

Wiltshire Council

The logo for Wiltshire Council, featuring the text "Wiltshire Council" in white, bold, sans-serif font on a dark green rectangular background. Below the text is a white, stylized wave or swoosh graphic.

Scheme for financing Local Authority Maintained Schools

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1. Summary

1.1 The Scheme

Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain, to meet the provisions of Section 48(4) of the School Standards and Framework Act 1998, and Schedule 14 paragraph 2A(2) to that Act.

This document is the 2020 Wiltshire Scheme for Financing LA Maintained Schools, updated and amended in accordance with guidance from the Secretary of State for Education.

When making any changes to a Scheme, LA's are required to consult all maintained schools in their area and then obtain the approval of the members of Schools Forum, representing maintained schools, except for any 'Directed Revisions' requested by the Secretary of State.

1.2 Directed Revisions

The power of 'directed revision' is used by the government either to remove outdated provisions or insert new provisions to reflect latest legislation or policy. In this instance, local authorities are directed by the Department for Education to incorporate within, or remove from, their schemes specific wording and no consultation with maintained schools or approval of the Schools' Forum is necessary.

Before making a directed revision to schemes, the Secretary of State is required, by provisions in the School Standards and Framework Act 1998, to consult the relevant local authorities and other interested parties.

1.3 Changes from Previous Versions of the Scheme

The current Wiltshire Scheme is considerably out of date and this version represents a complete revision in line with the Department of Education's statutory guidance '*Schemes for financing local authority maintained schools*', as updated in August 2020.

1.4 Review Date

The scheme will be reviewed annually and updated as necessary.

2. The outline scheme

The following references are made throughout this scheme:

- “the act” is the School Standards and Framework Act 1998
- “the authority” is Wiltshire Local Authority
- “the council” is Wiltshire Council
- “the regulations” are the School and Early Years Finance (England) Regulations 2020

The regulations state that schemes must deal with the following matters:

- the carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares;
- amounts which may be charged against schools’ budget shares;
- amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used;
- the imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures;
- terms on which services and facilities are provided by the authority for schools maintained by them;
- the payment of interest by or to the authority;
- the times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time;
- the virement between budget heads within the delegated budget;
- circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority’s non-schools’ education budget or schools’ budget in addition to those set out in section 49(4)(a) to (c) of the 1998 act;
- the use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets;
- borrowing by governing bodies;
- the banking arrangements that may be made by governing bodies;
- a statement as to the personal liability of governors in respect of schools’ budget shares having regard to section 50(7) of the 1998 act;
- a statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 act;
- the keeping of a register of any business interests of the governors and the head teacher;

- the provision of information by and to the governing body;
- the maintenance of inventories of assets;
- plans of a governing body's expenditure;
- a statement as to the taxation of sums paid or received by a governing body;
- insurance;
- the use of delegated budgets by governing bodies to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974;
- the provision of legal advice to a governing body;
- funding for child protection issues;
- how complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made;
- expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 act.

3. Introduction

3.1 The Funding Framework

The funding framework which replaced Local Management of Schools is set out in the legislative provisions in section 45 to 53 of the School Standards and Framework Act 1998.

Under this legislation, local authorities determine for themselves the size of their Schools' Budget and their Non-Schools Education Budget, although at a minimum the LA must appropriate its entire Dedicated Schools Grant to their Schools' Budget.

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

Local authorities may deduct funds from their Schools' Budget for purposes specified in regulations made by the Secretary of State under section 45A of the Act (the centrally retained expenditure).

The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions, including gaining the approval of the Schools' 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 the centrally retained expenditure 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 section 51 of the Act.

Upon approval of the Individual Schools Budget by the Authority and it being allocated in accordance with the formula, the Governors, or the Head teacher if authorised on their behalf, is empowered to incur expenditure for the purposes and up to the amount specified in the estimates as approved.

The financial controls within which delegation works are set out in a scheme made by the LA in accordance with section 48 of the Act and regulations made under that section. All proposals to revise the scheme must be submitted for consultation with all schools (both head teachers and governing bodies) and 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. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under section 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 (section 50(3A) of the act).

Wiltshire Council (LA) may suspend a school's right to a delegated budget if the provisions of the Scheme for Financing Schools, or rules applied by the Scheme, have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons, under schedule 17 to the Act. 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. The formula used to calculate the budget share for each school will be published by the LA separately from this Scheme.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State.

A copy of each year's budget and outturn statement should be made easily accessible to all schools.

3.2 The Role of the Scheme

The scheme defines the financial relationship between the Local Authority and the maintained schools which it funds.

The requirements of the scheme relating to financial management and associated issues are binding on both the Authority and schools. They ensure compliance with statutory requirements, accounting and auditing standards and codes of practice which are established by the professional accounting bodies and shall apply to all staff employed at the school, including consultants.

Section 48(3) of the School Standards and Framework Act provides that where there is any inconsistency between the scheme and any other rules or regulations made by the LA relating to the funding or financial management of schools which they maintain, the terms of the scheme shall prevail.

3.3 Application of the scheme to the Local Authority and maintained schools

The scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and PRUs maintained by the LA, whether they are situated in the area of the Authority or located elsewhere. It does not apply to schools

situated in the LA's area which are maintained by another authority. Nor does it apply to academies. A list of schools to whom this scheme applies is published at Annex A to this scheme.

3.4 Publication of the scheme

A copy of the scheme and any subsequent revisions will be accessible to the public and supplied to the head teacher and governing body of each school covered by the scheme via the Wiltshire Council Right Choice website by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date. It will also be available at LA offices from the Accounting and Budget Support team.

3.5 Revision of the scheme

Any proposed revisions to the scheme will be the subject of consultation with the governing body and head teacher of every school maintained by the authority before they are submitted to the Schools Forum for approval by members of the Forum representing maintained schools. Where the Schools' Forum does not approve them or approves them subject to modifications which are not acceptable to the Authority, the Authority may apply to the Secretary of State for approval.

It is also possible for the Secretary of State to make directed revisions to the scheme after consultation. Such revisions become part of the scheme from the date of the direction.

3.6 Delegation of powers to the head teacher

Governing bodies are required to consider, within statutory limitations, the extent to which they wish to delegate any power granted to them by this Scheme to the head teacher. These considerations should be undertaken annually and formally recorded in the minutes of the first formal meeting of the full governing body for that year.

It is recommended that governing bodies give head teachers delegated power to spend within budget headings set by the governing body, and that in turn, the head teacher formally sets out levels of delegation and financial limits for staff with budgetary and procurement responsibilities at a local level. Expenditure should not be incurred where there is no budgetary provision.

The first formal budget plan of each financial year (as submitted to the LA in accordance with para 4.3) must be approved by the full governing body, and termly financial forecasts by the full governing body or a subcommittee thereof.

Provided a governing body has made provision for discharging its statutory duties in any financial year, it may vire funding between budget headings within the delegated budget share. The governing body may also approve virements to, but not from budgets earmarked by the Authority for specific purposes, and the Head Teacher may be authorised to vire between budget heads up to a maximum value approved by a resolution of the full governing body. Any virements authorised by the Head Teacher must be reported at the next meeting of the governing body.

When the head teacher deals with a matter arising from delegated functions and does so in accordance with this scheme, then they shall be deemed to have taken delegated action on behalf of the Governors. The governing body of a school may delegate any of its financial functions to a subcommittee or individual with the exception of:

- a) setting the budget;
- b) determining the terms of reference for subcommittees or individuals;
- c) planning and conducting its affairs to remain solvent;
- d) establishing proper arrangements for financial management and internal control of budgets;
- e) providing such information as the LA may reasonably require to enable it to ascertain that the governing body is able to fulfil its financial obligations;
- f) ensuring that funding is used only for the purposes for which it was intended.

The head teacher is responsible to the governing body for the financial management of the school including:

- g) the management of the school's finances at a strategic and operational level;
- h) the management of effective systems of internal control;
- i) preparation of income and expenditure estimates for approval by the governors as required by this Scheme;
- j) ensuring that the governing body is provided with proper training, guidance and advice on financial matters;
- k) ensuring that accounts are prepared in a proper manner as specified by the LA.

3.7 Maintenance of schools

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

4. Financial Controls

4.1 General procedures

Application of financial controls to schools

In managing their delegated budgets schools must abide by the Authority's requirements on financial controls and monitoring as set out in the scheme and in detailed publications referred to in the scheme but outside and compatible with it.

Provision of financial information and reports

Schools are required to provide the Authority with details of anticipated and actual income and expenditure, in a form and at times to be determined by the Authority, currently at the end of September, December and at the year-end.

Reports may not be required more often than once every three months except where the Authority has notified the school in writing that in its view the schools financial position requires more frequent submission.

Payment of salaries and payment of bills

Schools are required to comply with the administrative procedures for payment of salaries. All schools have delegated budgets and are responsible for the payment of bills at a local level.

Control of assets

Schools are required to maintain an inventory of moveable, non-capital assets, excepting goods sold generally as a normal day to day school activity, and must follow the Authority's procedure for the sale or disposal of surplus goods.

Moveable property surplus to the school's requirements must not be disposed of except by sale on the authority of the governors. The sale must normally be by public auction or competitive tender but, where neither is appropriate, the governors must adopt the method which best serves the interests of the school.

Schools may determine their own arrangements for keeping a register of assets worth less than £1,000. This should include anything that is portable and attractive, such as a camera.

The governing body must ensure that all inventories are reviewed at least once a year and all discrepancies reported to the governing body. A record of all items written off must be maintained.

Each governing body is responsible for the custody and control, and maintaining proper security arrangements for buildings, stock, equipment, cash, personnel and financial records under its control. All moveable property of the school shall as far as practical be marked as school property.

Accounting policies, including year-end procedures

Schools are required to abide by the Authority's accounting policies and procedures, including end-of-year procedures which will be issued annually to schools.

Writing off debts

The Governing Body may write off debts totalling up to £1,000 however the Governing Body will not write-off any debt belonging to the school which exceeds £1,000.

The formal agreement of the Local Authority's Section 151 Officer will be obtained before a debt exceeding £1,000 is written off.

Debts greater than £10,000 can only be written off by the Executive Member with responsibility for Finance on advice of the Section 151 Officer

4.2 Basis of accounting

The accounts of the authority are on the basis of accruals accounting, therefore when schools submit their final accounts at the end of the year their return must be on this basis in the format required by the authority.

Schools are free to operate their own internal system for internal reporting but are required to report to the Authority in the form specified above.

4.3 Submission of budget plans

Each school is required to submit their 3-year budget plan approved by the full governing body (or a committee of) by the 31st May of each year in a format determined by the authority. The purpose of the 3-year budget plan is to show that the Governing Body can meet expenditure requirements within the resources available to them.

The format of financial returns will be compatible with the Consistent Financial Reporting framework and may vary from year to year according to the requirements of the authority.

The authority will make available to schools such information as it holds on income and expenditure by schools which is necessary for efficient planning by them.

Such information could cover pay inflation rates for both teaching and non-teaching staff, price inflation and other budget assumptions. This information will be made available in the budget guidance issued each year by the Schools Accounting and Budget Support Team. The authority will notify the schools it maintains when financial information is available at times during the year.

Schools in determining their budgets should take into full account when considering their budget proposals:

- a. the progress of spending against budget in the current year
- b. known and estimated future commitments including inflation
- c. actual and projected pupil numbers
- d. likely changes in the allocation formula or the school's budget share
- e. priorities set out in the School's Development Plan
- f. estimated surpluses/deficits at the previous 31st March
- g. any agreed repayment schedule

The budgeted spend for any given year may not exceed the delegated budget for the school for that year plus or minus any accumulated surplus or deficit. This requirement may only be waived in accordance with the provisions of paragraphs 6.9, 6.10 of this Scheme.

The school's formal annual budget plan must be approved by the governing body or a committee of the governing body.

Financial forecasts during the course of the year are required in a format determined by the authority. Forecast Income and Expenditure returns show a projected year-end position for the school. The Income and Expenditure returns enable the authority to discuss spending with the school where it appears not to be as shown in the budget, or where it looks as if the budget will end up in deficit.

4.4 School resource management

Schools must seek to achieve effective management of resources and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to optimise the use of resources and maximise value for money. There are significant variations in effective management of resources between similar schools, and so it is important for schools to

review their current expenditure, compare it to other schools and think about how to make improvements.

4.5 Virement

The transfer of funds between budget heads is known as a virement.

The governing body has the power to vire between budget headings in the expenditure of their budget shares. In so doing the governing body must take into account the long-term effects of those virements.

The head teacher may be authorised to vire between budget headings but such virements must be approved by a resolution of the full governing body and ensure that the virement will not lead to the school ending up in an overall deficit.

4.6 Audit: General

All schools covered by this Scheme are subject to the Authority's audit regime, which covers both internal and external audit.

Each school will be subject to Internal Audit within a regime that is determined by Wiltshire Council and access to the records must be made available to the authority's auditors.

Each school will also be subject to external audit in a regime determined by the authority's external auditors as part of their external audit of the authority, and access to the records must be available to the external auditors.

4.7 Separate external audits

A governing body may use funds from the school's budget share to fund external audits. Such audits will be separate and in addition to any audit requirements of the Authority and are entirely at the discretion of the governing body. No funds will be delegated specifically for this purpose.

4.8 Audit of voluntary and private funds

Every school that has private or voluntary funds or trading organisations must provide annual audit certificates to the authority in respect of these funds. Each school must retain also valid audit certificates in respect of any voluntary and private funds it holds. Such funds include those held by trading organisations controlled by the school.

4.9 Register of business interests

The governing body of each school must have a register listing the business interests of each member of the governing body and the head teacher. This register must also include:

- the business interests of the immediate family of members of the governing body and the head teacher;
- details of any other educational establishments they govern;
- any relationships between school staff and members of the governing body.

This register must be maintained and updated regularly, be subject to annual review, be available for inspection by governors, staff, parents and the LA, and be published on a publicly accessible website.

4.10 Purchasing, tendering and contracting requirements

Schools must abide by the Contract Regulations and Financial Regulations and Procedure Rules within the [Constitution](#) of Wiltshire Council as applied to schools. This duty includes the requirement to assess in advance the professional competence of any contractors in areas such as compliance with health and safety regulations, safeguarding practices and taking account of the local authority's separately published policies and procedures.

The requirement to abide by the Authority's Contract Regulations applies in all cases except where this would require schools to:

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

The fact that an authority contract has been let in accordance with EU procurement procedures does not in itself make it possible to bind a school into being part of that contract. For the purposes of the procurement directives schools are viewed as discrete contracting authorities.

Schools may seek advice on a range of compliantly procured deals via Buying for schools.

4.11 Application of contracts to schools

Schools have the right to opt out of Local Authority arranged contracts. Although governing bodies are empowered under paragraph 3 of Schedule 1 of the Education Act 2002 to enter into contracts, in most cases they do so on behalf of the LA as maintainer of the school and owner of the funds in the budget share. On occasions, the governing body may enter into contracts on its own behalf. In these circumstances the governing body will have clear statutory obligations e.g. the employment of staff in aided or foundation schools.

4.12 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 a school's budget share.

Such allocations, for example, sums for SEN or other initiatives funded from the central expenditure of an authority's Schools Budget or other authority budget should be subject to conditions setting out the purpose or purposes for which the funds may be used. These conditions will normally preclude virement and prohibit their inclusion in the school's budget share.

Schools will be required to demonstrate that funds allocated for a specific purpose have been spent appropriately and in accordance with specified conditions and have not been vired into the school budget share.

The Authority may require earmarked funds to be returned to the LA if not spent in the period for which they were intended.

The LA is specifically prohibited from making any deduction in respect of interest costs to the authority, from advances made in respect of earmarked centrally provided funds that have been devolved to schools.

4.13 Spending for the purposes of the school

Section 50(3) of the School Standards and Framework Act 1998 (SSAF) allows governing bodies to spend budget shares for the purposes of the school subject to regulations made by the Secretary of State and any provisions of this scheme. By virtue of Section 50 (3A) 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.

Section 50(3)(b) of the SSAF Act 1998 also provides for the Secretary of State to determine additional purposes for which spending of the budget share may occur. For example, under the School Budget Shares (Prescribed Purposes)(England) Regulations 2002, which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 schools are permitted to spend their budgets on pupils who are on the roll of other maintained schools or academies.

4.14 Capital spending from budget shares

To help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010, Governing bodies are permitted to use their budget share to meet the cost of capital expenditure on school premises. This includes expenditure by a governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998.

The governing body of a school must notify the Authority of any capital expenditure in excess of £15,000 in any one financial year and is required to take account of any advice from the Director of Children's Services as to the merits of the proposed expenditure. If the premises are owned by the LA or the school has voluntary controlled status, then the governing body must obtain the permission of the LA before commencing any capital work, but such consent can only be withheld on health and safety grounds.

4.15 Notice of concern

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

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

These may include:

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

- f. 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.

4.16 Schools financial value standard (SFVS)

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

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

The S.151 Officer will sign a declaration each year assuring the Education and Skills Funding Agency that the Local Authority has a system of audit for schools in place which gives adequate assurance over their standards of financial management and the regularity and propriety of their spending, and remedies any shortfalls. If requested, the LA will provide the names of schools not meeting the standard to the ESFA.

4.17 Fraud

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

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

Where it is suspected that money or property of the school has been stolen or otherwise misappropriated, or that a financial irregularity has occurred, the Head Teacher must immediately report the matter to the S.151 Officer and the Director for Children's Services.

5. Instalments of the budget share and banking arrangements

5.1 Frequency of instalments

The Authority will make available budget share instalments, on a monthly basis to schools. Monthly instalments will be made paid by the Banks' Automated Credit System (BACS) to schools. For the purposes of this section, Budget Share includes any placed funding for special schools. Top up payments for pupils with high needs will be made on a monthly basis

5.2 Proportion of budget share payable at each instalment

Schools will receive their budget share in equal monthly instalments, paid directly into their nominated school bank account.

5.3 Interest clawback

The Secretary of State provides for a local authority to deduct from a school's budget share instalments an amount equal to the interest foregone by the authority in making available schools budget shares in advance. Wiltshire has not implemented such a clawback in its scheme.

5.4 Interest on late budget share payments

The LA may add interest to any late payments of budget share instalments where the reason for late payment is LA error. The interest rate and method of calculation will be the same as that used to clawback interest.

5.5 Budget shares for closing schools

Where approval for discontinuation of a school has been obtained, its budget share may be made available until closure on a monthly basis.

5.6 Bank and building society accounts

All Wiltshire schools have external bank accounts into which their budget share cash instalments (as determined by this Scheme) are paid. With all school bank accounts, schools shall be allowed to retain all interest earned on those accounts.

5.7 Restrictions on accounts

Bank accounts held by schools for budget share purposes may be held in the name of the school rather than the authority. Funds paid to the school by Wiltshire LA and held in external accounts remain LA property until spent (s.49(5) of the SSFA 1998).

Where the school's bank account is held in the name of the school, the account mandate must provide that the LA 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 LA.

There are no restrictions on the use of direct debits or standing orders for a bank account operated by a school, except where the account is part of an authority contract.

5.8 Borrowing by schools

Governing bodies may only borrow money (which includes use of finance leases), with the written permission of the Secretary of State.

The Secretary of State's general position is that schools will only be granted permission in exceptional circumstances, although they may, from time to time, introduce limited schemes to meet broader policy objectives such as the Salix scheme, designed to support energy saving.

Schools are not permitted to use overdrafts as these are regarded as borrowing. The Authority encourages the use of Government Procurement Cards (P-cards) by schools rather than credit cards as these can reduce transaction costs and can enable schools to benefit from significant discounts. They are also a useful means of facilitating electronic purchases. P-cards must be paid off in full each month and all balances cleared. Use of credit cards is permitted but no interest charges should be incurred by the school, with all balances fully cleared each month.

5.9 Other provisions - Leases

A lease is an arrangement whereby one party (the lessor) conveys to another party (the lessee) the right to use an asset for an agreed period of time in return for payment(s), and leases have to be accounted for in accordance with International Accounting Standard 17, which defines two different types of lease; finance and operating.

A **finance** lease is one whereby substantially all the risks and rewards of ownership of the asset are transferred from the lessor to the lessee. Assets which are leased under finance leases, appear on the lessee's balance sheet, along with the corresponding obligation to make payments for that leased asset in the future. Schools are **not** permitted to enter into finance leases.

Operating leases are all leases which are not finance leases. Assets leased under operating leases are not shown on the lessee's balance sheet, but should instead, appear on the lessor's balance sheet. Schools are permitted to enter into operating leases.

Whilst schools may enter into operating leases, they are not permitted to enter into finance leases. It is not always straightforward to establish which category a lease falls into. Schools must seek the Deputy S.151 Officer's advice and guidance before entering into leasing agreements, to satisfy themselves that the lease they are about to enter into is not a finance lease. They must also carry out a proper financing appraisal prior to any lease being agreed, to demonstrate that leasing of assets is better value for money than outright purchase.

6. The treatment of surplus and deficit balances arising in relation to budget shares

6.1 Right to carry forward surplus balances

Each school is allowed to carry forward from one financial year to the next any surplus balance for the year plus or minus any balance brought forward from the previous year.

The amount of any surplus balance will be shown on the school's annual outturn statement and may contain budget commitments.

6.2 Controls on surplus balances

Surplus balances held by schools as permitted under the scheme are not currently subject to any restrictions.

6.3 Interest on balances

All surplus balances are held by schools in their bank accounts. Any interest accrued from holding a surplus balance belongs to the school.

6.4 Obligation to carry forward deficit balances

Schools with budget deficits will have these carried forward. These will be a first charge on the delegated budget share of the school for the following financial year. Any school which is operating a deficit on 31 March will have that deficit carried forward to 1 April of the following financial year. The amount of any deficit balance will be shown on the school's annual outturn statement.

6.5 Planning for deficit budgets

Wiltshire schools may not run or plan to run a deficit budget, except where they have an agreed recovery plan in place. The school must notify the Local Authority immediately they become aware of any unplanned deficit, or risk thereof, so that an agreed recovery plan can be put in place where necessary (also see section 6.9 below).

6.6 Charging of interest on deficit balances

The LA may charge interest on all deficit balances operated by maintained schools.

6.7 Writing off deficits

The Authority is not permitted to write off the deficit balance of any school. However, the LA may give assistance towards the elimination of a deficit balance through the allocation of a cash sum from within the Schools' Budget (from a centrally held LA budget specified for the purpose of expenditure on special schools in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum).

6.8 Balances of closing and replacement schools

Where a school opens or closes during a financial year, it will have its budget share calculated on a pro-rata basis for the school terms that it operates.

Any balance of a closing school (whether surplus or deficit) reverts to the authority, other than where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

6.9 Licensed deficits

The Authority will work with schools currently in deficit to agree a recovery plan to repay that deficit in line with the Deficit Budget Procedure Policy (normally within a 3-year period).

6.10 Loan schemes

The Authority may exceptionally operate a loan scheme in agreement with individual schools. However, loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of

Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.

Credit union approach

If schools wish to group together to use surplus balances to loan funds through a credit union type of approach, then the Authority must be satisfied that these surplus balances are sufficient to support such a scheme. The Authority will require an audit certificate to prove that such funds are available and must give written authorisation for such schemes to operate.

7. Income

7.1 Income from lettings

Schools are allowed to retain income from the letting of school premises which would otherwise accrue to the LA, subject to any alternative provisions arising from any joint-use or Private Finance Initiative (PFI) agreement.

Income from lettings should not be paid into voluntary or private funds held by the school. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

Schools may cross-subsidise lettings for community and voluntary use with income from other lettings provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.

7.2 Income from fees and charges

Schools are permitted to retain income from fees and charges except where a service is provided by the LA from centrally retained funds.

In setting their fees and charges schools are required to have regard to any policy statements on charging and remission of charges for school activities produced by the Authority.

7.3 Income from fund-raising activities

All Wiltshire schools are permitted to retain all income from fund-raising activities.

7.4 Income from the sale of assets

Schools are permitted to retain the proceeds from the sale of assets except where the asset was purchased from non-delegated funds in which case it is for the Authority to decide whether the school should retain the proceeds. Schools are not allowed to retain income from the sale of land or buildings that form part of the school premises and are owned by Wiltshire Council.

The retention of proceeds of sale for premises not owned by the local authority will not be a matter for this scheme.

7.5 Administrative procedures for the collection of income

Schools must have regard to advice or guidance issued by the LA.

The Governors may remit in advance, all or part of any charges made for chargeable activities from its delegated budget. Once a charge has been raised, no debtor shall be excused a payment due, other than with the approval of the governing body or the head teacher where power of approval to write off has been delegated. The school will maintain a record of such write offs, which will be available for inspection by the Local Authority.

7.6 Purposes for which income may be used

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

8. The charging of school budget shares

8.1 General provision

The budget share of a school may be charged by the LA without the consent of the governing body only in the circumstances set out in 8.3 below.

Wiltshire LA will consult schools on the intention to so charge, the basis of the calculation of such charge and inform schools when such a charge has been made.

Whenever possible, prior advice of the charge will be given to the governing body. Such charge shall normally only be made as a last resort as good practice requires that agreement should be sought with schools about the nature of any charge made against the school budget (the authority cannot act unreasonably in the exercise of any power given by the scheme, or it may be the subject of a direction under s.496 of the Education Act 1996).

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.

8.2 Charging of salaries at actual cost

The authority is required to charge the salaries of school-based staff at actual cost.

8.3 Circumstances in which charges may be made:

1. Where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA).
2. Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex B).
3. Awards by courts and industrial tribunals against the LA, or out of court settlements arising from action or inaction by the governing body contrary to the LA's advice.
4. Expenditure by the LA in carrying out health and safety work, or capital expenditure for which the LA is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work; this includes circumstances in which the LA's expenditure would have been avoided if the governors had undertaken work for which they had delegated responsibility in a timely manner.

5. Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has voluntary controlled status
6. Expenditure incurred by the LA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the LA.
7. Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the LA.
8. Recovery of penalties imposed on the LA by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers' Pensions, the Environment Agency or other regulatory authorities as a result of school negligence.
9. Correction of LA errors in calculating charges to a budget share (e.g. pension deductions). Before applying any such provision, the authority will consider whether it is reasonable to do so. If the error dates back several years, it may be questionable whether such charging is reasonable.
10. Additional transport costs incurred by the LA arising from decisions by the governing body on the length of the school day or opening times (including term dates), or failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
11. Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA.
12. Costs of necessary health and safety training for staff employed by the LA, where funding for training had been delegated but the necessary training not carried out.
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.
14. Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge being the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
15. Costs incurred by the LA in securing provision specified in an Education, Health and Care Plan (EHCP) as a result of the governing body of a school failing to secure such provision despite the delegation of funds in respect of low cost, high incidence SEND and/or specific funding for a pupil with High Needs.
16. Costs incurred by the LA due to submission by the school of incorrect data.
17. Recovery of amounts spent from specific grants on ineligible purposes.
18. Costs incurred by the LA as a result of a governing body being in breach of the terms of a contract.

19. Costs incurred by the LA or schools in ending or withdrawing from a partnership arrangement with other schools, for example, where redundancy costs are incurred in respect of staff providing services across the partnership.
20. Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

9. Taxation

9.1 Value Added Tax (VAT)

Wiltshire Council will reclaim Value Added Tax (VAT) on expenditure relating to non-business activity. HM Revenue & Customs have agreed that VAT incurred by schools when spending any funding made available by the LA will be treated as being incurred by the LA and qualifies for reclaim by the LA.

This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings, nor capital works at foundation schools funded directly by the DfE.

Wiltshire Council will refund VAT monthly to schools.

Further guidance may be obtained by contacting the Authority's Treasury Team.

9.2 Construction Industry Scheme (CIS)

Schools are required to abide by the procedures issued by the Authority in connection with the Construction Industry Scheme and payments to self-employed individuals. Such guidance will be published separately from the Scheme.

10. The provision of services and facilities by the local authority

10.1 Provision of services from centrally retained budgets

Wiltshire LA will determine on what basis services from centrally held funds will be provided to schools. Such services include existing premature retirement costs (PRC) and redundancy payments.

The authority will not discriminate between categories of school in its provision of services to schools except in cases where this would be allowable under the school and early years finance regulations or the dedicated schools grant (DSG) conditions of grant.

10.2 Provision of services bought back from the local authority using delegated budgets

Any arrangements by which schools buy back services from the Authority shall be limited to a maximum of three years from the date of the agreement between the school and the Authority.

When a service is provided for which expenditure is not retainable centrally by the authority under the Regulations made under section 45A of the act, it should be offered at prices which are intended to generate income which is no less than the cost of providing those services.

The total cost of the service should be met by the total income, even if schools are charged differentially.

It is recognised that absolute break-even or profit is not always achievable over fixed financial years and it is for the authority to show during audit tests that the charging policy can reasonably be expected to avoid central subsidy of services.

10.3 Packaging

Where the authority is offering the services on a buy-back basis, these will be offered in a way that does not unreasonably restrict schools in their freedom of choice among services available. Schools will be able to buy back all services individually as well as a package of services.

10.4 Service level agreements

If services or facilities are provided under a service level agreement, whether free or a buy-back service, the terms of any such agreement will be reviewed at least every three years. The service level agreement will be available to schools at least a month before the agreements become effective.

Where services are provided by the authority, they will be made available on a basis which is not related to an extended agreement wherever reasonable as well as on the basis of such an agreement. Where services are provided on an ad hoc basis it is permissible for the authority to charge for these services at a different rate than if provided on the basis of an extended agreement.

Where premises and liability insurance are arranged centrally on behalf of schools these conditions do not apply in respect of insurance as the limitations envisaged may be impracticable for insurance purposes.

10.5 Teachers pensions

In order to ensure that the performance of the duty on the authority to supply Teachers' Pensions with information under the Teachers' Pension Scheme Regulations 2014, 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 monthly 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. The 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 monthly return of salary and service to Teachers' Pensions and to produce its audited contributions certificate.

The authority will advise schools each year of the timing, format and specification of the information required from each school. The governing body shall 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.

11. Private finance initiatives (PFI) and public private partnerships (PPP)

Schools may only enter into a Private Finance Initiative/Public-Private Partnership with the prior written approval of the authority.

The authority may charge to a school's budget share amounts calculated under a PFI/PPP arrangement entered into by the authority and the governing body of that school. Sums charged will reflect the extent to which funding delegated to the school relates to services covered by the PFI/PPP contract fee and will be in accordance with the agreement between the authority and the governing body.

12. Insurance

12.1 Insurance cover

Where funds for insurance are delegated to any school, the LA will require the school to demonstrate that cover relevant to the LA's insurable interests under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the authority if the authority makes such arrangements, either paid from central funds or from schools' delegated budgets. (See also section 8.3 point 6.).

The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.

In fixing this minimum level of cover the LA must have regard to the actual risks which might reasonably be expected to arise in the school in question in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools.

Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. Schools may do this individually when any insurance contract of which they are part expires.

Primary and /or secondary maintained schools may opt to join the RPA collectively by agreeing through the Schools' Forum to de-delegate funding.

Head teachers and governing bodies must ensure that all reasonable action is taken to minimise risks.

The S.151 Officer has overall responsibility for insurance and risk management and schools must adhere to the insurance and risk management requirements published from time to time by the authority.

13. Miscellaneous

13.1 Right of access to information

Governing bodies are required to supply to the Authority all financial information 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 funding) on the school.

13.2 Liability of Governors

The governing body of each school is a corporate body. Under the terms of section 50(7) of the School Standards and Framework Act 1998, 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.

Note: An example of behaviour which is not in good faith is the carrying out of fraudulent acts.

13.3 Governors' Allowances

The Authority may delegate to the governing body of a school yet to receive a delegated budget share, such funds as it shall determine appropriate 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 prohibited from paying any other allowances to governors and from duplicating payment of expenses by the Secretary of State to additional governors appointed by them to schools under special measures.

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

13.4 Responsibility for legal costs

Legal costs incurred by the governing body in respect of legal actions and/or including costs awarded against the council may be charged to the school's budget share unless the governing body acts in accordance with advice of the authority, where the costs are the responsibility of the LA as part of the cost of maintaining the school (unless they relate to the statutory responsibility of voluntary aided school governors for buildings).

Where there is conflict of interest between the authority and the governing body, the governing body should obtain independent legal advice.

A school cannot expect to be reimbursed with the cost of legal action against the local authority itself (although there is nothing to stop the authority making such reimbursement if it believes this to be desirable or necessary in the circumstances).

13.5 Health and safety

In expending the school's budget share, governing bodies are required to have due regard to the duties placed on the Authority in relation to health and safety, and the Authority's policy on health and safety matters published separately from this Scheme.

Schools are required to comply with the authority's policy on the legal requirement to undertake mandatory health and safety training. This is an essential element to consider and comply with, in the management of the budget share.

13.6 Right of attendance for Chief Finance Officer

Governing bodies are required to permit the S.151 Officer of the Authority, or any officer of the Authority nominated by the S.151 Officer, to attend and speak, but not to vote, at meetings of the governing body at which any agenda items are relevant to the exercise of his or her responsibilities.

The S.151 Officer's attendance should normally be limited to items which relate to issues of probity or overall financial management; such attendance should not be regarded as routine. The authority should give prior notice of such attendance unless this is impracticable.

13.7 Special educational needs

Governing bodies must use their best endeavours in spending their delegated budget share to secure appropriate provision for children assessed as having special educational need. In doing so they must give due regard to advice and guidance published by the Authority.

Schools and governing bodies are required to use their best endeavours in spending the budget share, to secure the special educational needs of their pupils. The LA reserves the right to suspend delegation where a situation is serious enough to warrant it (this would not normally relate to an individual pupil).

13.8 Interest on late payments

Schools that make late payment of external invoices may be charged interest for late payment by their suppliers. If this is as a result of the school's actions, then the interest will be the responsibility of the school.

13.9 Whistleblowing

Schools may have in place their own internal whistleblowing policy for staff and governors, using an HR Toolkit supplied by the LA.

Schools are required to follow the Authority's scheme published separately for dealing with staff or governors who wish to complain about financial management or financial propriety at the school.

13.10 Child Protection

Schools are required to release staff to attend child protection case conferences and other related events. Funding for the cost of attendance is deemed to be part of the delegated school budget share.

13.11 Redundancy and early retirement costs

The 2002 Education Act sets out details of how premature retirement and redundancy costs should be funded. The LA has put in place local arrangements and these are detailed at Appendix B.

13.12 Data protection

Head teachers are responsible for ensuring compliance with data protection legislation and controlling access to all data covered by such legislation.

14. Responsibility for repairs

All revenue funding for repairs and maintenance is now delegated, therefore the governing body is responsible for costs of all revenue funded repairs and maintenance.

The LA will retain capital funding for programmed strategic repairs and maintenance items and this is administered by the LA's School Place Commissioning Team.

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.

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, which may not match the *de minimis* limit used by the Authority.

15. Community facilities

15.1 Introduction

Under section 27 (1) of the Education Act 2002, the governing body of a maintained school shall have power to provide any facilities or services whose provision furthers any charitable purpose for the benefit of:

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

Schools which choose to exercise the power conferred by section 27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. Regulations made under section 28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power.

Section 88 of the Children and Families Act 2014 has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its local authority and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their local authority when offering this type of provision.

Under S.28(1), the main limitations and restrictions on the power will be those contained in schools' own instruments of government and in Wiltshire Council's Scheme for Financing Schools made under Section 48 of the School Standards and Framework Act 1998, as amended by paragraph 2 of Schedule 3 to the Education Act 2002. which extends the coverage of schemes to include the exercise of powers of governing bodies to provide community facilities.

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

15.2 Consultation with the authority: financial aspects

Whilst there is no requirement for a school to consult or obtain advice from the local authority on decisions regarding establishing community facilities, as public bodies, they are expected to act reasonably, and this includes consulting those affected by the decisions that they make.

If it is found that there has been mismanagement of the community facilities funds, the LA may suspend the right for the school to receive a delegated budget.

15.3 Funding agreements: local authority powers

Where a third party is involved with supplying funding and/or taking part in the provision, an agreement in writing must be made between the school and the third party(s). The proposed agreement must be provided to the LA and will be considered along with the plan. The LA will have up to one month to consider and provide advice regarding the agreement.

The LA may not veto the agreement or acquire a right to countersign an agreement.

Note: 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.

However, if the LA considers that an agreement is against the wishes of the LA, has been concluded without the complete knowledge of the LA, or is in the view of the LA, seriously prejudicial to the interests of the school or the authority, this may constitute grounds for suspension of the right to a delegated budget.

15.4 Other prohibitions, restrictions and limitations

If the LA considers that risks associated with the project in question require the protection of the authority's financial interests, the governing body shall follow the advice of the LA to obtain indemnity insurance, or carry out the activity through the vehicle of a limited company, as specified by the authority.

If Governing Bodies choose or are advised to carry out the activity through the vehicle of a limited company, they must follow any advice offered separately by the LA in setting up of companies.

The Governing Body may not do anything which they are unable to do by virtue of any prohibition, restriction or limitation on their powers which is contained in the school's instrument of government.

15.5 Supply of financial information

The governing body of a school exercising the community facilities power may be required, at the request of the Authority taking into account the risk and financial liabilities of the facility, to provide a statement of income and expenditure to the authority for the previous six months, and an estimate for the following six months. The format of the statement will vary depending upon the type of facility provided.

If the school believes that the income will be insufficient to meet expenditure without moving into deficit, the school must inform the LA of this in writing to the Director of Education and Skills immediately.

If the LA believes that the financial management or general management of the facility is causing concern, it may give notice to the governing body whereupon financial

statements may be required every three months. In such circumstances, a recovery plan will be required to be produced in consultation with the Authority.

Financial information relating to community facilities will be included in returns to the LA under the consistent financial reporting (CFR) framework which will inform the LA about the financial aspect of a school's community facilities.

15.6 Audit

Where a governing body exercises the power of community facilities, the school will allow access to school records connected with the exercise of this power, in order to facilitate internal and external audit of the relevant income and expenditure.

If a governing body enters into an arrangement with a third party pursuant to the exercise of the community facilities power, then such agreements should contain a provision allowing access by Wiltshire Council to the records and other property of those persons held on school premises, or held elsewhere insofar as they relate to the activity in question, and in order for Wiltshire Council to satisfy itself as to the propriety of expenditure on the facilities in question.

15.7 Treatment of income and surpluses

All income that is derived from community facilities will be retained by the school except where otherwise agreed with a third party, whether that be the authority or some other person.

The school, in exercise of this power, is permitted to carry forward such retained income over from one financial year to the next as a separate community facilities surplus.

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

15.8 Health and safety

Section 13.5 of this scheme also applies to any community facility arrangements.

Governing Bodies must ensure that Disclosure Barring Service clearance has been obtained for all adults involved in community activities taking place during the school day. The costs of such clearance are the responsibility of the Governing body, unless passed on to a funding partner as part of an agreement with that partner.

15.9 Insurance

It is the responsibility of the Governing body to ensure that adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. The arrangements must be agreed with the Authority before finalisation of the insurance arrangement for community facilities.

The LA may make an assessment of the insurance arrangements, and if it judges those arrangements to be inadequate, may make arrangements itself and charge the resultant cost to the school in order to protect itself against possible third-party claims. Instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA.

15.10 Taxation

Schools must seek the advice of the LA on any matters relating to VAT, taxation, income tax (PAYE) and National Insurance. Schools should be aware that they may need to register with the Inland Revenue as an employer and follow all regulations in force relating to the employment and payment of staff.

15.11 Banking

Schools in exercising their powers of community facilities are permitted to set up a bank account in order to account for all income and expenditure in connection with community facilities.

Where a school already has a bank account it still may require a separate account unless the school can demonstrate that it has adequate internal accounting controls to maintain separation of funds.

Where schools have bank accounts for community facilities, they shall be allowed to retain all interest earned on these accounts.

Schools that have a bank account for community facilities should not allow that account to go overdrawn.

15.12 Payments in respect of redundancy and dismissal

Section 37.7 of the Education Act 2002 states that:

“Where a local education authority incurs costs-

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

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

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

And section 37.7(A) states that:

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

Section 37.7(B) states that:

“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.”

And section 37.9:

“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 two purposes; and the preceding provisions of this section shall apply separately to each part in the payment of costs.”

And Section 37.10:

“Regulations may make provision with respect to the recovery from governing bodies of amounts payable by virtue of subsection (7).”

Annex A: List of schools to whom this scheme applies

Primary Schools

DfE Number	School Name
8652003	Fynamore Primary School
8652004	Greentrees Primary School
8652005	Nursteed Community Primary School
8652009	Bratton Primary School
8652023	St Paul's Primary School
8652027	Marlborough St Mary's CE Primary School
8652031	Neston Primary School
8652034	Monkton Park Primary School
8652045	Gomeldon Primary School
8652052	Hilmarton Primary School
8652053	Horningsham Primary School
8652060	Luckington Community School
8652086	Stanton St Quintin Community Primary School
8652087	Ramsbury Primary School
8652091	Harnham Infants' School
8652136	Westbury Infant School
8652137	Westwood-with-Iford Primary School
8652140	Wootton Bassett Infants' School
8652159	Kiwi Primary School
8652168	Priestley Primary School
8652170	The Grove Primary School
8652178	Princecroft Primary School
8652180	Redland Primary School
8652184	Longleaze Primary School
8652185	Mere School
8652190	Woodlands Primary School
8652191	Salisbury, Manor Fields Primary School
8652196	Holbrook Primary School
8652218	Kings Lodge Primary School
8652222	Walwayne Court School
8652225	Bitham Brook Primary School
8652226	Charter Primary School
8652227	Newtown Community Primary School
8653002	Ashton Keynes Church of England Primary School
8653013	Box Church of England Primary School
8653015	Christ Church of England Controlled Primary School
8653017	Longford CofE (VC) Primary School
8653018	Broad Hinton Church of England Primary School
8653019	Broad Town Church of England Primary School
8653020	St Nicholas Church of England VC Primary School, Bromham
8653035	Cherhill CofE School
8653040	Colerne CofE Primary School

DfE Number	School Name
8653045	St Sampson's Church of England Primary School
8653047	Crockerton CofE Primary School
8653048	Crudwell CofE Primary School
8653049	Collingbourne Church of England Primary School
8653063	Durrington Church of England Controlled Junior School
8653086	Heddington Church of England Primary School
8653088	Hilperton Church of England Voluntary Controlled Primary School
8653090	Holt Voluntary Controlled Primary School
8653091	Hullavington CofE Primary and Nursery School
8653096	Kington St Michael Church of England Primary School
8653100	Lacock Church of England Primary School
8653102	Langley Fitzurse Church of England Primary School
8653104	Lea and Garsdon Church of England Primary School
8653134	Newton Tony Church of England Voluntary Controlled School
8653135	North Bradley CofE Primary School
8653140	Oaksey CofE Primary School
8653149	Preshute Church of England Primary School
8653150	St Mary's Church of England Primary School, Purton
8653158	Harnham Church of England Controlled Junior School
8653161	Shalbourne CofE Primary School
8653163	Sherston CofE Primary School
8653166	Southwick Church of England Primary School
8653170	Staverton Church of England Voluntary Controlled Primary School
8653172	Stratford-sub-Castle Church of England Voluntary Controlled Primary School
8653174	Sutton Veny CofE School
8653186	Urchfont Church of England Primary School
8653191	The Minster CofE Primary School
8653192	Westbury Church of England Junior School
8653193	Westbury Leigh CofE Primary School
8653201	Winterbourne Earls Church of England Primary School
8653205	Sambourne Church of England Voluntary Controlled Primary School
8653220	Minety Church of England Primary School
8653222	St Barnabas Church of England School, Market Lavington
8653229	Coombe Bissett Church of England Primary School
8653230	Dinton CofE Primary School
8653239	St John's Church of England Primary School, Tisbury
8653242	Brinkworth Earl Danby's Church of England Primary
8653300	St Michael's CofE Aided Primary
8653306	Baydon St Nicholas Church of England Primary School
8653316	Chapmanslade Church of England Voluntary Aided Primary School
8653318	Chilton Foliat Church of England Primary School
8653330	Derry Hill Church of England Voluntary Aided Primary School
8653355	St Nicholas Church of England Primary School, Porton
8653362	St Andrew's Church of England Voluntary Aided Primary School, Laverstock

DfE Number	School Name
8653383	Sarum St Paul's CofE (VA) Primary School
8653387	St Martin's CofE Voluntary Aided Primary School
8653396	St Thomas à Becket Church of England Aided Primary School
8653402	Whiteparish All Saints Church of England Primary School
8653405	Winterslow CofE (Aided) Primary School
8653412	Christ The King Catholic School, Amesbury
8653418	St Joseph's Catholic Primary School, Malmesbury
8653425	St Osmund's Catholic Primary School, Salisbury
8653430	St John's Catholic Primary School, Trowbridge
8653435	Wardour Catholic Primary School
8653437	St Patrick's Catholic Primary School, Corsham
8653449	Broad Chalke CofE Primary School
8653453	Chilmark and Fonthill Bishop Church of England Aided Primary School
8653454	Semley Church of England Voluntary Aided Primary School
8653459	Hindon Church of England Voluntary Aided Primary School
8653460	Alderbury and West Grimstead Church of England Primary School
8653461	Kennet Valley Church of England Aided Primary School
8653464	Old Sarum Primary School
8653465	Wylve Valley Church of England Voluntary Aided Primary School
8653467	Churchfields, the Village School
8653468	Amesbury Church of England Voluntary Controlled Primary School
8653469	Five Lanes CofE VC Primary School
8653471	Lyneham Primary School
8653472	Bellefield Primary and Nursery School
8655201	Downton CofE VA Primary School
8655205	Frogwell Primary School
8655206	Studley Green Primary School
8655207	St George's Catholic Primary School, Warminster
8655208	St Mary's RC Primary School
8655209	Paxcroft Primary School
8655215	Ludgershall Castle Primary School
8655216	Pitton Church of England Voluntary Aided Primary School
8655218	Clarendon Junior School
8655219	Clarendon Infants' School

Secondary and Special Schools

DfE Number	School Name
8654000	Abbeyfield School
8654070	The Stonehenge School
8654610	St Joseph's Catholic School
8655415	Matravers School

DfE Number	School Name
8657003	Silverwood School
8657007	Downland Special School

Annex B: 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 local 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 or resignation costs to delegated school budget:

- if a school has decided to offer more generous terms than the local 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 or central 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 or has been terminated as a result of local authority or government intervention to improve standards

Costs of early retirements or redundancies may be charged to the central school services block of the schools' budget, as a historic commitment, where the expenditure is to be incurred as a result of retirement and redundancy charges agreed before 1 April 2013. Costs may not exceed the amount budgeted in the previous financial year.

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

It is important that the 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 local 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 incurs 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 local authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

(7A) Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection 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 2 purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.