

# Hampshire County Council

## Scheme for Financing Schools

### October 2018

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## **Glossary of acronyms used in this document**

AVC	Additional Voluntary Contributions
CFO	Chief Financial Officer
CIS	Construction Industry Scheme
DfE	Department for Education
DSG	Dedicated Schools Grant
EFS	Education Financial Services
HMRC	Her Majesty's Revenue and Customs
ISB	Individual Schools Budget
LA	Local Authority
LGPS	Local Government Pensions Scheme
PFI	Private Finance Initiative
PPP	Public Private Partnership
SFVS	Schools Financial Value Standard
SLA	Service Level Agreement

# **1 Introduction**

## **1.1 The funding framework**

- 1.1.1 The funding framework is set out in the legislative provisions in Sections 45-53 of the School Standards and Framework Act 1998.
- 1.1.2 Under this legislation, Local Authorities (LAs) determine the size of their non-schools education budget. The schools budget is effectively determined by the size of the Dedicated Schools Grant (DSG), although LAs may decide to apply additional resources to the grant.
- 1.1.3 Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.45A of the Act (the centrally retained expenditure). The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions (including gaining the approval of their Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State.
- 1.1.4 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).
- 1.1.5 LAs must distribute the ISB amongst their maintained schools using a formula, in accordance with regulations made by the Secretary of State. This gives each school a share of the budget, known as a "Budget Share". Budget shares are then delegated to the governing body of each school (unless the school is a new school which does not yet have a governing body, or the right to a delegated budget has been suspended in accordance with Section 51 of the Act).
- 1.1.6 The financial controls within which the delegation works are set out in this Scheme, made under the authority of Section 48 of the Act (and regulations made under that section).
- 1.1.7 All proposals to revise the Scheme must be approved by Schools Forum, although the authority may apply to the Secretary of State for approval in the event of Schools Forum rejecting a proposal, or approving it subject to modifications which are not acceptable to the LA.
- 1.1.8 Subject to any such provision made by or under the scheme, governing bodies of schools may spend their funding as they think fit for the purpose of the school, or for community facilities and services, unless there are specific conditions attached (see paragraph 2.15.1)
- 1.1.9 The LA may suspend a school's right to a delegated budget if the provisions of this Scheme have been substantially or persistently breached, or if the budget has not been managed satisfactorily.

- 1.1.10 Each LA must publish an annual statement, in a format specified by the Secretary of State, giving details of planned central expenditure and funding delegated to schools. After each financial year, the authority must publish a statement showing actual centrally managed expenditure and actual expenditure by each school, and each school's balance. The details for Hampshire are at:  
<https://www.hants.gov.uk/educationandlearning/schoolbudgetshares/section251statements>

## **1.2 The role of the Scheme**

- 1.2.1 This scheme sets out the financial relationship between the County Council and the maintained schools which it funds. It contains requirements relating to financial management and associated issues, binding on both the authority and on schools.
- 1.2.2 It applies to all community, nursery, special, voluntary, foundation (including trust), and foundation special schools, and pupil referral units (referred to as "Education Centres" in Hampshire) maintained by the County Council. It does not apply to academies, and neither does it apply to the few schools situated within the Hampshire boundary which are maintained by other authorities. A list of schools maintained by the County Council is at <http://www3.hants.gov.uk/education/schools/schooldetails>

## **1.3 Publication of the Scheme**

- 1.3.1 This Scheme must be published on a website which is accessible to members of the public. It is at:  
<https://www.hants.gov.uk/educationandlearning/schoolbudgetshares/scheme financingschools>

## **1.4 Revision of the Scheme**

- 1.4.1 Any proposed revisions to the scheme (other than "housekeeping" changes which have no impact on its meaning) will be the subject of consultation with the governing body and headteacher of every school maintained by the County Council, prior to submission for approval by Schools Forum members representing maintained schools.
- 1.4.2 In the event of Schools Forum not approving the proposed changes, or approving them subject to modifications which the County Council finds unacceptable, the County Council may apply to the Secretary of State for approval.

## **1.5 Delegation of powers to the headteacher**

- 1.5.1 The governing body should 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. This should include the setting of cash limits as to the decisions that can be made by the headteacher and other staff.

1.5.2 The first formal budget plan of each year, and a revised budget during the year must be approved by the governing body, or by a committee of the governing body.

## **1.6 Maintenance of schools**

1.6.1 The County Council is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary 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.

## **2 Financial controls**

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

2.1.1 In managing their delegated budgets, schools must abide by the County Council's requirements on financial controls and monitoring, not only those in this scheme. The scheme refers to more detailed publications that contain further requirements.

2.1.2 The scheme is consistent with the County Council's:

- Financial Regulations
- Financial Procedures
- Contract Standing Orders
- Best Practice Guide for Procurement

Copies of these documents are available at:

<http://www3.hants.gov.uk/education/schools/efs/corporateguidance.htm>.

2.1.3 In the Contract Standing Orders and the Best Practice for Procurement, references to "chief officer" include a headteacher, and references to "executive member" include the governing body. Also, the headteacher and governing body of a school can accept tenders.

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

2.2.1 Accurate and timely financial reporting is an indication of good financial management. Where schools fail to meet the reporting timetables, they are likely to fall short of the Schools Financial Value Standard (SFVS). A repetition of failure to meet reporting requirements, particularly if it affects statutory deadlines, e.g. final accounts, VAT, National Insurance, pensions etc, would be a reason for the issuing of a notice of concern, or even suspension of delegated management.

2.2.2 All schools are required to submit the following annual financial returns (see section 2.7).

- Approved annual budget by 31 May.
- Strategic financial plan by 31 May.

- Approved revised budget by 30 November.
- Schools Financial Value Standard by 31 March.

2.2.3 Other reporting requirements which only apply to specific groups of schools (e.g. schools in deficit, schools which do not use the SAP financial system, and schools that do not use the County Council's payroll system) are itemised elsewhere within the Scheme.

## **2.3 Payment of salaries and bills**

2.3.1 The CFO will arrange for the completion and return of all payroll related financial statements required by law for all maintained schools using the County Council's payroll system.

2.3.2 All payments to employees (including casual workers), except petty cash reimbursements up to £100, must also be made through payroll. Car allowances including mileage payments to staff must also be made through payroll. Under no circumstances may salary/wages (including casual workers) be made through petty cash.

2.3.3 The headteacher is responsible for verifying that all who are paid via the payroll service are properly appointed employees, paid at the appropriate rate. A signed declaration (usually a signed copy of the monthly payroll report) that each month's payroll has been checked must be held for each month, and be available for audit review.

2.3.4 The chair of the governing body must authorise, in writing, any change in salary for the headteacher except for standard inflationary increases. A copy of the chairman's written approval must be sent to payroll services to be held on file, in order to validate the change.

2.3.5 If a school elects to manage its own payroll or use an external provider, then all associated responsibilities such as administration, and paying the employees will rest with the school. Details of required returns and payments are listed at Appendix A. There is no grace period when a deadline falls during an inconvenient time such as a school holiday, or during the absence of key staff, and failure to meet any deadlines may result in a notice of concern or even suspension of delegated management.

2.3.6 Payments to suppliers should be made through SAP ordering process or using the school's purchasing card (p-card) whenever feasible. Petty cash should only be used as an exception and for small amounts. On no account may payments be made from petty cash to individuals for services provided. All payments must be supported by proper documentation (e.g. VAT invoices).

## **2.4 Control of assets**

2.4.1 All schools should maintain an asset register that contains details of significant equipment and capital items, and an inventory which contains details of moveable non-capital assets. The register and inventory should be kept up to date and include the following information:

- Date of acquisition;



- Description of the asset including a unique identification mark such as a serial number;
- Cost;
- Source of funding;
- Location;
- Details of disposal or write off.

2.4.2 Schools will be free to determine their own arrangements for keeping a register of assets worth less than £1,000. However, schools must have a register and will be expected to have regard to the County Council's policies on inventories. Schools must ensure that their arrangements meet the school's insurance policy requirements.

2.4.3 Controls such as security marking should be in place to safeguard assets. Schools should consider the best location for the asset. Any changes to the asset register should be authorised by the headteacher, and reported to the governing body. Further details are given in the County Council's Financial Regulations.

## **2.5 Accounting policies (including year end procedures)**

2.5.1 Schools' accounts form part of the accounts of the County Council. To ensure consistency and correctness, schools must abide by procedures which are issued by the County Council.

## **2.6 Writing off of debts**

2.6.1 Schools may write off any income due if they consider it is irrecoverable, in line with their local scheme of delegation and the County Council's Financial Regulations

2.6.2 An explanatory record giving reasons for the write-offs must be produced and records kept for inspection.

2.6.3 In this context, cancelling an invoice which was raised in error does not constitute a write-off, but the correction of an error. However, documentation to support the cancellation of any invoices must be kept by the school.

## **2.7 Submission of budget plans**

2.7.1 Budget plans should be prepared as realistically as possible. It is expected practice for the school to review the position during the year.

2.7.2 The school may save/earmark funds for specific future projects. There is an expectation that such funds should be for the benefit of current pupils, and should not be at the expense of current provision. Such funds should be clearly documented as part of the strategic financial plan.

2.7.3 Schools must not plan for a deficit in the current financial year but, if it seems unavoidable, guidance on setting a deficit budget at section 4.4 must be followed.

- 2.7.4 Schools must take full account of the actual or forecast year end surplus/deficit from the previous financial year in their budget plan.
- 2.7.5 The budget plan must be prepared at general ledger code level, and cover all cost centres managed by the school (except for cluster funds “C Code” and unofficial funds “H Code”). It must be approved by the governing body and posted to SAP by 31 May in the financial year to which it refers.
- 2.7.6 A copy of the three year strategic plan, signed by the chair of governors and headteacher must be submitted to EFS by 31 May each year.
- 2.7.7 If the three year plan shows a deficit in future years, the document and minutes must be annotated by the phrase “The governing body is aware of the future year deficit as shown on this plan, and will take action to address it”.
- 2.7.8 The budget plan must be reviewed and a revised budget must be approved by the governing body, during the autumn term and posted to SAP by 30 November. Schools not on the SAP system must submit a paper copy to arrive with EFS by 30 November. Governors may approve further revisions to the budget during the year if they believe that it is appropriate to do so, and they should then be posted to SAP. Schools approving further revisions are requested to notify EFS. Schools in deficit that are undertaking quarterly deficit monitoring returns are not required to complete budget revision.

## **2.8 Efficiency and value for money**

- 2.8.1 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 and complying with the County Council’s purchasing, tendering and contracting requirements.
- 2.8.2 It is for headteachers and governors to determine at school level how to secure better value for money. There can be significant variations in efficiency between similar schools. It is important for schools to review their current expenditure, compare it to other schools, and think about how to make improvements.

## **2.9 Audit**

- 2.9.1 As schools’ accounts form part of the County Council’s accounts, all schools come within the internal audit regime determined by the Chief Financial Officer, and the external audit regime of the County Council as determined by the Audit Commission, and must cooperate with it.
- 2.9.2 Internal auditors may test, review, report and make recommendations on the financial controls operating within the County Council including individual schools. This may include examining the economic, efficient and effective use of resources. External auditors may test, review, and report their opinion on the accuracy of the accounts produced by the CFO.

## **2.10 Separate audits**

- 2.10.1 Governing bodies may choose to arrange external audit certification of the school's accounts, or for internal auditors to carry out extra checks. This would be at the school's own expense. There is no expectation that this should be the norm, but is merely confirmation that schools can seek an additional source of assurance.

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

- 2.11.1 Most schools have money available from sources other than the County Council, which they may use for their general benefit. If such funds are controlled by an employee because of his or her position at the school, but do not pass through the County Council's accounts, they are regarded as "unofficial funds". The Local Government Act 1972 states that a local authority may require any of its staff to account for all money and property committed to their charge and to produce the relevant supporting documents. To fulfil Section 151 Officer (local authority CFO) responsibilities, this requirement is extended to include all staff at all schools.
- 2.11.2 Accounts must be maintained and supporting documents (e.g. receipts) held for all transactions, including an "audit trail". Reporting arrangements must be formalised. Best practice requires the reporting of annual accounts.
- 2.11.3 Copies of the balance sheet, income and expenditure account, and audit certificate, for private or voluntary funds held by the school, and for any trading accounts controlled by the school, must be submitted to EFS by 31 August after the year end. Summarised information for inclusion in the HCC accounts will be required prior to this date, as stated in the County Council's end of year procedures.
- 2.11.4 Unofficial funds may or may not be a registered charity. Before making a decision schools should consider both the advantages and disadvantages of charitable status. Schools that register will need to comply with charities commission requirements:  
<https://www.gov.uk/government/organisations/charity-commission>

## **2.12 Register of business interests**

- 2.12.1 The governing body of each school must have a register that lists each member of the governing body, the headteacher, and staff who may influence expenditure.
- 2.12.2 The register must show any business interests that they, their partner, or any member of their immediate family may have and also detail any relationships between school staff and members of the governing body. They must also declare any details of any other educational establishment that they govern.
- 2.12.3 The governing body must keep the register up to date with notification of any changes and through annual review of entries, and make the register available for inspection by governors, staff, parents, and the County Council.

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

- 2.13.1 Schools must abide by the County Council's financial rules and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the County Council's policies and procedures.
- 2.13.2 This scheme is consistent with the County Council's Financial Regulations and Standing Orders, and with the Best Practice Guide to Procurement. Links to these documents are at section 2.1 above.
- 2.13.3 In the Standing Orders, and the Best Practice Guide for Procurement:
- References to "chief officer" include a headteacher;
  - References to "executive member" include the governing body;
  - The headteacher/governing body of a school can receive and accept tenders.
- 2.13.4 Whilst schools are urged to take account of approved lists of suppliers, there is no requirement to select suppliers from approved lists.

## **2.14 Application of contracts to schools**

- 2.14.1 The County Council arranges a number of contracts on behalf of schools (e.g. for energy). Schools have the right to opt out of such contracts, unless they have lost that right for particular contracts (whenever started) in accordance with a specified written procedure.
- 2.14.2 Although governing bodies are empowered to enter into contracts (paragraph 3 of Schedule 1 to the Education Act 2002), in most cases they do so on behalf of the County Council and owner of the school's funds. However, in some instances, contracts 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.

## **2.15 Central funds and earmarking**

- 2.15.1 Allocations to schools from specific grants are subject to any conditions set by DfE or other funding body.

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

- 2.16.1 Governing bodies should spend school funding for the purposes of the school.
- 2.16.2 From 1 April 2011, amounts spent on community facilities or services under section 27 of the Education Act 2002 can be treated as if spent for the purposes of the School. The County Council advises governing bodies to consider how Ofsted, parents, and other interested bodies may perceive spending school funding in this way.

2.16.3 Schools are allowed to spend their funding on pupils who are on the roll of other maintained schools or academies. Again, the County Council advises governing bodies to consider how Ofsted, parents, and other interested bodies may perceive such spending.

## **2.17 Capital spending from revenue**

2.17.1 A school must take into account any advice from the Chief Executive (or representative), as to the merits of proposed capital expenditure from revenue funding if it is more than £15,000.

2.17.2 If the premises are owned by the County Council, or the school has Voluntary Controlled status, then the governing body should seek the County Council's consent to the proposed works, but such consent can only be withheld on health and safety grounds.

## **2.18 Notice of concern**

2.18.1 The County Council will issue a notice of concern to the governing body of a school when, in the opinion of the CFO and the Director of Children's Services, the school has failed to comply with any provisions of this scheme, or where actions need to be taken to safeguard the financial position of the County Council or the school. The notice will set out the reasons and evidence for it being issued.

2.18.2 For schools to whom a notice of concern has been issued, the County Council will set out the requirements on the governing body in relation to the management of funds, including actions, restrictions, limitations or prohibitions that it must comply with. 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;
- Insisting that support is purchased from a financial provider to ensure that school staff have access to financial advice;
- Requiring the school to be externally assessed against the SFVS standards and to implement any remedial action identified as being needed to bring the school up to the standards;
- Placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools (e.g. provision of monthly accounts to the County Council);
- Insisting on regular financial monitoring meetings at the school attended by local authority officers;
- Requiring the governing body to use SAP as its financial system where it does not already do so;
- Requiring notification of all decisions including contracts of employment which commit the school to more than £5,000, (or an amount specified by the CFO);
- Imposing restrictions or limitations on the manner in which the school manages extended school activity funded from within its delegated funding – for example by requiring the school to submit income projections and/or financial monitoring reports on such activities;

- Requiring the attendance, with full speaking rights, of the CFO's representative at the meetings of the governing body and all relevant committees;
- Submission of detailed financial forecasts covering a three year, or other period as specified by the CFO.

2.18.3 The notice will state 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 County Council may take where the governing body does not comply with the notice, including the possibility of suspension of delegated financial management.

## **2.19 Suspension of delegated financial management**

2.19.1 The School Standards and Framework Act 1998 allows the County Council to suspend a governing body's right to a delegated budget if it fails to comply with requirements or mismanages funds. The County Council may do this if the provisions of the Scheme for Financing Schools, including the requirements attached to a notice of concern (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 school's right to a delegated budget share may also be suspended for other reasons as stated in section 17 of the Act, but in that case there is no right of appeal. Alternatively, or in addition, schools may receive a charge against their school budget for any liabilities incurred (see section 6 of this scheme).

2.19.2 Every school is reminded that if it concludes an agreement (with a third party) against the County Council's wishes or without informing the County Council and it is judged to be seriously prejudicial to the interest of the school or the County Council, this may constitute grounds for the suspension of the right to a delegated budget.

## **2.20 Schools Financial Value Standard**

2.20.1 All maintained schools (including nursery schools and Pupil Referral Units/Education Centres) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at which time of year they wish to complete the form, but it must be submitted to the County Council electronically in the format specified by EFS (with a signed paper copy retained in the school) by 31 March at the end of the financial year.

2.20.2 The standard is self assessed using the DfE template. The County Council will use schools' SFVS returns to inform their programme of financial assessment and audit. A copy of the template can be found on the DfE website at <https://www.gov.uk/government/publications/schools-financial-value-standard-and-assurance>

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

## **2.21 Fraud**

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

2.21.2 The governing body and headteacher must inform all staff of school policies and procedures related to fraud and theft (including the whistleblowing policy – see section 11.8), the controls in place to prevent them, and the consequences of breaching those controls. This information must also be included in the induction for new school staff and governors.

## **3 Banking arrangements**

### **3.1 General**

3.1.1 All schools can choose to have their funding paid into a bank account, and manage their payments locally. Such schools are referred to as “cheque book schools” or “local bank account” schools. Experience is that there is a significant increase in administrative effort and cost in managing payments locally

### **3.2 Frequency of instalments**

3.2.1 Cheque book schools receive their budget share (including place funding for resourced provisions) in accordance with the following profile:

- 1/36th on the first banking day in April.
- 3/36ths on the penultimate banking day of each month from April to February inclusive.
- The remainder (i.e. 2/36ths) on the penultimate banking day in March.

3.2.2 There are no restrictions on when schools which are not cheque book schools may spend their funding, as long as they do not go into deficit at the end of the financial year.

### **3.3 Interest clawback**

3.3.1 An interest charge will be raised against cheque book schools, representing the loss of interest to the County Council by virtue of the budget share funding leaving the County Council’s main bank account an average of about 2.4 days earlier than is the case for non-cheque book schools. Bank of England base rate will be applied to the amount of the budget share, i.e. Amount of budget share x (2.4/365) x base rate

3.3.2 Interest will not be charged on the payment of DfE grants that do not form part of the funding formula.

### **3.4 Interest on late budget share payments**

- 3.4.1 In the event of budget share payments to cheque book schools being late due to a County Council error, interest at Bank of England base rate will be paid to the school, for the number of days involved.

### **3.5 Banks and building society accounts**

- 3.5.1 Schools keep all interest earned, but bear the cost of all bank charges.
- 3.5.2 Schools are not allowed to overdraw their accounts. In such a situation, the school will be required to close their bank account and open an imprest account with the County Council.
- 3.5.3 Schools with deficit balances cannot become cheque book schools until the deficit is cleared.
- 3.5.4 Schools can only start or stop being a cheque book school from 1 April (in which case the School Education Funding Team must be notified by the previous 1 December). Other start or stop dates will be considered by the County Council if requested.
- 3.5.5 On becoming a cheque book school, the County Council will immediately transfer an estimate of the school's credit balance, on the understanding that there will be a subsequent correction once the exact balance is known.

### **3.6 Restrictions on bank accounts**

- 3.6.1 Approved banking institutions are:
- Lloyds TSB
  - Nat West
  - HSBC
  - Barclays
  - Nationwide Building Society
- 3.6.2 If an institution is removed from the above list, all accounts with it must be closed immediately after notification from the CFO, and any funds returned to the County Council pending the opening of a replacement account.
- 3.6.3 Schools having accounts with other banks before 1 April 2001 will be allowed to retain those accounts.
- 3.6.4 If desired, bank accounts may be in the name of the school rather than the County Council. However, if a school has such an account, the account mandate must provide that Hampshire County Council is the owner of the funds, 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. Section 49(5) of the School Standards and Framework Act 1998 states that funds paid by the authority and held in school accounts remain authority property until spent.



3.6.5 Schools opting to become cheque book schools must set up a direct debit instruction if they intend to make payments via SAP, or have the County Council process payments centrally (e.g. utility bills). An instruction form is available from the School Education Funding Team, and should be returned there on completion. A school cannot stop a direct debit payment made on its behalf. However, the request to make a payment via SAP must be authorised in advance by one of the school's authorising officers.

### **3.7 Borrowing by schools**

3.7.1 Governing bodies may only borrow money with the written permission of the Secretary of State.

3.7.2 In the context of the above paragraph, the use of credit cards (excluding HCC purchasing card), bank overdrafts, and finance leases constitute borrowing.

3.7.3 Schools will only be granted permission for borrowing in exceptional circumstances. However, limited schemes will become available in order to meet broader policy objectives which will not require specific approval. This currently includes the Salix scheme, which is designed to support energy saving.

3.7.4 Schools must seek advice from Corporate Accounting and Control team before entering into any contract where it acquires the temporary use of equipment.

3.7.5 Restrictions do 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 budget, 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.

3.7.6 This provision does not refer to any loan schemes which the County Council may decide to run in the future.

## **4 Treatment of surplus and deficit balances**

### **4.1 Year end balances**

4.1.1 Schools will carry forward from year to year balances on individual school budgets/cost centres.

4.1.2 A school's "year end balance" is the net total balance as at 31 March for all of the cost centres which it manages.

### **4.2 Controls on surplus balances**

4.2.1 Schools Forum will determine from time to time how to apply any policy for managing school balances in accordance with DfE guidance.

### 4.3 Interest on surplus balances

- 4.3.1 Secondary schools that are not cheque book schools are paid interest at Bank of England base minus 0.5% on their balances as at the previous 31 March.
- 4.3.2 Primary, special, and nursery schools that are not cheque book schools are paid interest at 0.1% on their balances at the previous 31 March. This low rate was set following consultation in 1996, when it was agreed that the County Council's savings by paying a low interest rate, would be used to increase the baseline funding for primary, special, and nursery schools.

### 4.4 Deficit budgets

- 4.4.1 Schools are reminded that, as per paragraph 4.1.2, a school's balance is the net total for all of the cost centres which it manages.
- 4.4.2 Schools should not plan for a deficit balance.
- 4.4.3 When a school is forecasting a deficit balance at the end of the current financial year they should discuss the matter with the County Council at the earliest opportunity and in advance of governors approving a deficit budget plan.
- 4.4.4 When the **setting** of a deficit budget plan for the current financial year seems unavoidable, the procedures are:
- That the school should produce a plan to clear the deficit within no more than three years in deficit.
  - The budget plan must be approved by governors and posted to SAP by 31 May.
- 4.4.5 When a school **ends** the financial year with a deficit balance, the procedures are:
- That the school must submit a robust deficit recovery plan to clear the deficit within no more than three years. This will need to incorporate a summary of key actions and assumptions.
  - The budget plan must be approved by governors and posted to SAP by 31 May.
  - Schools must comply with the requirements as set out in the County Council deficit procedures
- 4.4.6 The school may be asked to produce evidence in support of figures in any plans produced and/or to discuss it with County Council staff. In the event of the County Council not being satisfied with a plan, the school may be required to review and alter the plan, including the plan for the current year.
- 4.4.7 In exceptional circumstances only, it may be possible to extend the recovery period. Such requests will need to be approved by the Director of Children's Services, who will need to be satisfied that the circumstances are indeed exceptional, and that all reasonable action will be taken to clear the deficit at the earliest opportunity.

- 4.4.8 Where the school has a change of circumstances which results in a deviation from the agreed plan, the school should discuss the situation with the County Council at the earliest opportunity.
- 4.4.9 In all instances of deficits, including forecast deficits for future years in the three year strategic plan, schools may be required to provide information and/or cooperate with County Council officers with a view to ensuring that the deficit is managed and monitored in an appropriate manner.

#### **4.5 Interest on deficits**

- 4.5.1 The County Council may charge interest on deficit balances, up to 0.5% above the base rate on 1 April. It will be charged on the deficit balance at the start of the year. Interest will only be charged after a specific decision by the Executive Lead Member for Children's Services.

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

- 4.6.1 The County Council has no power to write off the deficit balance of any school's budget.
- 4.6.2 A small de-delegated contingency is held which is available to Schools Forum to agree to be allocated to mainstream schools in financial difficulty. It is for Schools Forum to decide which if any schools should be given such allocations, but the expectation is that such allocations will only be given in very exceptional circumstances. Schools Forum must vote each year on whether or not this contingency should continue to be de-delegated. Any school wishing to claim from this contingency should refer to the County Council's School Funding Policy Pack.

#### **4.7 Closing schools**

- 4.7.1 When a school closes, other than through conversion to academy status, any balance (whether surplus or deficit) reverts to the County Council. The net balances of closed schools, after taking account of continuing costs for the financial year (e.g. redundancy and security costs) will be allocated to the new and reorganised schools that receive the pupils who would otherwise have attended the closing schools, pro rata to the number of pupils taken.
- 4.7.2 When a school is under notice to become a sponsored academy, the County Council reserves the right to put "ordering controls" into place. Ordering Controls involve the need for prior approval from the CFO's staff for orders or payments above a threshold, or the employment of supply cover or the making of new appointments. Such ordering controls were agreed with Schools Forum, and are designed to minimise the risks of schools converting to academy status with a deficit balance. They will be carried out in a manner that should cause minimal disruption to the school.

## **5 Income**

### **5.1 Income from lettings**

- 5.1.1 Schools are permitted to keep all income from lettings of the school premises, including formal leases, subject to any joint use of Private Finance Initiative agreements.
- 5.1.2 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.
- 5.1.3 Schools should have regard to any directions issued by the County Council on the use of school premises.

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

- 5.2.1 Schools are permitted to keep all income from levying fees and charges, except where a service is provided by the County Council from centrally retained funds.
- 5.2.2 All schools must have a charging and remission policy. Charges may not be made for education provided during school hours, except where teaching is not an essential part of the National Curriculum or a public examination syllabus.
- 5.2.3 Although charges must not be made for certain school activities (i.e. activities which are during school time and/or an essential part of the National Curriculum or public examination syllabus), parents may be invited to make a voluntary contribution towards the cost. If a particular activity cannot take place without financial help, then that can be explained to parents at the planning stage. The essential point is that no pupil may be left out of an activity because his or her parents cannot or will not make a financial contribution.
- 5.2.4 Further guidance on charging for school activities can be found at:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/706830/Charging\\_for\\_school\\_activities.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/706830/Charging_for_school_activities.pdf)

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

- 5.3.1 Schools are allowed to keep income from fund raising activities.

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

- 5.4.1 Schools are allowed to retain income from the sale of assets except in cases where the asset was purchased from non-delegated funds in which case the income will belong to the County Council.

5.4.2 The school must take the advice of the Head of Procurement on the disposal of surplus or obsolete assets.

5.4.3 The sale of land is subject to different procedures – the advice of the Strategic Planning Officers within Children’s Services Department, and the Head of Estates Practice must be sought and followed.

## **5.5 Value Added Tax**

5.5.1 Schools must ensure that VAT is properly accounted for on all income (see the section on VAT at section 7 below).

## **6 The charging of schools’ accounts**

### **6.1 General**

6.1.1 The accounts of a school can only be charged without the consent of the governing body in circumstances expressly permitted by this scheme. When the County Council intends to raise such a charge, it will consult the school as to the intention to charge, and notify schools when the charge has been made.

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

6.2.1 The County Council must charge the salaries of school-based staff to the school at the actual cost. By appointing staff, governors have given their consent to their costs being charged to the school.

### **6.3 Circumstances under which charges may be made without the consent of the governing body**

6.3.1 The school’s accounts may be charged without consent of the governing body in the following circumstances:

- Where premature retirement costs have been incurred without the County Council’s prior written agreement to bear such costs (the amount chargeable being the excess over any amount agreed by the County Council).
- Other expenditure incurred to secure resignations where the school had not followed County Council advice.
- Awards by courts and industrial tribunals against the County Council, or out-of-court settlements, arising from action or inaction by the governing body, contrary to the County Council’s advice.
- Expenditure by the County Council in carrying out health and safety work, or capital expenditure for which the County Council is liable, where funds have been delegated to the governing body for such work, but the governing body has failed to do it.
- Expenditure by the County Council incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the County Council or the school has voluntary controlled status.

- Expenditure incurred by the County Council in repairing persistent, wilful or malicious damage to school premises perpetrated during the school day.
- Expenditure incurred by the County Council in insuring its own interest 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 County Council.
- Recovery of money due from a school for services provided to the school, where a dispute over the money due has been referred to a disputes procedure set out in a service level agreement, and the result is that money is owed by the school to the County Council.
- Recovery of penalties imposed on the County Council by the Contributions Agency or HM Revenue and Customs , Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence.
- Correction of County Council errors in calculating charges to a school's accounts (e.g. pension deductions).
- Additional transport costs incurred by the County Council arising from decisions by the governing body on the length of the school day, and failure to notify the County Council of non-pupil days resulting in unnecessary transport costs.
- Legal costs incurred by the County Council because the governing body did not accept the advice of the County Council.
- Costs of necessary health and safety training for County Council staff, where funding for training had been delegated but the necessary training was not carried out.
- Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- Cost of work done on teacher pension remittance and records for schools using non-County Council payroll contracts; the charge to be the minimum needed to meet the cost of the County Council's compliance with its statutory obligations.
- Costs incurred by the County Council in securing provision specified in an Education, Health and Care Plan (EHCP) 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 funds and/or specific funding for a pupil with high needs.
- Costs incurred by the County Council due to submission by the school of incorrect data.
- Recovery of amounts spent from specific grants on ineligible purposes.
- Costs incurred by the County Council as a result of the governing body being in breach of the terms of a contract.
- If a school withdraws from a cluster arrangement they entered into voluntarily and this withdrawal results in additional costs to other schools in the cluster or to the Local Authority.

## **7 Taxation**

### **7.1 Value Added Tax**

7.1.1 All schools covered by this scheme are included in the County Council's VAT registration. The CFO has produced a tax manual available to all schools, which explains how to identify and account for VAT. It is at [http://intranet.hants.gov.uk/tax\\_manual.pdf](http://intranet.hants.gov.uk/tax_manual.pdf)

7.1.2 Amounts reclaimed on behalf of schools will be passed back to those schools.

### **7.2 Construction Industry Scheme (CIS)**

7.2.1 To ensure smooth running of the scheme, HMRC has agreed that:

- For maintained schools, the County Council will administer the scheme. To do so, it is important that the County Council can get proper information from schools as to the details of expenditure on construction work, and schools must abide by procedures issued by the County Council in connection with the CIS.
- Any maintained schools who do not operate on the CFO's approved financial system will administer the CIS on behalf of the County Council, in respect of construction work undertaken at those schools.

## **8 Provision of services and facilities by the County Council**

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

8.10.1 The County Council will determine on what basis services provided from centrally retained budgets will be provided. The County Council will not discriminate in its provision of services based on categories of schools, except where such discrimination is justified by differences in statutory duties.

### **8.11 Provision of services bought back from the County Council using delegated budgets under service level agreements**

8.11.1 Most agreements between the County Council and schools will last for a maximum of three years from inception and up to five years for any subsequent agreement relating to the same services, except for catering services where the periods in question will be five and seven years respectively. The terms of any agreement should be reviewed at least every three years.

8.11.2 The sold services offered by the County Council will be at prices intended to generate the full cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

- 8.11.3 The County Council will endeavour, where feasible, to offer services separately as well as in combination packages. Buyback services will not unreasonably restrict a school's freedom of choice among the services available.
- 8.11.4 In signing up to an SLA, the school is consenting to the fixed elements of charges, as outlined in the SLA, being charged to its accounts. Similarly, when a school has signed up to a specific traded service, the terms and conditions of that service will apply. For example, if the terms and conditions require a non-refundable deposit, the school is consenting to that deposit being charged, even if the school subsequently cancels.

## **8.12 Service level agreement start dates**

- 8.12.1 Service level agreements will be in place by 31 March of the previous financial year. Schools will have at least six weeks to consider the terms of agreements.

## **8.13 Insurance service level agreements**

- 8.13.1 The SLA for centrally arranged premises and liability insurance is excluded from the above requirements, as the limitations may be impracticable for insurance purposes.

# **9 Private Finance Initiative / Public Private Partnership (PFI/PPP)**

- 9.10.1 The Council will issue regulations regarding PFI/PPP projects if one is developed.

# **10 Insurance**

## **10.10 General**

- 10.10.1 Insurance is delegated to all schools, who then have the opportunity to buy back into the County Council's arrangements. A summary of the cover is at Appendix B. This does not cover insurance for community facilities, which is covered in section 13.9.

## **10.11 Schools choosing not to buy into the County Council's insurance scheme**

- 10.11.1 If a school chooses not to buy into the County Council's scheme, it must:
- Demonstrate that the County Council's insurable interests are covered, at least as well as the relevant minimum cover under the County Council's scheme.
  - Obtain at least the cover detailed in Appendix B. Any school intending to purchase insurance not meeting this minimum standard must gain approval from the Legal Services Insurance Section. The County Council will have regard to the actual risks that might reasonably be expected to arise at the school in question when considering minimum levels of cover.



- Make appropriate arrangements to ensure replacement or repair of their buildings and contents if damage arises from explosion, storm, flood, riot or malicious damage, and similar risks. The schedule must include cover for all costs and disbursements (professional fees, provision of temporary accommodation, etc.) Arrangements with their insurer or other provider are expected to match the standard and speed of response currently provided by the County Council.
- Cover not only its own liabilities but those of the County Council which arise from the action or inaction of the school. Schools that choose to insure risks themselves should arrange for the insurer to provide all insurance and risk management advice, claims handling and legal representation in respect of claims.

10.11.2 Undertake risk assessments to determine whether insurance of the school buildings and contents against theft and terrorism would represent value for money.

10.11.3 Invite tenders every three years, in accordance with tendering procedures.

## **10.12 Voluntary aided schools**

10.12.1 In voluntary aided schools, the buildings are owned by the trustees and not the County Council. Therefore, some of the insurance arrangements are the responsibility of the governing body in conjunction with the trustees. Separate insurance should be considered for:

- Damage to the school building from fire, earthquake, storm etc.
- Legal costs of an action due to a fault with the premises.
- Risks arising from events held on school premises and organised by the church or a private individual.

## **11 Miscellaneous**

### **11.10 Right of access to information**

11.10.1 In addition to specific requirements listed in this scheme, the County Council may require governing bodies to supply all financial and other information which might reasonably be required to enable the County Council to satisfy itself as to the school's management of its delegated budget, or the use of any central expenditure by the authority (e.g. earmarked funds) on the school.

### **11.11 Liability of governors**

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

### **11.12 Governors' expenses**

11.12.1 Only allowances in respect of purposes specified in regulations made under Section 19 of the Education Act 2002 may be made to governors.

11.12.2 The regulations consider that governors should not be out of pocket and should be able to claim allowances for legitimate expenses incurred in carrying out their duties. The allowances paid should relate to actual costs incurred, apart from mileage costs where any payment should not exceed authorised HMRC mileage allowances. However, attendance allowance and payments for loss of earnings may not be paid.

11.12.3 The County Council may delegate funds to meet governors' expenses to the governing body of a school yet to receive a delegated budget.

### **11.13 Health and safety**

11.13.1 In spending the school's budget, governing bodies must have due regard to duties placed on the County Council in relation to health and safety matters.

### **11.14 Right of attendance for CFO**

11.14.1 Governing bodies are required to permit the CFO or representative to attend meetings of the governing body at which any agenda items are relevant to the exercise of the CFO's responsibilities.

11.14.2 Such attendance would normally be limited to items of probity or overall financial management, and will not be routine. The County Council will give prior notice of such attendance unless this is impracticable.

### **11.15 Special educational needs**

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

### **11.16 Interest on late payments**

11.16.1 Schools are reminded that the Late Payment of Commercial Debts (Interest) Act 1998 requires debts to suppliers to be paid within 30 days of receiving the goods/services, or receiving the invoice (whichever is the later). The supplier must receive a cheque or cleared funds by the 30th day. Suppliers are entitled to charge interest at Bank of England Base rate plus 8% on late payments, as well as reasonable debt recovery costs. Further guidance is available from Payments Section, Finance Service.

### **11.17 Whistleblowing**

11.17.1 Schools are required to have a whistleblowing policy, enabling people to raise concerns about serious misconduct or malpractice at work, without fear of any retribution, as long as the concerns are raised in good faith.

11.17.2 Governors should ensure that all staff and governors are aware of the policy, and that they know where to find it if needed.

11.17.3 Further guidance is included in the Manual of Personnel Practice.

## **11.18 Child protection**

11.18.1 Schools are urged to support the work of child protection case conferences and similar events by the release of staff to attend, or by making written submissions. However, there is no requirement for schools to release staff, and the County Council does not have a central budget to cover the financial costs involved.

## **11.19 School companies**

11.19.1 The Education Act 2002 provides the power for schools to form or join school companies for certain purposes. The County Council is a supervising authority in terms of the statutory guidance being produced by DfE. Permission must be sought from the County Council before a school forms or joins a school company.

11.19.2 Schools wishing to form or join a company must write to the County Council, who will need to review the request. The request should contain as much information as is appropriate to enable officers to understand what is proposed, especially:

- The reasons for wanting to set up a company.
- The nature of the proposed company's business.
- In broad terms, the business plan (i.e. when the company is due to start trading, who it is hoped that customers and suppliers will be, if it is planned to continue for the foreseeable future or if it is a temporary arrangement).
- An estimate of annual turnover.
- Depending on the answers to the questions above, the school might be asked to provide further information.

11.19.3 Schools that do form or join companies are required to provide the following information:

- The company name, company number, and status of the company.
- The registered address.
- The names of directors and members, and their relationship with the school (e.g. member of staff, or governor).
- By 30 April each year, in respect of the most recent completed County Council financial year, a declaration of related party transactions.
- Copies of audited accounts must be submitted to the County Council annually. Summarised information for inclusion in the HCC accounts will be required prior to this date, as stated in the County Council's end of year procedures.

11.19.4 School companies are separate entities from the County Council, and consequences of this include:

- The companies will not be covered by the County Council VAT registration, so transactions with such a company will be external transactions, which must be charged for – the school and company cannot “barter” goods and services, and services provided by the school must be charged, including VAT where appropriate. Also, the County Council's VAT registration must not be used for purchases made by the company.

- A school company cannot be “VAT grouped” with the County Council.
- If the company uses staff employed by the school/County Council, the school must invoice the company for the cost plus VAT. Any staff employed directly by the company must not be paid through the County Council.

## **11.20 Redundancy and early retirement costs**

11.20.1 Any school considering making redundancies or early retirements should discuss the matter with Education Personnel Services at the earliest opportunity, especially with regards to clarifying the funding sources.

11.20.2 Appendix C gives further details on the funding of such costs.

## **12 Responsibility for repairs and maintenance**

12.10.1 The County Council is ultimately responsible for the fabric of the buildings of all County Council maintained schools. The County Council has a duty to ensure that schools are maintaining buildings and fixtures in line with best practice, and to ensure that health and safety requirements are being met, and will inspect school buildings in discharging this duty. Failure to maintain buildings and fixtures to an acceptable standard may lead to charges against the school’s budget (section 6.3.1) or even the suspension of delegated management (section 2.20).

12.10.2 Schools are responsible for the funding of their repairs and maintenance (unless the work is deemed to be capital).

12.10.3 Most schools are in the Property Services SLA, and their annual subscriptions cover payment for repairs and maintenance. Details of what the SLA covers are at <http://www3.hants.gov.uk/sla-schools.pdf>.

12.10.4 Those schools that are not in the Property Services SLA should use their delegated budgets to ensure the buildings they occupy meet health and safety standards and that they meet the statutory inspection and repair and maintenance liabilities.

12.10.5 Capital repairs and maintenance can be funded by the school (from devolved capital allocations or from revenue).

12.10.6 Schools with capital repairs which exceed the school’s ability to fund can make a bid for funding from County Council centrally held capital budgets (in 2018/19, there is a Condition Allocation Grant, and it is hoped that this will continue for the foreseeable future). The County Council may call for evidence of historic school expenditure on repair and maintenance, as well as the outcomes of that expenditure in support of any bid made for centrally held capital funds.

12.10.7 There is not a set de-minimus amount for work to be treated as capital, but in the context of funding from the Condition Allocation Grant, individual maintenance items costing in excess of the school's SLA subscription (or for non-subscribing schools, the amount which it would have been) will be considered for capital funding.

12.10.8 Appendix D contains further details of requirements regarding the management of buildings, and Appendix E contains details of what will be considered for funding from the capital budget.

## **13 Community facilities**

### **13.10 Introduction**

13.10.1 Schools wishing to develop services or facilities for the community are encouraged to discuss proposals with the County Council in the first instance.

13.10.2 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.

13.10.3 Community facilities are defined as "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."

### **13.11 Controls (community)**

13.11.1 Controls on the power are as follows:

- Regulations made by the Secretary of State under s.28(2), if made, which can specify activities which may not be undertaken at all under the main enabling power.
- Schools' legal obligations to consult the County Council and have regard to advice from the authority.
- Guidance issued by the Secretary of State to governing bodies about a range of issues connected with exercise of the power to which the school must have regard.
- The requirements under s.28(1), to act within the limitations and restrictions contained in a school's own instruments of government.

### **13.12 Consultation with the County Council (community)**

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

13.12.2 Schools are likely to benefit from informal contacts and advice from officers with the relevant professional expertise well before the formal consultation itself. It could also be helpful to all parties if schools gave the County Council notice of their intent to exercise the power in advance of the formal consultation itself.

13.12.3 Formal consultation with the County Council will commence when the full consultation material has been submitted in writing and the response period will begin from receipt of the full material. Major uses of the power where services have an annual turnover in excess of £100,000 or capital schemes costing more than £100,000 are involved will lead to the County Council providing formal advice in writing (which may be e-mail) within eight weeks. In the case of more minor uses advice will be provided within six weeks. Subsequently the governing body should inform the council of the action taken in response to this advice.

13.12.4 The school should provide the following information in the formal consultation document:

- A full business plan for the provision of the proposed community facilities or services covering the first three years of operation.
- In the case of capital projects affecting the existing buildings on the school site and/or the construction of new buildings then the full plans and costing of the works proposed.
- Details of any planning and environmental considerations and evidence of discussions with relevant regulatory agencies.
- Details of the progress on consultations with school staff and parents.
- Expressions of support from potential user groups, district and parish councils, local community groups, neighbouring schools, business representatives, as appropriate.
- Details as to how the facility will be managed and how this relates to the management of the school.
- A statement that the proposed activities will not interfere with the overriding purpose of the school in achieving higher standards for pupils.
- Details of any proposed funding agreements with third parties.
- The insurance arrangements proposed.

13.12.5 The consultation document should be sent to the Deputy Head of Strategic Development, Children Services Department, The Castle, Winchester, SO23 8UG.

### **13.13 Consultation with other bodies (community)**

13.13.1 Section 28 (4) requires governing bodies to consult the staff of the school and the parents of registered pupils of the school.

13.13.2 School governing bodies should consult the planning and service provision bodies in their neighborhoods which are currently involved with those sorts of facilities. For example; district councils for leisure facilities, adult education providers, local colleges and the Education and Skills Funding Agency if adult education is involved. Often the relevant bodies will have plans which affect the activities proposed and may be interested in becoming a partner in the particular project.

13.13.3 Bodies with plans covering the community to be served by the facility or services should be consulted and the degree of fit with the relevant planning frameworks and policies assessed. In particular the following should be consulted if their work could be affected:

- The Children and Young People's Plan, where any developments affecting early years education or child care are proposed. Schools

should also consult local providers of childcare services and be satisfied that the proposals will not undermine the financial viability of existing services.

- The local parish/town councils (where they exist) and the local District/Borough council. These will have relevant planning policies. Community development plans and the priorities contained therein will be very important for community facility developments. There may also be specific plans for young people, area regeneration, leisure facilities and / or arts/sports plans and so on.
- Agencies such as Sport England and the Arts Council will have policies and strategies in addition to specific plans that will affect not only their funding attitudes but also set their priorities.
- All the schools within the cluster, and neighbouring secondary schools.
- Hampshire Futures, the County Council's service supporting post 16 education, employment or training. Local adult and community learning providers including colleges.

### **13.14 Funding agreements with third parties (community)**

13.14.1 The provision of community facilities in many schools may be secured through a funding agreement with one or more third parties which will be supplying funding and/or being a party to the management of provision. A very wide range of bodies and organisations are potentially involved.

13.14.2 Any funding agreements with third parties (as opposed to funding agreements with the County Council itself) should be submitted to the County Council for its comments and advice. Such draft agreements should form part of the consultation with the County Council. Schools must have regard to any advice given. The County Council may propose conditions relating to access, egress and use of other facilities on the site.

13.14.3 Funding agreements with third parties should contain adequate provision for access by the County Council to the records and other property of those parties which are held on the school premises in order for the County Council to satisfy itself as to the propriety of expenditure on the facilities in question.

13.14.4 If an agreement has been or is to be concluded against the wishes of the County Council or has been concluded without informing the County Council and is judged to be seriously prejudicial to the interests of the school or the County Council, that may constitute grounds for suspension of the right to a delegated budget

### **13.15 Financial accounts and information (community)**

13.15.1 The earlier principles relating to preparing budget plans, accounting, audit, employment of staff, treatment of year end balances, taxation, and banking, cover all aspects of the school, including community facilities. It is important to be clear that the community accounts are an integral part of the school's overall accounts. It is essential that the same degree of probity and control of the main school budget is applied to the community facilities.

### **13.16 Insurance (community)**

13.16.1 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. Details of these arrangements should be included in the formal consultation material sent to the County Council.

13.16.2 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.

13.16.3 The County Council may 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. This is particularly to safeguard the County Council against possible third party claims.



## Appendix A

### Payroll services – submission of returns for those schools not using Hampshire County Council’s payroll systems

To ensure that the correct returns and payments are made on time, schools not using the County Council’s payroll systems must send the following details by the specified deadlines to the IBC Payroll Support Team, or other designated organisations. Failure to do so may result in a notice of concern, or suspension of delegated management, as well as any extra costs which may be incurred by the County Council as a result of the failure. Due to externally imposed deadlines for many submissions, the deadlines for submission apply equally during school holidays, bank holidays, weekends, and periods of staff absence, and it is not possible to give any grace periods.

- **Aggregation of earnings**  
In this context schools will have their own unique HMRC employers’ PAYE reference number however, for Maintained Schools Hampshire County Council is still considered the Employer and as a result HMRC liabilities such as Apprenticeship Levy still apply.
- **PAYE**  
As a school with its own unique PAYE reference number, the school or its payroll provider is expected to make payments to HMRC. The school is required to provide an estimate of its pay bill by 6 March each year for the tax year ahead. This is for the purpose of calculating the apprenticeship levy for which any maintained school is still liable.
- **Teachers’ Pensions**  
A schedule supplied by IBC Payroll Support for the Teachers’ Pensions Scheme must be reconciled and accompany monthly payment of pension contributions. It is the responsibility of the school or its provider to produce a reconciled Monthly Data Collection (MDC) submission to the County Council by the last working day of each month. This enables the County Council to reconcile the figures and make payment as required by Teachers’ Pensions Agency. Cleared funds or cheques must be received by the last working day of each month. Should this payment be made late an interest levied by Teachers Pensions will be passed onto the school.

### Local Government Pension Scheme (LGPS)

#### Contributions

Hampshire Pension Fund (HPF) requirements are that employers complete a remittance form in the template that HPF provide at the start of each year, and return it with the payment by the 19<sup>th</sup> of the month following deductions made through payroll.

## **Annual return**

Following 31 March each year, an annual return must be submitted to Pension Services. The return requires details of employees' total pension contributions, their Full Time Equivalent earnings and Pensionable pay earned through out the year . An initial template will be sent in December and a formal request will be sent in March each year by Pension Services, detailing both the information and format required. This data must be supplied in the specific format requested in an Excel spreadsheet by HPF. This must be submitted to HPF by 30 April each year. Any subsequent queries must be responded to within 20 working days of receipt.

## **Scheme administration**

Information affecting pensions, which would usually be provided by Payroll Services (e.g. notification of new appointments, changes of employment hours, and terminations of appointments) must be sent on the relevant forms, within the specified timescales as set out in the administration strategy, to Pensions Services as soon as these changes happen. Further information specifying the exact requirements of Pensions Services included in the administration strategy, are on the Pensions Services website at <http://www3.hants.gov.uk/pensions/lgps.htm>

## **Additional Voluntary Contributions (AVCs)**

### **Teacher AVCs – Prudential**

Schools or their payroll providers must not send payments directly to the Prudential. Teachers' Pensions Agency requires the County Council to make one payment on behalf of all schools. A schedule supplied by IBC Payroll Support must accompany the monthly payment to the County Council. This enables the County Council to reconcile the figures and make payment as required by the Prudential. The payment and schedule must be received by last working day of the month.

### **Local Government AVCs**

Schools employing support staff who pay AVCs should:

- Send the total of AVCs to Prudential by 14th of each month, in respect of the previous month, and a schedule showing the name of the contributor, amount etc.
- Keep appropriate records of all contributions for inspection by the CFO's internal auditors at any reasonable time.

### **Teachers Pensions End of Year Certificate**

Schools are required to provide all information contained within the schedule issued by IBC Payroll Support by the last working day of each month.

This information will be used to produce the County Council's End of Year Certificate. Any delay in receipt of this information will result in Penalties from Teachers Pensions which will be passed over to the school.

The End of Year Certificate must be audited by the County Council's nominated External Auditor by 30 November each year. The school must make available any information required by the External Auditor immediately on request. Failure to do so will result in Penalties being issued by Teachers Pensions which will be passed on the school.

### **PAYE returns (RTI and P11ds)**

As an employer with its own unique PAYE reference number, the school, or its payroll provider, is expected to make all required Real Time Information (RTI) returns to HMRC and any benefits and expenses received by staff during the previous financial year must be reported via form P11d. Any delay in RTI returns will result in Penalties for the school.

### **Statistical returns.**

These returns are received by unique PAYE reference number (e.g. the New earnings Survey each April). Schools are required to complete and return them to the appropriate central government department.

## **Appendix B**

### **Insurance requirements**

#### **Procedure and general requirements**

Schools that do not buy their insurance from the County Council must provide commercial insurance cover at least as good as that currently provided by the County Council's arrangements. The school's insurance policies must also cover the liabilities of the County Council in respect of the school so that there is no need for the County Council to make its own arrangements in that respect.

The County Council does not limit the amount of indemnity for schools in many areas of risk but recognises that such unlimited cover may be difficult to obtain. The limits given below represent the minimum the County Council considers acceptable in terms of commercial insurance cover. However, the school retains responsibility for all liabilities that may arise irrespective of the amount and should seek professional advice as to the appropriate level of cover and way of funding those liabilities.

Before 31 March in any year, schools must show the Chief Executive evidence that they have adequate and appropriate insurance cover and that suitable arrangements exist for the provision of insurance advice, risk management advice, claims handling, legal representation in respect of claims, and for the replacement and repair of buildings in the event of damage or destruction by fire.

#### **Risks to be covered by school's insurance**

1. The liabilities that are to be covered by commercial insurance are given below. In each case the nature of the indemnity required has been stated, together with the limit of indemnity and the permitted exclusions.

#### **2. General definitions**

'School' means the governors (and where appropriate trustees) and school requesting delegation of the insurance budget.

'Council' means Hampshire County Council, being the LEA.

'Employee' means any person who is:

- (a) under a contract of service or apprenticeship;
- (b) engaged under any work experience or similar scheme;
- (c) any person volunteering to assist or co-opted to assist the School or Council in connection with the School's statutory functions.

'Injury' means bodily injury, including death, illness and disease.

### 3. Public liability

The Insurer must indemnify the School and the Council for all sums which either or both of them may be legally liable to pay as damages and claimant's costs and expenses for:

- (a) Accidental injury to any person (except an Employee) if such injury arises out of and in the course of the functions of the School or Council.
- (b) Accidental damage to property not belonging to the School or in the custody or control of the School or Council arising out of the functions of the School and the Council.

The Insurer must also pay all costs and expenses incurred in defending any claim for damages and for representation at any coroner's inquest for any occurrence that may be insured by the policy.

#### **Permitted exclusions:**

- Any amount for damages or penalties arising solely because of a contract or agreement.
- Cost of rectifying defective work carried out by or on behalf of the School.
- Fines.

#### **Limit of indemnity**

£10,000,000

### 4. Professional negligence

**Financial Loss:** Loss except arising from bodily injury including death, illness and disease, or damage to property (except that to which the advice or work relates).

The Insurer must indemnify the School and the Council for all sums for which either or both of them may become legally liable to pay as damages and claimant's costs and expenses for Financial Loss. The Financial Loss must result from breach of professional duty caused by a negligent act or accidental error or accidental omission committed or alleged to have been committed by an Employee in providing professional advice or consultancy work in connection with the statutory functions of the School or Council.

In addition, the Insurer must pay all costs and expenses incurred in defending any claim for damages and for representation at any coroner's inquest for any occurrence that may be insured by this policy.

#### **Permitted exclusions**

- Any amount for damages or penalties attaching solely because of a contract or agreement.
- Fines.

#### **Limit of indemnity**

£1,000,000

## 5. Employer's liability

The Insurer must indemnify the School and the Council in respect of all sums for which either or both of them may become legally liable to pay as damages and claimant's costs and expenses for injury caused to an Employee arising out of an in the course of employment by the School or Council.

In addition, the Insurer must pay all costs and expenses incurred in defending any claim for damages and for representation at any coroner's inquest for any occurrence that may be insured under this policy.

### Permitted exclusions

None.

### Limit of indemnity

£10,000,000

## 6. Motor insurance

**Insured Vehicle:** Any motor vehicle owned by the School (except vehicles purchased with PTA money for which other insurance arrangements exist) and any motor vehicle owned by the Council and hired to the School by the Council's Transport Management Organisation.

The Insurer must indemnify the School and the Council for all sums which either or both of them may be legally liable to pay as damages and claimant's costs and expenses for:

- (a) accidental injury to any person except an Employee if such injury arises out of the use of the Insured Vehicle
- (b) accidental damage to property not belonging to the School and arising out of the use of the Insured Vehicle.

In addition, the Insurer must pay all costs and expenses incurred in defending any claim for damages and for representation at any coroner's inquest for any occurrence that may be insured by this policy.

### Permitted exclusions

- Policy excess – the School will be responsible for any Policy Excess
- Any amount for damages or penalties attaching solely because of a contract or agreement.
- Fines
- Damage to the Insured Vehicle

### Limit of indemnity

Damage to Property: £5,000,000

## 7. Fidelity guarantee

The Insurer must indemnify the School and the Council for loss of money or other property, including unofficial school funds, that belong to the School or the Council or in their trust or custody, for which the School or Council are legally responsible, occurring as a direct result of any act, fraud or dishonesty committed by any Employee or School governor.

### Permitted exclusions

- Loss of interest or consequential loss.
- Loss due to systems of selection and control failing or not being operated.

### Limit of indemnity

All school employees and governors: £1,000,000.

## 8. Libel and slander

The Insurer must indemnify the School and the Council for all sums for which either or both of them may become legally liable to pay as damages and claimant's costs and expenses for:

- Libels by any Employee or School governor appearing in any publications normal in the business of the School or Council.
- Slander by any Employee or School governor arising out of and in the course of the discharge of official duties on behalf of the School or Council.

In addition, the Insurer must pay all costs and expenses incurred in defending or compromising any claim for damages.

### Permitted exclusions

The first £2,500 of each and every claim.

### Limit of indemnity

£1,000,000

## 9. Property insurance (fire, lightning and flood)

**Insured perils:** Fire, lightning and flood

**Property:** Buildings (except Aided Schools) and contents belonging to the School or the Council or held by them in trust for which they are responsible.

### Reinstatement:

- a) the rebuilding or replacement of Property lost or destroyed which may be carried out in any manner suitable to the requirements of the School and the Council, including rebuilding on another site; OR
- b) the repair or restoration of Property damaged; OR

c) both.

If Property is damaged, the Insurer must pay for:

- 1) the replacement, reinstatement or repair of the Property, or any part of it (including any amount payable for any additional cost of reinstatement as may be incurred solely because of the need to comply with European Community legislation or any Building or other Regulations under any Act of Parliament or bye-laws or any public authority)
- 2) an amount for architects', surveyors', legal and consulting engineers' fees necessarily and reasonably incurred on the reinstatement or repair of the Property but not for preparing any claim
- 3) debris removal costs
- 4) consequential costs such as loss of rent, additional hours worked by staff as a direct consequence of damage suffered.

In addition, the Insurer must pay all costs and expenses incurred in defending any claim for damages and for representation at any coroner's inquest for any occurrence that may be insured under this policy.

#### **Permitted exclusions**

- Damage caused by explosion, aircraft, riot or civil commotion, storm, flood, burst water pipes, earthquake, impact by subsidence or ground heave, accidental damage, vandalism
- Any amount for damages or penalties attaching solely because of a contract or agreement
- Fines
- Cost of rectifying defective work carried out by or on behalf of the School
- Damage caused by flood, where responsibility for repair, reinstatement and maintenance of the managed property is delegated to the school as specified in Appendix A of the Scheme for Financial Management of Schools (i.e. cover required for major components and property which would be the landlord's responsibility)

#### **Limit of indemnity**

The reinstatement or replacement value of the Property.

#### **Property insurance (theft of contents only)**

**Property:** Contents except for cash or other funds in any building belonging to the School or Council and appearing on the School's inventory.

The Insurer must indemnify the School and the Council for the loss of Property resulting from theft involving forcible and violent entry to or exit from any building. The value of the Property must be discounted for depreciation over a seven-year period on the replacement cost.

#### **Permitted exclusions**

The first £150 of each and every loss.



**Limit of indemnity**

The current value of the School contents.

**10. Official and unofficial School funds**

The Insurer must indemnify the School and the Council for the loss of official and unofficial School funds subject to a maximum amount of:

	<b>Official</b>	<b>Unofficial</b>
Primary/Special	£200	£200
Secondary	£400	£200

**Permitted exclusions**

- Loss arising from error or omission.
- Loss arising from fraud or dishonesty of employee.
- Loss from an unattended vehicle.

**11. Travel policy**

The Insurer must pay the School, the Council and Persons Insured the costs and expenses as described in the synopsis shown on Hantsnet.

**12. Personal accident scheme**

If an Employee suffers Injury in the course of his or her employment, the Insurer will pay the Employee the amounts set out in the personal accident scheme available from the Chief Executive's Department.

**13. Engineering inspection**

The Insurer will provide inspections, including periodic examination, of appropriate plant and issue reports on its condition including reports required by law.

**14. Hirer's policy**

**Hirer:** Any person or organisation hiring the Premises under an Agreement with the School.

**Premises:** The buildings owned or occupied by the School and hired to the Hirer.

The Insurer must indemnify the Hirer for all sums which either or both of them may become legally liable to pay as damages and claimants' costs and expenses for:

- a) Accidental Injury to any person (except an employee of the Hirer if the injury arises out of or in course of employment by the Hirer).
- b) Accidental damage to the Premises or the contents of the Premises.

- c) Accidental damage to other property not belonging to or in the custody or control of the Hirer.

In addition, the Insurer will pay all costs and expenses incurred in defending any claim for damages and for representation at any coroner's inquest for any occurrence that may be the subject of indemnity under this policy.

**Permitted exclusions**

- The first £100 of each and every claim.
- Any amount in respect of damages or penalties attaching solely because of a contract or agreement.
- Fines.
- Cost of rectifying defective work carried out by or on behalf of the Hirer.
- Professional liability of the Hirer.

**Limit of indemnity**

£3,000,000

## Appendix C

### 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
- If a school has reviewed options available and determined to undertake a high risk approach to resolving any staffing matter and/or are otherwise proceeding to dismissal against the advice of the County Council officers
- If a school has entered into a shared staffing arrangement, where they as a school are acting as the employer of the staff and have failed to enter into relevant agreements to regulate the sharing of liabilities that may arise from such employment. In such cases, the school budget may be charged with the costs associated with the third party's share of the employment arrangement, based on proportionate distribution of costs

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.

The County Council policy has been agreed with Schools Forum. Although each case will be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases.

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 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.

7(B) 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.

## Appendix D

### Maintenance of school buildings

1. County Council and landlord role; Land and buildings at community schools remain in the ownership of the County Council, which will continue to act as the landlord. At foundation and controlled schools, although the County Council is not the owner of the buildings, it does have ultimate responsibility for the building fabric. The legal position for VA schools is significantly different, so the following paragraphs only apply to VA schools where they are specifically mentioned. The County Council discharges these functions through the Executive Member, Policy and Resources.
2. The responsibility for all non-capital repairs and maintenance, including related health and safety requirements has been delegated to schools.
3. Best practice and health and safety; Property Services provide those schools which subscribe to the SLA with best practice advice in relation to their responsibilities for repair and maintenance of buildings. Schools which do not subscribe are still responsible for abiding by best practice to ensure that buildings remain safe and operational. Particular attention is drawn to a school's responsibility for the health and safety of its occupants and visitors, including contractors employed to work on the buildings, whether through the SLA or not. Any work on behalf of schools, as part of the SLA, must comply with these requirements
4. Survey and inspection; The County Council has a duty to ensure that schools are maintaining buildings and fixtures in line with best practice and to ensure that all health and safety requirements are being met. In discharging this duty, the County Council's representatives make regular inspections of school buildings. Arrangements for such inspections will be made with individual schools, who must not unreasonably deny access to the County Council for this purpose. In accordance with Section 6.3.1 (charges against schools' budgets), a school's failure to maintain buildings/fixtures may lead to a charge against the school's budget if the County Council incurs additional costs or liabilities as a result of this failure. Schools who buy the Property Services SLA are regarded as meeting best practice and complying with the health and safety requirements covered in this section.
5. Approval to undertake alterations ;All schools must seek the written authority from Property Services before undertaking any alteration or structural work, and must provide a health and safety plan. Consent can only be withheld on health and safety grounds.
6. Contractors; The Health and Safety Executive (HSE) has advised the County Council of the following four important matters concerning the control of contractors, which significantly affect schools' responsibilities for repairs and maintenance:

6.1. Some schools use contractors who are not on the HCC Minor Works Framework. When organising their own work, schools need not use contractors from the County Council's framework, but it is strongly recommended.

6.2. Local managers (e.g. headteachers, governors, site managers, caretakers etc) need to be aware of the County Council's legal responsibilities, standing orders and have sufficient knowledge to identify contractors who are competent and are not poor health and safety performers

6.3. A schools monitoring of contractors must be proactive in checking health and safety requirements and financial standing.

6.4. Poor performing contractors need to be reported to the Procurement Support Team who manage the frameworks, Schools must competently discharge all associated responsibilities when appointing and controlling contractors on the school site in accordance with all current legislation and Approved Codes of Practice.

Schools not subscribing to the Property Services SLA will have particular responsibilities to discharge in respect of managing projects that fall within the requirement of the Construction (Design and Management) Regulations

## Appendix E

### Procedures for bidding for capital funding

1. The funding for all revenue repair and maintenance work is the responsibility of the school.

2. With structural works, payment of the annual SLA subscription to Property Services covers the funding for such works.

3. Major repair and maintenance works are likely to fall as a call against centrally held capital budgets. Hampshire does not have a set *de minimus* capital level, but (in the context of considering what may be funded from capital budgets) will use a formula based on the number of pupils, floor area, and whether or not the school has a swimming pool. This is the same formula as is used for SLA subscriptions, and for the rest of this appendix is referred to as the “formula value”.

4. Funding for works in excess of the cost of the “formula value” may be bid from centrally managed capital budgets. In considering such bids, the County Council will look at the school’s historic spend on repairs and maintenance (and the outcome of that expenditure). Schools where the value of the outcomes of such expenditure over the previous 12 months or historically is below the “formula value” may be required to make a contribution of the difference between the “formula value” and the outcome value.

5. The normal assumption will be that the value of the outcome of such expenditure is equal to the money spent, unless evidence is produced to the contrary. By definition, schools which subscribe to the SLA will have already spent this, so should not have to contribute further.

6. Three examples of the above paragraph follow. In all three cases, the “formula value” for the school is £10,000, and in all three cases, a £30,000 roof replacement is needed.

**6.1. SLA Subscribing School.** Has already spent £10,000 on structural repairs and maintenance (in the form of an SLA subscription). Therefore, no school contribution is necessary. Capital funding bid for £30,000.

Should capital funding not be available, managing any residual health and safety risks will fall to the pool fund resulting from the SLA subscriptions of contributing schools.



**6.2. Non subscribing school.** Has spent (and had outcomes of) £6,000 on structural repairs and maintenance (of the type that would have been covered by the Property Services SLA) over the last 12 months. Capital funding bid for £26,000 plus a £4,000 contribution from the school, calculated as follows:

“Formula value” of £10,000, less amount spent £6,000 = contribution of £4,000.

Should capital funding not be available, managing any residual health and safety risks will fall to non subscribing school to fund, manage and arrange.

**6.3. Non subscribing school.** Has spent (and had outcomes of) £15,000 on structural repairs and maintenance (of the type that would have been covered by the Property Services SLA) over the last 12 months. School has already spent in excess of the “formula value”, so no school contribution is necessary. Capital bid for £30,000.

Managing any residual health and safety risks should capital funding not be available will fall to non subscribing school to fund and arrange.

7. The process of selecting bids for capital funding will be based on objective criteria. Apart from the possible requirement for schools which do not subscribe to the Property Services SLA to make contributions towards capital works (as described above), no distinction will be made between subscribing and non-subscribing schools.

8. If the repairs are below the “formula value”, irrespective of how much has previously been spent on repairs and maintenance, the school will be responsible for funding them. However, as long as the nature of the work is covered by the SLA, subscribing schools will not be required to make further payment, but may wish to do so where they can identify funding for a local priority.