sudbury Primary	
2245	Arkwright Primary	
2249	Springfield Junior	
2251	Church Gresley Infant and Nursery	
2253	Newhall Community Junior	
2254	Newhall Infant and Nursery	
2255	Stanton Primary	
2256	Temple Normanton Primary	
2257	Town End Junior	
2258	Tibshelf Infant and Nursery	
2259	Tupton Primary	
2260	Unstone Junior	
2262	Unstone St Mary's Infant	
2265	Walton Holymoorside Primary	

2266	Wessington Primary	
2268	Whaley Bridge Primary	
2269	Furness Vale Primary	
2270	Whitwell Primary	
2272	Hodthorpe Primary	
2274	Deer Park Primary	
2275	Wirksworth Junior	
2276	Wirksworth Infant	
2277	Middleton Community Primary	
2278	Woodville Infant	
2279	Peak Dale Primary	
2283	Cavendish Junior	
2285	Spire Infant and Nursery	
2286	Spire Junior	
2287	Gilbert Heathcote Nursery and Infant	
2288	Hasland Junior	
2289	Hasland Infant	
2290	Hady Primary	
2291	Mary Swanwick Primary	
2293	Highfield Hall Primary	
2294	New Whittington Primary	
2295	Old Hall Junior	
2296	Abercrombie Community Primary	
2299	William Rhodes Primary	
2306	Park Infant and Nursery	
2307	Brockwell Nursery and Infant	
2308	Westfield Infant	
2310	Dallimore Primary	
2314	Mickley Infant	
2315	Eureka Primary	
2317	Parkside Community Junior	
2321	Heath Fields Primary	
2326	Holmesdale Infant	
2328	Ladywood Primary	
2329	Park Junior	
2331	Sawley Infant and Nursery	
2332	Northfield Junior	
2333	Hilltop Infant and Nursery	
2336	Copthorne Community Infant	
2338	Ashbrook Infant and Nursery Community	
2340	Sawley Junior	
2344	Duffield Meadows Primary	
2349	Brockwell Junior	
2351	Hadfield Infant	
2354	Gamesley Community Primary	
2356	Elmsleigh Infant and Nursery	
2358	Lenthall Infant and Nursery	
2359	Hunloke Park Primary	
2361	Stonelow Junior	
2362	Fairfield Infants And Nursery	
2363	Dovedale Primary	
2368	Willington Primary	
2369	Cloudside Junior	
2370	Hilton Primary	
2371	Waingroves Primary	
2372	Norbriggs Primary	
2373	Simmondley Primary	
2375	Larklands Infant and Nursery	
2376	Chaucer Junior	
2377	Lons Infant	

2510	Holme Hall Primary	
2511	Heage Primary	
2514	Whitecotes Primary	
2517	Dunston Primary	
2618	Stenson Fields Primary Community	
2621	Model Village Primary	
2622	Belper Long Row Primary	
2623	Ambergate Primary	
2624	Pottery Primary	
2625	Milford Community Primary	
2626	Herbert Strutt Primary	
2630	Whaley Thorns Community Primary and Nursery	
2631	Hollingwood Primary	
2632	Inkersall Primary	
3002	St Oswald's CE Voluntary Controlled Infant	
3006	Bakewell CE Infant	
3007	Barlow CE Voluntary Controlled Primary	
3008	Sale and Davy's CE (Controlled) Primary	
3009	Baslow St Anne's CE Controlled Primary	
3012	Bolsover CE (Controlled) Junior	
3015	Bradley CE Controlled Primary	
3016	Bradwell CE Voluntary Controlled Infant	
3017	Brailsford CE Controlled Primary	
3018	Breadsall CE Controlled Primary	
3019	Fairfield Endowed CE Voluntary Controlled Junior	
3022	Castleton CE (Controlled) Primary	
3024	Dove Holes CE Voluntary Controlled Primary	
3025	Christ Church CE Primary	
3026	Clifton CE Controlled Primary	
3027	Coton-in-the-Elms CE Controlled Primary	
3030	Edale CE Voluntary Controlled Primary	
3032	Creswell CE Infant and Nursery	
3033	Elton CE Controlled Primary	
3034	Eyam C E Controlled Primary	
3035	St Luke's CE Controlled Primary	
3036	St James' CE (Controlled) Primary	
3037	Great Hucklow CE Primary	
3038	Rowsley CE Primary	
3039	Earl Sterndale CE Voluntary Controlled Primary	
3040	Biggin CE Controlled Primary	
3041	Hartington CE (Controlled) Primary	
3042	Hartshorne CE (Controlled) Primary	
3046	Corfield CE Infant	
3048	Langley Mill CE (Controlled) Infant	
3049	Loscoe CE Primary	
3050	Mundy CE Voluntary Controlled Junior	
3055	Horsley CE Primary	
3056	Hulland CE (Voluntary Controlled) Primary	
3060	Kirk Ireton CE Voluntary Controlled Primary	
3061	Kirk Langley CE Voluntary Controlled Primary	
3062	Kniveton CE (Controlled) Primary	
3064	Longford CE (Controlled) Primary	
3065	Mapperley CE Voluntary Controlled Primary	
3066	All Saints CE Voluntary Controlled Junior (Matlock)	
3067	Matlock All Saints CE Infant	
3068	Darley Churchtown CE Primary	
3069	Cromford CE Primary	
3070	Matlock Bath Holy Trinity CE (Controlled) Primary	
3071	South Darley CE (Controlled) Primary	
3073	Monyash CE Voluntary Controlled Primary	

3074	Netherseal St Peter's CE Controlled Primary	
3075	Norbury CE	
3076	Long Lane CE Controlled Primary	
3077	Osmaston CE (Controlled) Primary	
3079	Peak Forest CE (Voluntary Controlled) Primary	
3080	Ripley St John's CE Voluntary Controlled Primary	
3082	Risley Lower Grammar CE Controlled Primary	
3083	Rosliston CE Voluntary Controlled Primary	
3086	Richardson Endowed Primary	
3087	Stanley St Andrew's CE Voluntary Controlled Primary	
3088	Stanley Common CE Voluntary Controlled Primary	
3090	Stanton In Peak CE (Controlled) Primary	
3092	Woodthorpe CE Voluntary Controlled Primary	
3093	Stoney Middleton CE (Controlled) Primary	
3094	Stretton Handley CE (Controlled) Primary	
3095	St George's CE Controlled Primary	
3097	Walton On Trent CE Voluntary Controlled Primary	
3098	Mugginton CE Voluntary Controlled Primary	
3099	Winster CE Voluntary Controlled Primary	
3100	Wirksworth CE (Controlled) Infant	
3101	Woodville CE Junior	
3105	Crich Carr CE Voluntary Controlled Primary	
3106	Crich (CE Controlled) Infant	
3107	The Duke Of Norfolk CE Primary	
3110	St Andrew's CE (Controlled) Junior	
3151	Bakewell Methodist Voluntary Controlled Junior	
3156	Church Broughton CE Controlled Primary	
3157	Taxal & Fernilee CE Primary	
3160	Holbrook CE Voluntary Controlled Primary	
3161	St John's CE Voluntary Controlled Primary (Belper)	
3162	Calow CE (Voluntary Controlled) Primary	
3163	Charlesworth School (Voluntary Controlled Primary)	
3164	Codnor Community (Church Of England Controlled) Primary	
3306	Carsington & Hopton (Voluntary Aided) CE Primary	
3308	Newbold CE Primary	
3312	Fritchley CE (Aided) Primary	
3315	Denby Free CE Voluntary Aided Primary	
3316	Eckington Camms CE Voluntary Aided Primary	
3317	The Fitzherbert CE Voluntary Aided Primary	
3319	Dinting CE Voluntary Aided Primary	
3321	Hathersage St Michael's CE Voluntary Aided Primary	
3324	Litton CE Aided Primary	
3325	Longstone CE Voluntary Aided Primary	
3326	Bonsall CE (Aided) Primary	
3329	St. George's CE Voluntary Aided Primary	
3330	Newton Solney CE Voluntary Aided Infant	
3331	Pilsley CE Aided Primary	
3337	Taddington & Priestcliffe CE Aided Primary	
3338	Bishop Pursglove CE Voluntary Aided Primary	
3340	Turnditch CE Voluntary Aided Primary	
3341	Scargill CE Voluntary Aided Primary	
3342	Weston-On-Trent CE (Aided) Primary	
3501	St Anne's Catholic Primary (Buxton)	
3502	St Mary's Catholic Primary (Chesterfield)	
3503	Immaculate Conception Catholic Primary	
3504	All Saints Catholic Primary (Glossop)	
3505	St Mary's Catholic Primary (Glossop)	
3506	St Charles's Catholic Primary	
3508	St Thomas Catholic Primary	
3509	St Mary's Catholic Primary (New Mills)	

3511	St Edward's Catholic Primary	
3513	St Elizabeth's Catholic Primary	
3516	St Joseph's Catholic Primary (Shirebrook)	
3518	Christ The King Catholic Primary	
3519	English Martyrs' Catholic Primary	
3521	St Margaret's Catholic Primary	
3522	St. Laurence CE (Aided) Primary	
3523	St Andrew's CE / Methodist Primary (Dronfield)	
3538	Tintwistle CE Primary	
3540	All Saints CE Voluntary Aided Primary	
3541	Killamarsh St Giles' CE Primary	
3544	Matlock St. Giles CE Voluntary Aided Primary	
3545	St Joseph's Catholic Primary (Matlock)	
3546	Brooklands Primary	
3547	North Wingfield Primary	
3549	St Joseph's Catholic and Church of England Voluntary Aided Primary	
3550	Howitt Primary Community School	
3551	Sharley Park Primary Community School	
5200	Belmont Primary	
5202	Repton Primary	
5204	Linton Primary	
5205	William Gilbert CE Endowed Primary	
5207	The Curzon CE (Aided) Primary	
5208	Fairmeadows Foundation Primary	
5211	Chinley Primary	
SPECIAL SCHOOLS		
7000	Holly House School	
7001	Holbrook Centre For Autism	
7005	Brackenfield School	
7006	Ashgate Croft School	
7009	Swanwick School and Sports College	
7012	Stubbin Wood School	
7014	Bennerley Fields School	
7017	Peak School	
7018	Alfreton Park Community Special School	
7019	Stanton Vale Special School	
NURSERY SCHOOLS		
1001	Hadfield Nursery	
1002	Gamesley Early Excellence Centre	
1012	New Mills Nursery	
1013	Ripley Nursery	
1016	Flagg Nursery	
1018	Pinxton Nursery	
1019	South Normanton Nursery	
1020	Alfreton Nursery	
PRU's		
1102	Amber Valley	
1106	South Derbyshire	
1111	North Derbyshire	
1113	Derbyshire Support Centre for Alternative Provision (DSCAP)	

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

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

Section 37 of the 2002 Education Act says:

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

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

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

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

Charge of dismissal/resignation costs to delegated school budget

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Where staffing reductions arise from a deficit caused by factors within the school's control

- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

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

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

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

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

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

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

(7) Where a local education authority incur costs—

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

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

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

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

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