

## SCHOOLS FINANCE MANUAL

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### THE OUTLINE SCHEME

*Section 48 of the School Standards and Framework Act 1998 requires Local Authorities to have schemes dealing with the financing of schools.*

**This document defines the financial relationship between the Authority and the schools (excluding academies) in its area.**

**The DfE provides Local Authorities with a model scheme which they must adopt. However, they can amend or add to the scheme, if they wish to reflect any local changes or policies. These amendments have to be consulted upon and approved by the Schools Forum.**

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

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools' budget shares.
2. Amounts which may be charged against schools' budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the authority for schools maintained by them.
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school's budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.
8. The virement between budget heads within the delegated budget.
9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority's non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act.
10. The use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets.
11. Borrowing by governing bodies.
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools' budget shares having regard to section 50(7) of the 1998 Act.
14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act.
15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.

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22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act

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### SECTION 1: INTRODUCTION

#### 1.1 The Funding Framework

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

Under this legislation, Local Authorities determine for themselves the size of their Schools Budget and ~~their non-schools education budget, LA (Local Authority) Budget~~—although at a minimum a local authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools, ~~except for capital and certain miscellaneous items~~. Local Authorities ~~may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act, 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.~~

~~The amounts to be retained centrally 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.~~

The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the ~~non-schools education budget~~LA budget must be retained centrally (although earmarked allocations may be made to schools).

Local Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school.

This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act.

The financial controls within which delegation works are set out in a scheme made by the Local Authority in accordance with s.48 of the Act ~~and regulations made under that section and approved by the Secretary of State.~~

All ~~proposals to revise~~ revisions to the scheme must be approved by the Local Authority's Schools Forum, ~~following consultation with schools, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.~~

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

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

An authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. ~~There is a right of appeal to the Secretary of State.~~

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

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

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

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

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

Access to Section 251 information can be found on the North Yorkshire County Council's [website by referring to the relevant report on schools balances website at www.northyorks.gov.uk/index.aspx?articleid=2986](#)

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### 1.2 The role of the scheme

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

### 1.32-1 Application of the scheme to the Authority and maintained schools

This scheme applies to all community, nursery, special, voluntary, foundation (including trust) and foundation special schools and PRUs maintained by the authority, whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to academies.

A list of the schools ~~in North Yorkshire covered by the scheme can be found at:~~  
<https://cyps.northyorks.gov.uk/schools-and-other-settings-contacts>

~~is included at Annex B.~~

### 1.43 Publication of the scheme

The publication requirements are contained in the Regulations. The scheme will be available on the County Council's [eyps.info](https://www.eyps.info) website. Any draft revisions will be updated on the website ~~and will be available for consultation. Schools will also be notified via email of any revisions.~~ The website will include the date the new revision comes into force.

### 1.54 Revision of the scheme

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

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

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

### 1.65 Delegation of powers to the headteacher

The governing body of each school covered by the scheme must consider the extent to which it wishes to delegate its financial powers to the headteacher. The LA shares the expectation of the Secretary of State that governing bodies will wish to delegate the day-to-day management of the school's budget to the Headteacher. The governing body must record its decision, and any revisions, regarding delegation of powers, in the minutes of the governing body. It should be noted, however, that such action does not absolve governors of their responsibilities under the law, the conditions of this scheme and the Articles of Government for their school.

~~The scheme should state the responsibilities of the head teacher and governing body in respect of the annual budget plan: the first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body. Under the Education (School Government) (Terms of Reference) (England) Regulations 2000 the Governing Body, or a committee of the governing body must approve the first formal budget plan of each financial year.~~

The LA has no wish to impose uniformity on schools but considers that the level of delegation to headteachers which is desirable is as set out in the LMS Financial Procedure Rules which can be found at Annex ~~BF (Section 1 of Appendix 1).~~

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### 1.76 Maintenance of Schools

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

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### SECTION 2: FINANCIAL CONTROLS

#### ~~REQUIREMENTS – AUDIT~~

##### 2.1 General Procedures

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

In managing their delegated budgets schools must abide by the Local Authority's requirements in terms of financial controls and monitoring.

*Certain of these are directly referred to in this scheme while others are included in the following documents:*

- *Local Management of Schools - Financial Procedure Rules (referred to as 'LMS Financial Procedure Rules' in this scheme) can be found at Annex BF*
- *Local Management of Schools – Contract Procedure Rules (referred to as 'LMS Contract Procedure Rules' in this scheme) can be found at Annex BF*

*These documents aim to keep a balance between the freedoms to exercise delegated authority whilst at the same time ensuring accountability for the use of public expenditure.*

*The School Finance Manual also contains detailed guidance on the operation of the various financial procedures required under this scheme and the associated LMS Procedure Rules. There is separate advice on Devolved Capital Building projects.*

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Where there is conflict between LA Guidance and the Requirements of the Scheme, the provision of this Scheme shall apply.

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

The LA has a clear duty to undertake financial monitoring of schools with delegated budgets in order to discharge its statutory duties, to promote the most efficient and effective use of resources and to ensure compliance with the conditions of financial regulations, standing orders and the approved Scheme for Financing Schools.

Schools are required to provide the LA with details of expected and actual expenditure and income, in a form and at times determined by the LA. The scheme does not require the submission of such detailed reports more often than once every 3 months except for those connected with tax or banking reconciliations - unless the LA has notified the school in writing that, in its view, the school's financial position requires more frequent submission or the school is in its first year of operation.

*The details of these requirements are set out in the following document:*

- *LMS Financial Procedure Rules – Section 14.17*

###### 2.1.3 Payment of salaries and: payment of bills

The procedures for these will vary according to the choices schools make about the holding of bank accounts and the buying back of the authority's payroll system.

*These procedures are set out in the following documents:*

###### Ordering Procedures

- *LMS Financial Procedure Rules, Section 8: Procurement of Services, Supplies and Works*
- *School Finance Manual, Chapter 7: Ordering*

###### Invoice Payment Procedures

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- *LMS Financial Procedure Rules, Section 9: Payment of Accounts*
- *School Finance Manual, Chapter 8: Payment of Invoices*

### Petty Cash

- *LMS Financial Procedure Rules, Section 10: Petty Cash Arrangements*
- *School Finance Manual, Chapter 8: Payment of invoices*

### Payroll Processing Arrangements

- *LMS Financial Procedure Rules, Section 12: Payroll, Pensions and Other Emoluments*
- *School Finance Manual, Chapter 20: Payroll*

### 2.1.4 Control of assets

Each school must maintain an inventory of its moveable non-capital assets, in a form determined by the LA. Schools are free to determine their own arrangements for the keeping of a register of assets worth less than £1,000. However, they must keep a register in some form, and are particularly encouraged to register anything that is portable and attractive, such as a camera.

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The Governing Body may approve the disposal of assets which have been purchased from the budget share of the school or have been donated or purchased for the school or over which the school has total and independent control. Income from the sale of such assets will be credited to the school's budget. Assets which may not be disposed of include all assets purchased from centrally-held funds and temporary buildings for which the LA will retain responsibility and control.

The principles relating to the disposal of assets will be prescribed by the LA.

*The format of the inventory (requirement for items over £1,000 / guidance for other items) and the basic authorisation procedures for disposal of assets is as set out in the following documents:*

- *LMS Financial Procedure Rules, Section 11: Inventories and Stores*
- *School Finance Manual, Chapter 21: Security*

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

Schools must abide by the accounting policies and procedures set out in the LAs financial standing orders and regulations and those issued periodically by the LA to provide guidance on particular issues such as *year-end accounting procedures*.

*These procedures are as set out in the following document:*

- *LMS Financial Procedure Rules, Part 2*

### 2.1.6 Writing off of debts

Governing bodies are only authorised to write off debts up to a level stipulated by the Corporate Director – Strategic Resources. The current limit is set at debts up to and including £250. Evidence to back up the request to write off, or reduce the above debts must be documented for the Governing Body. This evidence must be made available, on request, to the Corporate Director – Children and Young Peoples Service and Veritau, the internal audit service.

*In the case of larger debts, the school must follow the procedure as set out in the following documents:*

- *LMS Financial Procedure Rules, Section 4.15*

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- *School Finance Manual, Chapter 11: Income*

### 2.2 Basis of accounting

Schools may maintain their accounts on either a cash or accrual basis. However, schools are encouraged to take accruals into account in the production of final accounts. Reports and accounts furnished to the LA may be requested on either basis. Schools are able to use what financial software they wish, provided they meet any costs of modification to provide output required by the authority.

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### 2.3 Submission of budget plans and financial forecasts

Each school is required, after approval by the governing body or a committee of the governing body, to submit a budget plan to the Authority by the 20th~~31<sup>st</sup>~~ May each year.

The budget plan must comply with CFR requirements and show the school's intentions for expenditure in the current financial year plus the following 2 financial years, and the assumptions underpinning the budget plan including taking full account of the estimated deficit or surplus, at the previous 31<sup>st</sup> March.

*The format of the budget plan should be as set out in the following documents already provided to schools:*

- *LMS Financial Procedure Rules, Section 2*
- *School Finance Manual, Section 3: Revenue Budgets and Long Term Financial Forecasts*

Each school will also be required to submit revised budget plans by the end of the Autumn Term each~~year~~.

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The Local Authority will supply schools with all income and expenditure data which it holds and which is necessary for efficient planning by schools, and supply schools with an annual statement showing when this information will be available at times during the year.

### 2.4 School resource management~~Efficiency and value for money~~

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

It is for heads and governors to determine at school level how to secure~~optimise the use of resources and maximise~~ better value for money.

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

Schools may also find it useful to refer to the tools available on Schools Resource Management section of the DfE website.

Schools may also find it useful to refer to the DfE website, Efficiency and value for money in schools obtainable at:

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/b0069984/vfm/>

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### 2.5 Virement

The movement of budgets between headings is called virement. Governing Bodies are free to vire between budget heads, but such virements must be approved by the Governing Body.

Governing Bodies are advised to establish criteria for virements and financial limits above which the approval of the governors is required.

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It is good practice to amend budgets in line with known changes in planning, to make reporting more meaningful and ensure that uncommitted budgets remain available to address budget pressures.

### 2.6 Audit: General

All schools covered by this scheme are placed within and must co-operate with the LA's an internal audit regime determined by the LA as regards internal audit, and the LA's external audit regime as determined by the Local Audit and Accountability Act 2014. The LA's Corporate Director – Strategic Resources will determine the frequency and extent of any audit inspections under this regime.

Schools are also subject to the LA's external audit regime as determined by the Audit Commission, and are required to co-operate.

*Continued over ...*

*Details of this are set out in the following documents:*

- *LMS Financial Procedure Rules, Section 20: Internal Audit*
- *School Finance Manual, Chapter 22: Audit Arrangements*

The Authority shall, to the extent considered necessary or desirable, conduct or arrange for the examination and audit of the school's accounts. This will normally exclude any audit of unofficial school funds except where irregularities involving misuse of public funds or assets are suspected.

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The Authority shall have access, at all reasonable times, to all cash, property, documents, books of accounts and vouchers appertaining in any way to the finances of the LA for any necessary examination and audit, and shall be entitled to require such explanations and information as may be reasonably considered necessary to be satisfied as to the correctness of any matter under examination.

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Similar rights of access and explanation shall be given to the Authority's external auditor.

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### 2.7 Separate external audits

Should a school wish to seek an additional source of assurance at its own expense, a governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process.

This does not remove the requirement that the school must also cooperate with the LA's internal and external auditors.

### 2.8 Audit of voluntary and private funds

Private School Funds relate to income and activities that are not normally supported by financial assistance from the LA and may have a separate legal identity from that of the LA. The legal identity would be established by the fund having its own written constitution and officers would be appointed in accordance with that constitution.

Other school funds not having a separate legal identity are considered to be legally owned by the LA but are only held on trust by the LA for use of that particular school. These funds are the legal responsibility of the LA which, therefore, assumes liability for the fund and the actions of its officers. Funds of a Parent/Teacher Association are not the responsibility of the LA.

In addition to the normal internal and external audits, schools must provide the Corporate Director – ~~Strategic Resources, Finance &~~ Central Services with audit certificates in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school.

*The procedures for furnishing these audit certificates and advice on the handling of such voluntary*

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and private funds is set out in the following documents:

- [LMS Financial Procedure Rules, Section 18](#)
- [School Finance Manual, Chapter 14: School Private Funds](#)

### 2.9 Register of business interests

The governing body of each school is required to maintain a register which lists for each member of the governing body and the headteacher:

- any business interests they or any member of their immediate family have
- details of any other educational establishments that they govern
- any relationships between school staff and members of the governing body

And to keep the register up to date with notification of changes and through annual review of entries, and to make the register available for inspection by the LA, governors, staff and parents, and to publish the register, for example on a publicly accessible website.

More detailed guidance on the maintenance of such a register is provided in:-

- [School Finance Manual, Chapter 17: Governors](#)

### 2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the LA's LMS Financial Procedure & Contract Rules [and standing orders](#) in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health & safety competence of contractors, taking account of the LA's policies and procedures – [see Annex B for further detail](#).

Individual sections of the LA's regulations and standing orders may be disapplied if they would require schools:

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

[Schools may seek advice on a range of compliant deals via Buying for schools](#)  
<https://www.gov.uk/guidance/buying-for-schools>

d) —

### 2.11 Application of contracts to schools

Schools have a right to opt out of LA arranged contracts except where this scheme provides otherwise.

~~The scheme may provide otherwise for contracts which schools have agreed to be covered by in respect of services for which funding was delegated by the LA prior to 1st April 1999; for contracts which schools agree to be covered by in respect of services for which funding is delegated by the LA after 1st April 1999; and for certain contracts approved by the Secretary of State for services for which funding is delegated after 1st April 1999, irrespective of the arrangement for schools.~~

Although school governing bodies are empowered under paragraph 3 of Schedule 10 ~~to~~ of the [Education Act 2002](#) ~~Schools Standards & Framework Act 1998~~ to enter into contracts, in most cases

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they do so on behalf of the LA as maintainer of the school and owner of the funds in the budget share.

Other contracts may, however, be made solely on behalf of the governing body, where the governing body has clear statutory obligations - for example, contracts made by Aided or Foundation Schools for the employment staff.

### 2.12 Central funds and earmarking

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

Such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share. It may be a requirement that such earmarked funds, if not spent 'in year' or within the period over which schools are allowed to use the funding, if different, must be returned to the LA.

The LA shall not make any deduction in respect of interest costs to the LA from payments to schools of devolved specific ~~or special~~ grant.

*In order that schools may demonstrate compliance with this requirement, the procedure as set out in the following document shall be used:*

- *LMS Financial Procedure Rules, Section 3*

### 2.13 Spending for the purposes of the school

Governing bodies are free to spend their budget shares for the purposes of the school, subject to the provisions of this scheme including pupils who are on the roll of other maintained schools and academies, and community facilities. Amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

~~The Authority reserves the right to prescribe additional purposes for which expenditure of budget share may be used, as local circumstances may require from time to time, or prescribe local restrictions on the expenditure of the budget share. Such prescriptions will be applied only following consultations with schools and with the approval of the Schools Forum.~~

~~The Secretary of State under section 50(3)b may prescribe additional purposes for which expenditure of the school's budget share may occur. These powers have been exercised in the School Budget Shares (Prescribed Purposes) (England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes)(England)(Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.~~

~~In addition the following restrictions shall apply:~~

~~A Governing Body must spend its delegated budget in a manner which is consistent with the implementation of the National Curriculum and with the LA's policies in the approved Education Development Plan together with any modifications agreed by the Governing Body.~~

### 2.14 Capital spending from budget shares

Governing bodies may use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work that is their responsibility under paragraph 3 of Schedule 3 of the act ~~School Standards and Framework Act~~ 1998.

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**The LA must be informed of any proposed capital spending from a school's budget share as well as that from capital funding for community schools.**

If the expected capital expenditure from the budget share in any one year will exceed £15,000, the governing body must take into account any advice from the Corporate Director - Children & Young People's Service as to the merits of the proposed expenditure.

Where the premises are owned by the LA, or the school has voluntary controlled status, then the governing body shall seek the consent of the LA to the proposed works, but such consent can be withheld only on health & safety grounds. ~~These requirements are to help ensure compliance with the current School Premises Regulations, DfE Construction Standards and Health and Safety legislation. The reason for these provisions is to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.~~

These provisions do not affect expenditure from any capital allocation made available by the authority outside the delegated budget share.

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### 2.15 Notice of Concern

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

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

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the local authority;
- insisting on regular financial monitoring meetings at the school attended by local authority officers;
- requiring a governing body to buy into a local authority's financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

### 2.16 Schools Financial Value Standard (SFVS)

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

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. **Governors must monitor the**

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progress of these actions to ensure that all actions are cleared within specified deadlines.

All maintained schools with a delegated budget must submit the form before the end of the financial year. The form must be submitted before 31<sup>st</sup> March each year.

### 2.17 Fraud

— All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets. The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

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### SECTION 3: INSTALMENTS OF THE BUDGET SHARE - BANKING ARRANGEMENTS FOR SCHOOL BANK ACCOUNTS (BAFS)

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#### 3.1 Frequency of instalments

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

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

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

#### 3.2 Proportion of budget share payable at each instalment

Budget share instalments will be remitted to each school:

- a) by BACS, or its equivalent, to credit a school's account on a predefined date in each month (in advance of each financial year the ~~Local Authority~~ County Council will issue an annual timetable of dates on which the BAFS payments will be credited to school accounts; arrangements for the first payment in each financial year under BAFS are dealt with separately below);
- b) using a monthly cycle (i.e. 12 payments in a financial year);
- c) the sum to be remitted each month to be calculated according to the following formula:
  - i. Annual Resource
  - ii. LESS Annual Charges
  - iii. = Net annual resources available to the school
  - iv. DIVIDE by 12 and MULTIPLY by the payment month
  - v. = Monthly instalment
  - vi. LESS Payroll costs, notional payroll and other deductions for the current month
  - vii. = Balance of funding to school
  - viii. = Net annual resources available to the school for the year to date
  - ix. LESS funding instalments already paid to the school
  - x. = Balance of funding now payable to the school
  - xi. ADD VAT reimbursement
  - xii. = SUM PAYABLE TO SCHOOL FOR RELEVANT MONTH

In the first month of each financial year, any school operating a BAFS account shall receive, credited to their account on the first banking day of that month, an amount derived as follows:

$$\text{Annual Resource Allocation} \times y\% \times 6/52$$

where ...

"y" represents the average proportion of schools' available resources that is spent on non-employee related costs; and

"6/52" relates to the lapsed period of 6 weeks before the funding instalment for May is due

#### 3.3 Interest clawback

Interest is no longer deducted from budget share instalments.

~~If a school receives a Licenced Deficit (where a payment is required to be made to the school via Oracle Financials which is then recovered in period 13) or a cash/capital advance, interest will be charged.~~

~~The interest rate charged on licenced deficits, capital advances and cash advances should be the same~~

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as the interest earned on NYCC surplus cash balances, i.e. if the money was in the County Council's bank account.

The calculation is as follows:

**Funding Instalment due in the relevant month**  
**Multiplied by the interest rate**  
**Divided by 12 (to represent one monthly payment)**

**Multiplied by the number of months in place**

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

The LA will add interest to late payments of budget share instalments, where such late payment is the result of authority error.

The interest rate used should be the same as the interest earned on North Yorkshire County Council surplus cash balances.

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### **3.54 Budget shares for closing schools**

Budget shares of schools for which approval for discontinuation has been secured, will be made available until closure on a monthly basis, net of estimated pay costs, even where some different basis was previously used.

### **3.65 Bank and building society accounts**

All schools may have an external bank account into which their budget share instalments (as determined by other provisions) are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account unless they choose to have an account within a LA contract which makes other provision.

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

### **3.75-1 Restrictions on accounts**

Accounts may be held for the purposes of receiving budget share payments, at the banks or building societies which meet "minimum criteria" as set out in Chapter 3 of the Schools Finance Manual.

Financial institutions which meet the minimum criteria are included on an Approved List which is periodically updated by the Corporate Director – Strategic Resources. The current version of the list is set out in the School Finance Manual (Chapter 5: Banking Arrangements). The Corporate Director - Strategic Resources retains the right to refuse approved status for a particular account and/or institution if the minimum criteria are not met. Similarly the terms and conditions of account(s), provided by financial institutions already on the 'Approved List' may change such that an account(s) now fails to meet the minimum criteria. In these circumstances the Corporate Director - Strategic Resources will remove the account(s) from the 'Approved List' and require any schools using the particular account(s) involved, subject to three months notice in writing, to make alternative banking arrangements.

Any school closing an account used to receive its budget share and opening another must select from the approved list. However, schools with bank accounts with other banks, not on the approved list, prior to 1<sup>st</sup> April 2001, must be allowed to retain those accounts.

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

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The LA will continue with the arrangements negotiated with the Yorkshire, Lloyds TSB and Barclays Banks, whereby the accounts are in the name of the LA and the school, for schools wishing to use such arrangements. Schools considering having bank accounts in their own name must contact Veritau, the Internal Audit Service before contemplating such a change.

### 3.5.2 — Restrictions on account signatories

The arrangements for the signature of accounts are set out in the LMS Financial Procedure Rules but will provide that all signatories are either LA or School employees. Governors are not permitted to be cheque signatories unless they are also LA or School employees.

### 3.86 Borrowing by schools

Governing bodies may borrow money (which includes the use of finance leases) only with the written permission of the Secretary of State, The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances.

From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Schools are allowed to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.

Schools are permitted to use NYCC Barclaycard, however, no interest charges should be incurred by the school with balances cleared on a monthly basis.

This provision does not apply to loan schemes run the by authority.

*Credit Cards are regarded as borrowing but Debit Cards and Purchasing Cards may be a useful means of facilitating electronic purchasing. Further details are available in:*

- *School Finance Manual, Chapters 6 (Purchasing) & 7 (Ordering)*

### 3.97 Other provisions

*The LA has formulated separate detailed rules and guidance in respect of other aspects of banking arrangements which are set out in the following documents sent to schools:*

- *LMS Procedure Rules, Part 2, Section 14*
- *School Finance Manual, Chapters 5 (Banking Arrangements) & 18 (Bank Reconciliation)*

<sup>1</sup> This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government Accounts. These debts may not be serviced directly from the delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundations are able to provide as a consequence of their own borrowing. Governing Bodies do not act as agents of the LA when repaying loans.

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

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

~~Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year, subject to the controls described at 4.2. Schools are allowed to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus or minus any balance brought forward from the previous year. The amount of surplus balance, as determined upon the closure of the year's accounts will be shown in the relevant outturn statement published under Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009 of the Act, will accrue automatically to the school and will be added to the school's budget share for the following year, subject to the application of any controls as set out in 4.2 below.~~

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#### 4.2 Controls on Reporting on and control of the use of surplus balances

The scheme may contain a mechanism to clawback excess surplus balances. Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.

The LA will therefore monitor school balances on an annual basis. If a balance is identified as significant the LA will contact the school and will request detailed information.

The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the Schools Budget of the authority.

*Detailed information on the Balances Control Scheme can be found in the following document:*

- *School Finance Manual, Chapter 3: Revenue Budgets and Long Term Financial Forecasts*

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#### 4.3 Interest on surplus balances

~~Any b~~Balances held by the Authority on behalf of schools will attract no interest.

#### 4.4 Obligation to carry forward deficit balances

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share (see also 4.9)

~~The deficit balance would be shown on the outturn statement published in accordance with directions given by the Secretary of State under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009; although this might be shown gross of committed expenditure and therefore appear lower than would otherwise be the case.~~

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#### 4.5 Planning for deficit budgets

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

#### 4.6 Charging of interest on deficit balances

The LA may charge interest on any deficit balance.

#### 4.7 Writing off deficits

The LA has no power to write off the deficit balance of any school. Any assistance given towards the

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elimination of a deficit balance will be through the allocation of a cash sum from the authority's schools budget (from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by the Schools Forum).

### 4.8 Balances of closing and replacement schools

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

The LA has produced guidance on the accounting treatment of closing schools.

Detailed information on the accounting treatment of closing schools can be found in the following document:

- *School Finance Manual, Chapter 19: School Accounting*

### 4.9 Borrowing for agreed purposes

~~The general provision in para 3.6 above forbidding Governing bodies to borrow money shall not apply to schemes run by the Authority as set out in the following sections:~~

#### 4.9.1 Licensed deficits

**4.9.1.1** The LMS Scheme requires schools to provide budget information to the Local Authority twice a year. If a school finds that its budget is going into deficit, it will need to make plans as to how it can bring the budget back into a balanced position. If it is not possible in the current year, the school will need to apply to the Local Authority for an approved deficit.

**4.9.1.2** To obtain approval the school will have to draw up a recovery plan; much of the information is provided in reports produced by the financial management computer software. Then a request for a Licensed Deficit is submitted to the Schools and Early Years Finance Team, ~~within Children and Young People's Service Finance (Helen Coulthard/Sue Galloway).~~ A licensed deficit is subject to the following conditions:

- maximum length over which schools may repay the deficit (reach at least a zero balance) is not greater than three years,
- copies of the relevant minutes of the Governing Body evidencing the actions taken to address the budget deficit are sent to the LA,
- regular updated budget monitoring statements for the school (frequency may vary and will be advised in the Licensed Deficit Agreement) are sent to the LA,
- the LA is notified of any changes to the school's financial position should the Licensed Deficit be exceeded.

**4.9.1.3** Once approved, an agreement is issued to the school to be signed by the Chair of Governors and the Assistant Director – ~~Strategic Resources Finance and Management Support.~~

**4.9.1.4** ~~For a school with an approved Licensed Deficit, a journal is processed into oracle Financials for the total value of the approved deficit for the year. This is put through as a credit on subjective code 9012 and will be realised on a 1/12<sup>th</sup> basis through the BAFS computer system. The journal will be reserved at the year end to ensure that the correct LMS balance is derived.~~

#### 4.10.2 Loan schemes

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

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

~~If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.~~

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~~4.9.2.1 In April 2015, the LA reintroduced a loan and investment scheme for maintained schools and Pupil Referral Services. This scheme encompasses all previous LA loan schemes including loans administered by Schools ICT, North Yorkshire County Caterers and the Energy Team (as part of the "Resources Fund").~~

~~4.9.2.2 Loans are only available for expenditure which would be of benefit to the school over a period greater than one financial year and which incorporate a guaranteed saving which covers or contributes significantly to the repayments.~~

~~4.9.2.3 Loans are not available to support general issues with a school's revenue budget.~~

~~4.9.2.4 Whilst the maximum period of any loan is ten years, the LA may agree in exceptional circumstances to extend this. The life of the asset purchased through the loan must exceed the length of the loan period.~~

~~4.9.2.5 Interest is chargeable at 0.5% above the current interbank or Base Rate.~~

~~4.9.2.6 Application for a loan includes the submission of a financial plan covering the period of the loan repayment and any other budget management information that is deemed relevant.~~

~~4.9.2.7 The loan will be immediately repayable if the school fails to comply with the terms and conditions of the loan. Should a school convert to academy status, the remaining loan repayment will become due prior to conversion.~~

~~4.9.2.8 Schools are able to assist in the financing of the loan scheme by means of depositing a proportion of their cash resources for a period of at least 12 months. In turn, the Corporate Director Strategic Resources will pay the depositing school interest at a level at least equal to that the school could otherwise earn.~~

*Detailed information on the loan scheme can be found in the following document:*

- *LMS Financial Procedure Rules, Section 2*
- *School Finance Manual, Chapter 6: Purchasing*

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### SECTION 5: INCOME

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

#### 5.1 Income from lettings

Schools may retain income from lettings of the school premises which would otherwise accrue to the LA, subject to alternative provisions arising from any joint use of private finance initiative (PFI) or purchasing power parity PFI/PPP agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement, provided there is no net cost to the budget share.

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However, schools are required to have regard to the directions issued by the LA as to the use of school premises out of school hours, as permitted under the School Standards & Framework Act 1998 for various categories of school.

Income from letting of school premises may not be payable into voluntary or private funds held by the school but must be credited against the school's budget share. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

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#### 5.2 Income from fees and charges

Schools may retain income from fees and charges except where a service is provided by the LA from centrally retained funds. However, schools are required to have regard to any policy statements on charging produced by the LA. *LA policy includes a requirement that all income from fees & charges are credited against the same account as the school's budget share.*

Income from boarding charges is collected on behalf of the LA and should not exceed that needed to provide board and lodging for the pupils concerned.

#### 5.3 Income from fund-raising activities

Schools may retain income from fund-raising activities.

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#### 5.4 Income from the sale of assets

Schools may retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case *the LA should be informed of the disposal* and it should be for the LA to decide whether the school should retain the proceeds), or the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

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

As a result of the potential VAT implications of providing services that lead to fees and charges, fund raising activities and the sale of assets, the LA has established administrative procedures for the collection of income which are set out in the following documents:

- *LMS Financial Procedure Rules, Section 4*
- *School Finance Manual, Chapter 11: Income*

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

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

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

#### 6.1 General provision

The budget share of a school may be charged by the LA without the consent of the governing body only in circumstances expressly permitted by the scheme. The LA must consult schools as to the intention to so charge, and must notify schools when it has been done. The LA cannot act unreasonably in the exercise of any power given by the scheme, or it may be the subject of a direction under s.496 of the Education Act 1996.

For each of the circumstances given below the LA would have to be able to demonstrate that the Authority had necessarily incurred the expenditure now charged to the budget share. This means that where the Authority cannot incur a liability because the statutory responsibility rests elsewhere, no charging is possible. Therefore the position on charging will vary between categories of school. In some cases the ability to charge budget shares depends on the LA having given prior advice to the governing body.

For the avoidance of doubt, local authority may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives on the Schools Forum.

#### 6.21.4 Charging of salaries at actual cost

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

#### 6.32 Circumstances in which charges may be made

- 6.32.1** Where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA).
- 6.32.2** Other expenditure incurred to secure resignations where ~~there is good reason to charge this to the school-school (See Annex A)-had not followed LA advice-~~
- 6.32.3** Awards by courts and industrial tribunals against the Authority or out of court settlements, arising from action or inaction by the governing body contrary to the LA's advice, Awards may sometimes be against the governing body directly and would fall to be met from the budget share. Where the authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking authority advice, the charging of the budget share with the authority expenditure protects the authority's position.
- 6.32.4** Expenditure by the LA in carrying out health and safety work or capital expenditure for which the LA is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.
- 6.32.5** Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has voluntary controlled status.
- 6.32.6** Expenditure incurred by the LA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would have been arranged by the LA.
- 6.32.7** Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the LA.
- 6.32.8** Recovery of penalties imposed on the LA by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers Pensions, the Environment Agency or regulatory authorities as a result of the school's negligence.
- 6.32.9** Correction of LA errors in calculating charges to a budget share (e.g. pension deductions).
- 6.32.10** Additional transport costs incurred by the LA arising from decisions by the governing body on

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the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs.

- 6.32.11** ——— Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA (see also section 11).
- 6.32.12** Costs of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not carried out.
- 6.32.13** Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- 6.32.14** Cost of work done in respect of teacher's pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
- 6.32.15** Costs incurred by the LA in securing provision specified in an Education Health and Care Plan (EHCP) statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- 6.32.16** Costs incurred by the LA due to the submission by the school of incorrect data.
- 6.32.17** Recovery of amounts spent from specific grants on ineligible purposes.
- 6.32.18** Cost incurred by the LA as a result of the governing body being in breach of the terms of the contract.
- 6.32.19** Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- 6.3.20** Costs incurred by the Authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

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### SECTION 7: TAXATION

#### 7.1 VALUE ADDED TAX

HM Revenue and Customs have agreed that VAT incurred by schools when spending any funding made available by the LA is treated as being incurred by the LA and qualifies for reclaim by the LA.

This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings.

The LA has agreed with HM Revenue and Customs a set of procedures to enable schools to reclaim VAT on expenditure relating to non-business activity. Amounts reclaimed in this way will be passed back to the school.

*These are set out in separate guidance in the following documents:*

- *LMS Financial Procedure Rules, Sections 9 & 14*
- *School Finance Manual, Chapter 16: VAT*

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

#### 7.2 CIS (Construction Industry Scheme)

Schools are required to abide by procedures issued by the LA in connection with CIS.

*These are set out in separate guidance in the following documents:*

- *LMS Financial Procedure Rules, Sections 9 & 14*
- *School Finance Manual, Chapter 9: CIS*

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

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

The LA will determine on what basis services from centrally retained funds, including existing PRC and redundancy repayments, will be provided to schools.

The LA cannot discriminate in its provision of services on the basis of categories of school except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant, where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

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#### 8.2 Provision of services bought back from the LA using delegated budgets

The term of any arrangement with a school ~~starting on or after 1 April 1999~~ to buy services or facilities from the LA, other than centrally funded premises and liability insurance, shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services or 7 years in the case of catering contracts.

When a service is provided to schools for which expenditure is not retainable centrally by the LA i.e. traded services with schools, the prices being charged are intended to generate income which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially. However, it is recognised that absolute break-even is not achievable over fixed financial years and consequently it is for the LA to show that the charging policy can reasonably be expected to avoid any central subsidy of the services provided to schools.

##### 8.2.1 Packaging

Any service which the LA is providing on a buy back basis must be offered in a way which does not unreasonably restrict schools' freedom of choice among the services available and where practical, this will include provision on a service-by-service basis as well as in packages of services.

##### 8.3 Service level agreements

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

8.3.2 Services offered by the LA will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements.

8.3.3 Service level agreements must be in place at the commencement of the financial year and schools must have at least one month to consider the terms of the agreements.

Centrally arranged premises and liability insurance are specifically excluded from these requirements as to service supply, as the limitations envisaged may be impracticable for insurance purposes.

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##### 8.4 Teachers Pensions

8.4.1 In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations ~~2014~~1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.

8.4.2 The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the Authority to provide payroll services.

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**8.4.3** A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its ~~monthly~~ annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate.

**8.4.4** The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

**8.4.5** A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its ~~monthly return of salary and service to Teachers' Pensions~~ annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate.

**8.4.6** The Authority will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share. ▲

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### SECTION 9: Private finance initiative (PFI) and public private partnerships /PPP

9.1 The Authority has the power to issue regulations from time to time relating to PFI/PPP projects.

Amongst other issues these may deal with the reaching of agreements with the Governing Body of a school as to the basis of charges relating to any such schemes; and the treatment of monies withheld from contractors due to poor performance.

The Authority may charge to a school's budget share amounts agreed under a PFI/PPP agreement entered into by the Governing Body. In the event of a formula factor for PFI being introduced, any funds distributed to relevant schools through this factor must be repaid immediately to the Authority.

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### **SECTION 10**      **INSURANCE**

#### **109.1 Insurance cover**

For funds delegated to schools for insurance, the LA requires the school to demonstrate that cover relevant to a LA's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LA if the LA makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets.

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

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

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### SECTION 110: MISCELLANEOUS

#### 110.1 Right of access to information

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

Governing Bodies shall also supply information required to enable the LA to comply with requirements to produce Best Value Performance Indicators.

#### 110.2 Liability of governors

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

An example of behaviour which is not in good faith is the carrying out of fraudulent acts. Breaches of the scheme are not in themselves failures to act in good faith; neither is rejection of Authority advice as to financial management.

#### 110.3 Governors' expenses

The LA may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses. The amounts of such allowances will be set by the LA and governing bodies will not have any discretion in these amounts.

Under section 50(5) of the School Standards and Framework Act 1998, only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. Payment of any other allowances is forbidden. Schools are barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

#### 110.4 Responsibility for legal costs

Legal costs incurred by the governing body, although the responsibility of the LA as part of the cost of maintaining the school - unless they relate to the statutory responsibility of aided school governors for buildings - may be charged to the school's budget share unless the governing body acts in accordance with the advice of the Authority.

Any disputes regarding whether or not the governing body has acted in accordance with advice given will be resolved either by further discussion with the school or, failing that, the Corporate Director - Children & Young People's Service in consultation with the Executive Member for Schools.

The costs referred to are those of legal actions, including costs awarded against a LA, not the cost of legal advice provided.

#### 110.5 Health and Safety

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

The LA may issue directions to Governing bodies and Headteachers of Community, Community Special or Voluntary Controlled Schools under s.39(3) of the School Standards & Framework Act, on health & safety matters; these directions are enforceable, as far as the governing body is concerned, via s.497 of the Education Act 1996 if not complied with.

#### 110.6 Right of attendance for the ~~Chief Finance Officer~~ Corporate Director – Strategic Resources

Governing bodies are required to permit the ~~Chief Finance Officer~~ Corporate Director – Strategic Resources, or an Officer of the Authority nominated by the ~~Chief Finance Officer~~ Corporate Director

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~~—Strategic Resources~~, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

The LA will give prior notice of such attendance unless it is impractical to do so and the ~~Chief Finance Officer~~ ~~Corporate Director~~ ~~—Strategic Resources's~~ attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine.

### ~~110.7~~ **11.8 Special Educational Needs**

The LA is committed to ensuring a high quality of learning provision and educational achievement for all children, including those who may at some time have special educational needs, and will monitor and evaluate the provision made within schools and across the whole LA to ensure that these commitments are met. For those pupils with statements for whom additional provision has been identified, for example in a special school or a special unit attached to a mainstream school, schools must use their best endeavours in spending the budget to ensure that the provision set out in the statement is made.

This is a statutory requirement placed upon schools. Failure to do this could lead to a suspension of delegation where the situation is serious enough to warrant it.

*Details of this are set out in the following document already provided to schools.*

- *Special Educational Needs - Code of Practice*

### ~~40.8~~ **11.8 Interest on late payments**

The terms of the LMS scheme cannot affect the statutory requirements now introduced on this matter.

*These are set out in separate guidance in the following documents:*

- *School Finance Manual, Chapter 8: Payment of Invoices*
- *Late payment of Debts (Interest) Act 1998*

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### ~~110.9~~ **11.9 Whistleblowing**

The LA is required to provide schools with a scheme of "Whistleblowing" which outlines the procedure to be followed by persons working at the school, or school governors, who wish to complain about the financial management or financial propriety at the school, and how such complaints will be dealt with.

Details of this ~~can be found in the School Finance Manual~~ ~~are set out in annex D~~.

### ~~110.10~~ **11.10 Child Protection**

Governing bodies are required to release staff to attend child protection case conferences and other related events. The cost of attendance will be met from the school's budget share. However, the LA will endeavour to reimburse schools for any additional costs of supply.

### ~~40.11~~ **11.11 Redundancy/early retirement costs**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further information can be found at Annex ~~AE~~.

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### SECTION 124: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

**124.1** The LA is required to delegate all funding for repairs and maintenance to schools. Only capital expenditure is to be retained by LAs. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes in line with the CIPFA Code of Practice on Local Authority Accounting.

~~11.2~~ ~~Voluntary Aided governors will continue to be eligible for grant from the DfE in respect of their statutory responsibilities and in addition they will have responsibility for other repair and maintenance items on the same basis as Community and Foundation schools.~~

~~121.23~~ Where Local Authorities use de-minimis limits for what type of expenditure is treated as capital and what is revenue in their financial accounts, the same de-minimis limits must be used in defining what is delegated.

The de-minimis level determined for schools by North Yorkshire County Council for the purposes of capital & revenue in its financial accounts is £5,000.

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

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### SECTION 132: PROVISION OF COMMUNITY FACILITIES UNDER EDUCATION ACT 2002

#### 132.1 Introduction

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

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

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

- a. those contained in schools' own instruments of government, if any; and
- b. in the LA's scheme for financing schools i.e. this Scheme, made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

132.1.3 Schools are therefore subject to the prohibitions, restrictions and limitations detailed in this scheme.

132.1.4 This section of the scheme does not extend to joint-use agreements or agreements between the LA and schools to secure the provision of adult and community learning.

#### 132.2 Consultation with the LA – Financial Aspects

132.2.1 ~~Changes made by the Children and Families Act 2014 mean that schools no longer need to consult the authority when establishing community facilities under Section 27 of the Education Act 2002. Nor do they have to have regard to advice given to them by their authority. Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the local education authority, and have regard to advice given to them by their LA. The LA should be contacted at the earliest stages of planning and at least three months before the intended implementation of its initial use of the power, or in relation to any significant change or extension to its existing use of the facility. Schools shall provide background information as required by the LA to enable the provision of comprehensive and relevant advice. The LA will provide advice within one month of the receipt from the school of the proposed and supporting detail as requested by the LA.~~

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132.2.2 ~~The school shall advise the LA, after receipt of the advice, of the decisions it has taken on the operation of the community facilities. Schools shall keep the LA informed of the use of the facility at least annually (the LA will provide a return for schools' completion) and immediately in the event of a significant change in its operation of the facility. However, as public bodies, schools are expected to act reasonably, and this includes consulting those affected by decisions that they make.~~

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### 134.3 Funding Agreements – LA Powers

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

132.3.2 Any proposed financial agreements with third parties shall be submitted to the LA for its comments at least two months before the intended commencement date for the agreement. The LA's specific approval will be required only for agreements which exceed the contract values which require the LA's approval as set out in LMS Contract Procedure Rules. The LA will prepare model agreements to assist schools in preparing draft agreements.

132.3.3 The third party to the agreement may, however, require LA consent to the agreement for it to proceed. Furthermore if an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which in the view of the LA is seriously prejudicial to the interests of the school or the LA, that may constitute grounds for suspension of the right to a delegated budget.

### 132.4 Other Prohibitions, Restrictions and Limitations

132.4.1 The LA, at its discretion, in a specific instance of use of the community facilities power by a governing body, may require the governing body to make arrangements to protect the financial interests of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the LA. This requirement will be exercised only where, in the view of the LA, the proposed project carries significant financial risks.

132.4.2 The Community facility shall not be used for activities which, in the view of the LA, create an unacceptable risk to the financial position of the authority or school, or to the protection of pupils' welfare or safety.

### 132.5 Supply of Financial Information

132.5.1 The LA will not usually require ongoing financial information as the income and expenditure arising from the facilities will be shown separately in CFR returns of actual spending and in start budgets for planning spending. However the LA may require, information more frequently; either quarterly or every six months, where the operation of the facility is not breaking even or a recovery plan has been agreed between the school and the LA.

13.5.2 Financial information relating to community facilities will be included in returns made by schools under the consistent financial reporting (CFR) framework, and these should be relied upon by authorities as their main source of information for the financial aspects of community facilities.

13.5.3 However, the CFR timetable is such that authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. Schedule 15 of the act provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share

132.5.4 2—The requirement to account separately for the operation of the facility means that the licensed deficit arrangements shall apply separately to Community Facilities.

### 132.6 Audit

132.6.1 The provisions on internal and external audit in the scheme (Section 2.6) shall apply to the accounts and other supporting records for the facility.

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## SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 39 of 72 <b>Date:</b> <del>September</del> June 2019
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**132.6.2** \_\_\_\_\_ In concluding funding agreements with other persons pursuant to the exercise of the community facilities power any such agreements shall contain adequate provision for access by the LA to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the LA to satisfy itself as to the propriety of expenditure on the facilities in question.

### **132.7 Treatment of Income and Surpluses**

**132.7.1** Schools shall retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person.

**132.7.2** The school can carry such retained net income over from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the LA at the end of each financial year, transfer all or part of it to the school's budget share balance.

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

### **132.8 Health and Safety Matters**

**132.8.1** The health and safety provisions of this scheme shall apply to the community facilities power.

**132.8.2** The governing body is responsible for the costs of securing [Disclosure and Barring Service](#) ~~Criminal Records Bureau~~ clearance for all adults involved in community activities taking place during the school day. Governing bodies would be free to pass on such costs to a funding partner as part of an agreement with that partner.

### **132.9 Insurance**

**132.9.1** It is the responsibility of the governing body to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. The school shall seek the LA's advice before finalising any insurance arrangement for community facilities as part of the wider consultation arrangements set out in Section [13.1.12-2.4](#).

**132.9.2** The LA may, at its discretion, undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share.

### **132.10 Taxation**

**132.10.1** \_\_\_\_\_ Schools should seek the advice of the LA and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities; including the use of the local authority VAT reclaim facility.

**132.10.2** \_\_\_\_\_ If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see section [132.11](#)), the school is likely to be held liable for payment of income tax and National Insurance, in line with [HMRC Inland Revenue](#) rules. However, in cases where the LA provides the school's payroll service, or the school uses another payroll provider, no salary, wages or other potential taxable emoluments shall be paid by the school from its school bank account. The required procedures, which shall be followed (see Section 2.1.3 on payment of salaries), are set out in the LMS Financial Procedure Rules.

**132.10.3** Schools are still to follow LA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

### **132.11 Banking**

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## SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 40 of 72 <b>Date:</b> <del>September</del> <del>June</del> 2019
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- 132.11.1** Schools are able to separately account for community facility income and expenditure without setting up a separate bank account. The creation of any specific bank account shall be the subject of the arrangements set out in Section 3 of the Scheme and shall be operated in accordance with provisions in this scheme and related LMS Financial Procedure Rules on banking and bank accounts, cheque signature, etc. Where schools use the same bank account for Community Facilities as for their Budget Share the bank mandate, which requires the specification that the LA is the owner of the funds shall also specify that the requirement does not apply to Community funds (unless funds have been provided by the LA itself for Community purposes. The mandate for any separate Community Facilities account shall make clear that the LA has provided funds for Community purposes.
- 132.11.2** Schools may not borrow money for Community Facilities without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining LA.



## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

**The North Yorkshire County Council Funding Formula for Schools****Introduction**

The funding for Primary and Secondary schools comes from one of three blocks within the Dedicated Schools Grant, the Schools Block. The other two blocks are High Needs and Early Years.

Resource allocation is dependent upon the overall size of the Schools Block. Resources are allocated on the basis of each of the formula factors to determine the allowances and thresholds.

**Formula Factors**

The number of factors allowable from April 2015 is 14. They can be split into pupil led and other factors. In 2015/16 the split of funding between the two is 85.74% pupil led and 14.26% other.

**Pupil Led Funding****Pupil Numbers**

Funding is based on the pupil numbers as taken from the October 2014 census.

**Formula Factors**

Two of the pupil led formula factors are mandatory.

**1. Basic per-pupil entitlement or Age Weighted Pupil Unit (AWPU)**

This factor is MANDATORY.

The majority of funding is allocated to Primary and Secondary schools on the basis of age weighted pupils.

There is a single unit for primary aged pupils, one for key stage 3 and another for key stage 4. Each recognises the differing levels of resources required; the per pupil cost of teaching staff varies according to class size and levels of non-contact time, i.e. secondary school class sizes tend to be smaller and higher numbers of staff are required to teach specialist subjects and there is a wider variety of support staff such as laboratory technicians and librarians.

There is no uplift for Reception aged pupils.

The values for 2015/16 are:

Key Stage	AWPU per Pupil £
Key Stages 1 & 2 plus Reception	£2,879.33
Key Stage 3	£3,708.23
Key Stage 4	£4,598.19

In 2015/16 the basic entitlement funding equates to 77.36% of the total funding delegated to schools.

Included in the basic entitlement are elements of mainstreamed grants and a number of factors that had been included in the previous funding formula but which are not now allowable as individual factors. They include premises floor area, insurances, offsite curriculum or catering facilities and contribution to catering costs.

**2. Deprivation**

This factor is MANDATORY and is in addition to the Pupil Premium.

Deprivation is measured by a combination of Free School Meals (FSM) and the Income Deprivation Affecting Children index (IDACI). The IDACI banding system, as set out in the table below, has been provided by the DfE.

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

The values for 2015/16 are:

Indicator	Primary amount per pupil £	Secondary amount per pupil £
Free School Meals	£471.88	£634.04
IDACI Score Band 1	£629.64	£939.85
IDACI Score Band 2	£906.30	£1,166.00
IDACI Score Band 3	£768.50	£774.84
IDACI Score Band 4	£1,263.96	£1,220.55
IDACI Score Band 5	£1,375.35	£1,096.99
IDACI Score Band 6	£1,612.30	£182.82

**3. Looked after children**

This factor is OPTIONAL.

Funding is allocated on the number of looked after children as at March 2012 at a rate of £2,402.24 per pupil.

**4. Prior attainment as a proxy measure for SEN**

This factor is OPTIONAL.

Funding is allocated to Primary age pupils who achieve a score of 78 points or below using the Early Years Foundation Stage Profile (EYFSP) and to Secondary age pupils who have achieved Level 3 or below in both English and Maths using Key Stage 2 data.

The values for 2015/16 are:

Indicator	Amount per pupil £
Primary pupils not achieving (EYFSP)	£508.75
Secondary pupils not achieving (KS2 level 4 English and Maths)	£637.15

**5. English as an additional language**

This factor is OPTIONAL.

EAL pupils are funded for up to three years from the point they enter compulsory education.

The values for 2015/16 are:

Indicator	Primary amount per pupil £	Secondary amount per pupil £
EAL pupils within 3 years of entering compulsory education	£952.52	£921.29

**6. Pupil mobility**

This factor is OPTIONAL.

The factor acknowledges the total movement in and out of schools by pupils other than at the usual times of joining or leaving, i.e. September or July. This factor recognises that pupil movement incurs additional costs, often at relatively short notice, as evidence suggests that pupils subject to frequent moves are less likely to achieve and so require additional support.

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

The values for 2015/16 are:

Indicator	Primary amount per pupil £	Secondary amount per pupil £
Pupils starting school outside of the normal entry dates	£998.82	£19,067.51

**Other Factors****7. A standard lump sum**

This factor is ~~OPTIONAL~~.

The factor acknowledges that some schools, particularly small rural schools, would struggle to operate on the basis of their per-pupil funding alone. It is intended to cover the average fixed cost of running a school. Whilst local authorities can set separate primary and secondary lump sums, the DfE has stipulated that the value of the lump sum be the same for all schools within that phase irrespective of size. As the previous formula included a scale range based on the size of school, this inflexibility in the new formula is a major cause of turbulence. The values for 2015/16 are:

Indicator	Primary amount per school £	Secondary amount per school £
Lump sum	£89,047	£175,000

**8. Sparsity**

Eligibility centres on a school being both small and located in an area where pupils would have to travel a significant distance to an alternative should the school close. The factor measures the distance, as the crow flies, to the pupil's second nearest school. Sparsity distances are provided for all schools by the EFA.

As the pupil population changes each year, it is possible for a school to be eligible for sparsity funding in one year but not the next.

Indicator	Primary	Secondary
Lump sum	£51,624.85	£100,000 (max)
Distance threshold in miles	2.00	3.00
Pupil number average year group threshold	12.86	120.00

**9. Split sites**

This factor is ~~OPTIONAL~~.

A split site funding of £450,000 is allocated to schools which operate on and own more than one site. Schools sharing facilities, federated schools and schools with remote sixth forms are not eligible for split site funding.

**10. Rates**

This factor is ~~OPTIONAL~~. Rates are funded at actual cost.

**11. PFI**

This factor is ~~OPTIONAL~~.

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

~~There are four primary schools in North Yorkshire that are subject to a PFI contract. This funding represents the additional funding required to meet the actual cost of operating the PFI contract after the PFI Grant and the contribution from the schools' delegated budgets have been accounted for. The funding is a set amount that is allocated to each school on the basis of floor area (70%) and pupil numbers (30%). It is recouped from the schools in full.~~

**12. Fringe payments**

~~This factor is OPTIONAL.~~

~~This is not applicable to North Yorkshire and so is not included in the formula.~~

~~It is specific to Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex that have some of their schools within the London fringe area. It is an uplift to support the application of higher teacher pay scales in those schools.~~

**13. Post 16**

~~This factor is OPTIONAL.~~

~~This has not been introduced as a factor in North Yorkshire funding formula. The core purpose of the Dedicated Schools Grant (DSG) is not to fund post-16 as this is funded separately by the EFA. The DfE has allowed local authorities that have, in the past, used the DSG to support school sixth form classes to continue to do so. North Yorkshire has not done so in the past and as the DfE has said that no new commitments are allowed, we have not been permitted to introduce it since 2013-14.~~

**14. Exceptional Premises Factors**

~~As well as these 13 factors, local authorities have been permitted to request the DfE allow exceptional premises factors. This recognises that some schools incur additional costs because they have exceptional premises.~~

~~The criteria for an exceptional factor are that it must:~~

- ~~i. — apply to less than 5% of the schools in the local authority; and~~
- ~~ii. — account for more than 1% of the budget of the school or schools affected.~~

~~North Yorkshire has been given permission by the DfE to apply the following exceptional premises factors:~~

**a.—Rent**

~~The local criterion for the application of this factor is that the school must lack sufficient premises in order to deliver the curriculum. Where rent is paid to cater for optional extras outside of the delivery of the curriculum, this factor will not apply.~~

**b.—Additional lump sum for schools amalgamated during FY14-15****c.—Additional sparsity lump sum for small schools****d.—Ryedale sparsity****Minimum Funding Guarantee (MFG)**

The MFG is set at -1.5%

**LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES**

The intention of the MFG is to stabilise the year on year changes in schools budgets to within -1.5%.

Excluded from the MFG calculation for 2015-16 are rates, lump sum, additional lump sum for amalgamation 14-15, basic sparsity 2015-16 and new delegation.

**Capping Gains as a Result of the Implementation of the New Formula**

The Schools Forum endorsed the proposal to cap gains that resulted from the implementation of the new formula for 2013-14. Schools that would have gained additional funding from the implementation of the new formula have foregone those gains. That funding was then redistributed to minimise the reductions to those schools that were facing significant reductions.

The cap for 2015-16 has been set at 7.44%

**Annual Publication of Funding Information**

Budget statements are produced in accordance with Section 251 of the School Standards and Framework Act 1998.

School budget shares are notified to schools prior to the start of a financial year. Notification is made in the form of a number of budget data sheets, Parts 1 to 14, that detail a school's individual characteristics and the funding allocated as a result:

- Part 1 – Funding Formula Summary
- Part 2 – MFG and Capping Calculation

School detail budgets are no longer included in S251 collection.

**Adjustments Outside the Funding Formula****Exclusions**

Where, during the course of a financial year, a pupil is permanently excluded from a school funded by the North Yorkshire Formula, that school's budget will be reduced by an amount required by the School Finance (England) Regulations 2006 (23).

Where, during the course of a financial year, a school admits a pupil who has been permanently excluded in that year from any local authority school, the authority will allocate to that school an amount for the rest of that financial year as required by the School Finance (England) Regulations 2006 (23).

**Opening and Closing Schools**

Separate guidance is available on the arrangements for funding schools that are expected to open, close, amalgamate or convert to academy status during the financial year.

**2016-17 Onwards**

The DfE has signalled its intention to introduce a single national funding formula in the future.

**PRIMARY SCHOOLS**

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

<b>DfE</b>	<b>SCHOOL NAME</b>
1001	Childhaven Community Nursery School
1002	Brougham Street Community Nursery School
1003	Otley Street Community Nursery School
2040	Leeming and Londonderry Community Primary School
2041	Glaisdale Primary School
2042	Lealholm Primary School
2043	Goathland Primary School
2056	Hawes Community Primary School
2060	Oakridge Community Primary School
2061	Staites, Seton Community Primary School
2063	Hunton and Arrathorne Community Primary School
2064	Kirkbymoorside Community Primary School
2065	Leyburn Community Primary School
2074	Malton Community Primary School
2075	Nawton Community Primary School (Federated with Rosedale Abbey CP 2098)
2076	Newby and Scalby Primary School
2080	Applegarth Primary School
2081	North and South Cowton Community Primary School
2083	Osmotherley Primary School
2096	Reeth Community Primary School (Federated with Gunnerside Methodist 3207)
2097	Romanby Primary School
2098	Rosedale Abbey Community Primary School (Federated with Nawton CP 2075)
2108	Barrowcliff Primary School
2112	Scarborough, Braeburn Primary School
2114	Scarborough, Friarage Community Primary School
2117	Scarborough, Gladstone Road Primary School
2120	Scarborough, Northstead Community Primary School
2132	Slingsby Community Primary School
2133	Snape Community Primary School (Federated with Thornton Watlass CoE 3119)
2148	Stillington Primary School
2149	Stokesley Community Primary School
2150	Alanbrooke Community Primary School
2151	Welburn Community Primary School
2154	East Whitby Community Primary School
2163	Northallerton, Mill Hill Community Primary School
2164	Easingwold Community Primary School
2165	Dishforth Airfield Community Primary School
2166	Leeming RAF Community Primary School
2167	Colburn Community Primary School
2170	Overdale Community Primary School
2171	Linton-on-Ouse Primary School
2173	Le Cateau Community Primary School
2183	Sewerby Community Primary School
2186	Sheriff Hutton Primary School
2188	Wavell Community Junior School
2189	Gatterick Garrison, Wavell Community Infant School
2190	Airy Hill Community Primary School
2197	West Cliff Primary School
2206	Wheatcroft Community Primary School
2212	Carnagill Community Primary School
2217	Whitby, Stakesby Community Primary School
2221	Sinnington Community Primary School
2222	Pickering Community Junior School
2223	Seamer and Irton Community Primary School
2224	Cayton Community Primary School

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

<b>DfE</b>	<b>SCHOOL NAME</b>
2225	Broomfield School
2228	Hutton-Rudby Primary School
2233	Lindhead School
2235	Pickering Community Infant and Nursery School
2236	Helmsley Community Primary School
2237	Thirsk Community Primary School
2242	Alverton Primary School
2245	Aine Primary School
2246	Amotherby Community Primary School
2247	Appleton-Wiske Community Primary School
2249	Brompton Community School
2250	Brompton & Sawdon Community Primary School
2252	Carlton-Miniott Community Primary School
2256	Castleton Community Primary School
2257	East Ayton Community Primary School
2301	Appleton-Roebuck Primary School
2302	Askwith Community Primary School
2305	High-Bentham Community Primary School
2309	Boroughbridge Primary School
2310	Bradleys-Both Community Primary School
2311	Brotherton & Byram Community Primary School
2312	Burton-Salmon Community Primary School
2314	Carlton-in-Snaith Community Primary School
2316	Cononley Community Primary School
2317	Cowling Community Primary School
2318	Drax Community Primary School
2320	Fairburn Community Primary School
2321	Kettlewell Community Primary School
2324	Giggleswick Primary School
2327	Great Ouseburn Community Primary School
2328	Harrogate, Bilton Grange Community Primary School
2329	Harrogate, Grove Road Community Primary School
2330	Harrogate, New Park Community Primary School
2331	Oatlands Infant School
2332	Starbeck Community Primary School
2333	Western Primary School
2335	Summerbridge Community Primary School
2336	Hellifield Community Primary School
2337	Hensall Community Primary School
2338	Glasshouses Community Primary School
2343	Kettlewell Primary School
2346	Lothersdale Community Primary School
2347	Darley Community Primary School
2348	Beckwithshaw Community Primary School
2350	Scotton-Lingerfield Community Primary School
2351	Selby Community Primary School
2354	Sicklinghall Community Primary School
2355	Skipton, Ings Community Primary and Nursery School
2356	Water Street Community Primary School
2357	South Milford Community Primary School
2358	Staveley Community Primary School
2360	Thornton-in-Craven Community Primary School
2363	Whitley & Eggborough Community Primary School
2364	Willow Tree Primary School
2365	Skipton, Greatwood Community Primary School

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

<b>DfE</b>	<b>SCHOOL NAME</b>
2359	Sutton-in-Craven-Community-Primary-School
2366	Moorside-Infant-School
2367	Moorside-Junior-School
2368	Harrogate, Hookstone-Chase-Community-Primary-School
2372	Harrogate, Pannal-Primary-School
2376	Harrogate, Oatlands-Community-Junior-School
2377	Aspin-Park-Community-Primary-School
2380	Sherburn-in-Elmet, Hungate-Community-Primary-School
2381	Thorpe-Willoughby-Community-Primary-School
2382	Rosssett-Acre-Primary-School
2383	Goppice-Valley-Community-Primary-School
2387	Camblesforth-Community-Primary-School
2388	Greystone-Community-Primary-School
2389	Knaresborough, Meadowside-Community-Primary-School
2390	Selby, Barwic-Parade-Community-Primary-School
2391	Ingleton-Primary-School
2392	Tadcaster-East-Community-Primary-School
2393	Glusburn-Community-Primary-School
2400	Barlby-Bridge-Community-Primary-School
2401	Barlby-Community-Primary-School
2402	Hemingbrough-Community-Primary-School
2403	Hunmanby-Primary-School
2404	Langton-Primary-School
2405	Leavening-Community-Primary-School
2406	Luttons-Community-Primary-School
2407	North-Duffield-Community-Primary-School
2408	Norton-Community-Primary-School
2410	Riccall-Community-Primary-School
2411	Rillington-Community-Primary-School
2413	Filey-Junior-School
2418	Selby, Longman's-Hill-Community-Primary-School
2421	Athelstan-Community-Primary-School
2422	Kellington-Primary-School
2424	Harrogate, Saltergate-Community-Junior-School
2425	Saltergate-Infant-School
2427	Riverside-Community-Primary-School
2430	Woodfield-Community-Primary-School
3000	Ainderby-Steeple-Church-of-England-Primary-School
3001	Aiskew, Leeming-Bar-Church-of-England-Primary-School
3005	St-Hilda's-Ampleforth-Church-of-England-Voluntary-Controlled-Primary-School
3006	Arkengarthdale-Church-of-England-Primary-School
3008	Bainbridge-Church-of-England-Primary-and-Nursery-School
3009	Baldersby-St-James-Church-of-England-Voluntary-Controlled-Primary-School
3010	Bedale-Church-of-England-Primary-School
3012	Bilsdale-Midcable-Chop-Gate-Church-of-England-Voluntary-Controlled-Primary-School
3015	Brompton-on-Swale-Church-of-England-Primary-School
3016	West-Burton-Church-of-England-Primary-School
3020	Crakehall-Church-of-England-Primary-School
3025	Danby-Church-of-England-Voluntary-Controlled-School
3027	Dishforth-Church-of-England-Voluntary-Controlled-Primary-School
3030	East-Cowton-Church-of-England-Primary-School
3034	Eppleby-Forcett-Church-of-England-Primary-School
3035	Sleights-Church-of-England-Voluntary-Controlled-Primary-School



## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

<b>DfE</b>	<b>SCHOOL NAME</b>
3039	Foston Church of England Voluntary Controlled Primary School
3040	Gillamoor Church of England Voluntary Controlled Primary
3042	Marwood Church of England Voluntary Controlled Infant School, Great Ayton
3045	Hackforth and Hornby Church of England Primary School
3046	Hackness Church of England Voluntary Controlled Primary School
3050	Hawsker Cum Stainsacre Church of England Voluntary Controlled Primary School
3053	Hipswell Church of England Primary School
3054	Hovingham Church of England Voluntary Controlled Primary School
3055	Huby Church of England Voluntary Controlled Primary School
3057	Husthwaite Church of England Voluntary Controlled Primary School
3060	Ingleby Greenhow Church of England Voluntary Controlled Primary School
3062	Kirby Hill Church of England Primary School
3065	Kirkby Fleetham Church of England Primary School
3068	Knayton Church of England Voluntary Controlled Primary School
3069	Lythe Church of England Voluntary Controlled Primary School
3076	Kell Bank Church of England Primary School
3079	Middleton Tyas Church of England Primary School
3088	Pickhill Church of England Primary School
3090	Ravensworth Church of England Primary School
3092	Richmond Church of England Primary School
3099	Sand Hutton Church of England Voluntary Controlled Primary School
3101	Sessay Church of England Voluntary Controlled Primary School
3108	Snainton Church of England Voluntary Controlled Primary School
3109	South Kilvington Church of England Voluntary Controlled Primary School
3110	Spennithorne Church of England Primary School
3113	Sutton on the Forest Church of England Voluntary Controlled Primary School
3117	Thornton Dale Church of England Voluntary Controlled Primary School
3119	Thornton Watlass Church of England Primary School
3120	Topcliffe Church of England Voluntary Controlled Primary School
3122	Warthill Church of England Voluntary Controlled Primary School
3124	St Nicholas Church of England Primary School, West Tanfield
3126	Ruswarp Church of England Voluntary Controlled Primary School
3130	Wykeham Church of England Voluntary Controlled Primary School
3133	Barton Church of England Primary School
3139	Fylingdales Church of England Voluntary Controlled Primary School
3150	Cliffe Voluntary Controlled Primary School
3153	Eserick Church of England Voluntary Controlled Primary School
3154	Filey Church of England Voluntary Controlled Infant and Nursery School
3155	Hertford Vale Church of England Voluntary Controlled Primary School, Staxton
3160	Settrington All Saints' Church of England Voluntary Controlled Primary School
3161	Sherburn Church of England Voluntary Controlled Primary School
3163	Weaverthorpe Church of England Voluntary Controlled Primary School
3165	West Heslerton Church of England Voluntary Controlled Primary School
3207	Gunnarside Methodist Primary School
3208	Melsonby Methodist Primary School
3210	Richmond Methodist Primary School
3223	Barlow Church of England Voluntary Controlled Primary School
3225	St Cuthbert's Church of England School
3226	Birstwith Church of England Primary School
3227	Bishop Monkton Church of England Primary School
3228	Bishop Thornton Church of England Primary School
3231	Brayton Church of England (Voluntary Controlled) Primary School
3232	Burton Leonard Church of England Primary School
3233	Chapel Haddlesley Church of England Voluntary Controlled Primary School
3234	Clapham Church of England Voluntary Controlled Primary School (Confederated with Austwick CoE VA PS 3350 & Horton in Ribblesdale CoE VA PS 3358)

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

<b>DfE</b>	<b>SCHOOL NAME</b>
3235	Gracee and Rylstone Voluntary Controlled Church of England Primary School
3236	Embsay Church of England Voluntary Controlled Primary School
3237	Follifoot Church of England Primary School
3238	Fountains Earth, Lofthouse Church of England Endowed Primary School
3240	Goldsborough Church of England Primary School
3241	Grassington Church of England (Voluntary Controlled) Primary School
3242	Green Hammerton Church of England Primary School
3243	Grewelthorpe Church of England Primary School
3244	Hambleton Church of England Voluntary Controlled Primary School
3245	Hampsthwaite Church of England Primary School
3247	St Peter's Church of England Primary School, Harrogate
3248	Killinghall Church of England School
3249	Kirkby Malzeard Church of England Primary School
3251	Kirk Fenton Parochial Church of England Voluntary Controlled Primary School
3252	Kirk Hammerton Church of England Primary School
3253	Kirk Smeaton Church of England (Voluntary Controlled) Primary School
3255	Long Marston Church of England Voluntary Controlled Primary School
3256	Markington Church of England Primary School
3257	Monk Fryston Church of England Voluntary Controlled Primary School
3258	North Stainley Church of England Primary School
3260	North Rigton Church of England (C) Primary School
3261	Ripley Endowed (Church of England) School
3262	Ripon Cathedral Church of England Primary School
3263	Holy Trinity Church of England Junior School
3264	Roecliffe Church of England Primary School
3266	Fountains Church of England Primary School
3267	Saxton Church of England Voluntary Controlled Primary School
3268	Selby Abbey Church of England Voluntary Controlled Primary School
3270	Settle Church of England Voluntary Controlled Primary School
3271	Sharow Church of England Primary School (Federated with Skelton, Newby Hall CoE 3272)
3271	Skelton, Newby Hall Church of England Primary School (Federated with Sharow CoE 3271)
3272	Christ Church Church of England Voluntary Controlled Primary School
3273	Skipton Parish Church Church of England Voluntary Controlled Primary School
3274	Skipton Parish Church Church of England Voluntary Controlled Primary School
3275	Spofforth Church of England (Controlled) Primary School
3276	Sutton in Craven Church of England Voluntary Controlled Primary School
3277	Threshfield Primary School
3278	Tockwith Church of England Voluntary Controlled Primary School
3282	Wistow Parochial Church of England Voluntary Controlled Primary School
3284	Holy Trinity Church of England Infant School
3285	Gargrave Church of England Voluntary Controlled Primary School
3287	Kildwick Church of England (Voluntary Controlled) Primary School
3288	Forest of Galtres Anglican/Methodist Primary School
3289	Askrigg Voluntary Controlled Primary School
3291	South Otterington Church of England Voluntary Controlled Primary School
3301	Bolton-on-Swale St Mary's Church of England Primary School
3304	St Peter's Brafferton Church of England Voluntary Aided Primary School
3306	Carlton and Faceby Church of England Voluntary Aided Primary School
3307	Michael Syddall Church of England (Aided) Primary School
3308	Egton Church of England Voluntary Aided Primary School
3315	Kirkby & Great Broughton Church of England Voluntary Aided Primary School
3319	Masham Church of England VA Primary School
3320	Middleham Church of England Aided School
3326	St Martin's Church of England Voluntary Aided Primary School, Scarborough

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

<b>DfE</b>	<b>SCHOOL NAME</b>
3331	Terrington Church of England Voluntary Aided Primary School
3335	Swainby & Potto Church of England Voluntary Aided Primary School
3336	Ingleby Arncliffe Church of England Voluntary Aided Primary School
3337	Burneston Church of England (Voluntary Aided) Primary School
3350	Austwick Church of England (V.A.) Primary School (Confederated with Clapham CoE VC PS 3234 & Horton in Ribblesdale CoE VA PS 3358)
3351	The Boyle and Petyt Primary School
3352	Burnsall Voluntary Aided Primary School
3354	Carleton Endowed School
3355	Cawood Church of England Voluntary Aided Primary School
3356	Burnt Yates Church of England Primary School
3357	Dacre Braithwaite Church of England Primary School
3358	Horton in Ribblesdale Church of England Voluntary Aided Primary School (Confederated with Austwick CoE VA PS 3350 & Clapham CoE VC PS 3234)
3360	Kirkby in Malhamdale United Voluntary Aided Primary School
3361	All Saints Church of England Primary School, Kirkby Overblow
3362	Long Preston Endowed Voluntary Aided Primary School
3363	Marton cum Grafton Church of England Voluntary Aided Primary School
3365	Rathmell Church of England (Voluntary Aided) Primary School
3368	Richard Taylor Church of England Primary School
3369	Barkston Ash Catholic Primary School
3370	St Joseph's Catholic Primary School, Bishop Thornton
3371	St Mary's Catholic Primary School, Knaresborough
3372	St Wilfrid's Catholic Primary School, Ripon
3373	St Mary's Catholic Primary School, Selby
3375	St Stephen's Catholic Primary School, Skipton
3376	St Joseph's Catholic Primary School, Tadcaster
3377	St Robert's Catholic Primary School, Harrogate
3378	St Joseph's Catholic Primary School, Harrogate
3600	St Benedict's Roman Catholic Primary School, Ampleforth
3602	St Hedda's Roman Catholic Primary School
3609	St Mary's Roman Catholic Primary School, Malton
3610	St Joseph's Roman Catholic Primary School, Pickering
3614	St Mary's Roman Catholic Primary School, Richmond
3615	St Peter's Roman Catholic Primary School
3616	All Saints Roman Catholic Primary School
3620	St Hilda's Roman Catholic Primary School
3631	St George's Roman Catholic Primary School, Scarborough
3632	Farnley Church of England Voluntary Aided Primary School
3902	Sacred Heart Roman Catholic Primary School
3903	Knaresborough, St John Primary School
5200	Nun Monkton Foundation Primary School

## LIST OF SCHOOLS TO WHICH THIS SCHEME APPLIES

**SECONDARY SCHOOLS**

<b>DFE</b>	<b>SCHOOL NAME</b>
4004	Risedale Sports & Community College (Federated with Northallerton College 4503)
4005	Easingwold School
4022	Ryedale School
4035	Thirsk School & Sixth Form College
4039	Caedmon College, Whitby
4041	Eskdale School
4052	Bedale High School
4054	Lady Lumley's School
4069	George Pindar Community Sports College
4070	Graham School Science College
4073	Sealby School
4074	Northallerton School and Sixth Form
4075	The Wensleydale School
4076	Richmond School
4077	Malton School
4150	Filey School
4202	King James's School
4205	Settle College
4206	Upper Wharfedale School
4211	Tadcaster Grammar School Business and Enterprise College
4215	Ripon Grammar School
4216	Sherburn High School
4221	Boroughbridge High School
4223	Nidderdale High School & Community College
4224	Brayton High School
4225	Selby High School
4232	Barby High School
4604	St Augustine's Catholic School, Scarborough
4605	St Francis Xavier School
4608	Ermysted's Grammar School
4609	St John Fisher Catholic High School, Harrogate
4610	Holy Family Catholic High School, Carlton

**SPECIAL SCHOOLS**

<b>DFE</b>	<b>SCHOOL NAME</b>
7000	Brompton Hall School
7004	Welburn Hall School
7015	The Dales School
7017	Springhead School
7022	The Forest School
7024	Springwater School
7027	Brooklands School
7029	Mowbray School
7030	Forest Moor School

## BEST VALUE

**BEST VALUE**

1. This statement is intended to assist schools in considering the relevance of best value principles to the expenditure of funds from their delegated budget share
  2. Best value is a requirement to deliver services to clear standards, covering both cost and quality, the most effective, economic and efficient means available. Legislation places a duty on Local Authorities to secure best value in respect of the way in which they exercise their functions. This duty does not apply to those functions which are exercised by the governing bodies of LA maintained schools. However, schools are encouraged to adopt the best value performance management framework.
  3. In relation to schools and expenditure from delegated budgets, the main features of best value can be summarised as a need for the governing body of a school to ensure:
    - a) the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-QFSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:
      - challenging how and why a service is provided (including consideration of alternative providers);
      - comparison of performance against other schools;
      - mechanisms to consult stakeholders, especially parents and pupils;
      - embracing competition as a means of securing efficient and effective services;
    - b) the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;
    - c) that the following are included in school development plans —
      - a summary of objectives and strategy for the future;
      - forward targets on an annual and longer term basis;
      - description of the means by which performance targets will be achieved;
      - a report on current performance.
    - d) that internal and external audit takes place ensuring that performance information is scrutinised. LA oversight of school finances provides an external review.
  4. The independent inspection and intervention elements of the best value framework will be the responsibility of other bodies and are therefore not relevant to demonstration by a governing body of adherence to best value principles.
  5. To assist schools in their procurement processes, the DfE has produced guidance on its website which can be found at <http://www.education.gov.uk/schools/admniandfinance/procurement>.
- Specific guidance is available in relation to their "top ten tips":
- **Don't waste time and money if there's already a deal in place** — buy through a pre-existing framework or a public buying organisation, and all the hard work will be done for you. Buying organisations search for the best deals, ensure they are compliant and then make them available to schools and other public sector bodies.
  - **Go shopping with others** — these days, it's all about purchasing power. The more goods a supplier can sell, the lower the price they can sell them for. Team up with neighbouring schools to buy goods or services and you could see your prices drop.
  - **Take advantage of ICT deals already on offer** — Buying ICT for your school? There's no need to shop around for deals as it's already been done. More information is available on the website.
  - **Know what you're signing up to** — some schools are paying thousands over the odds after unwittingly signing up to poor photocopier deals. Leasing advice is available on the

website and should be your best friend if you're looking at renewing your photocopying arrangements. And remember – If it sounds too good to be true – it probably is.

- **Reduce your temporary staffing bill** – when it comes to hiring supply staff, there's a new player in town. See if your local authority has signed up to **MSTAR**, a new framework that you could use to save money, time and improve safeguarding when recruiting. Academies and free schools who club together with others can also use **MSTAR**.
- **Brush up on your buying skills** – if you're new to procurement, or if you just want to brush up on your procurement skills, **BuyWays** is a free online training tool that you can sign up to now. Through the modules you will gain vital knowledge about topics like the best way to approach a procurement exercise and the legal requirements you need to meet.
- **Cut your energy costs** – after staffing, energy is one of schools' biggest costs. Get the best deal for your school by buying your energy through a pre-existing contract with a buying organisation. They buy wholesale energy, which is cheaper, and you'll be better protected from price rises.
- **Every penny counts, even on non-pay spend** – if you implement a few common sense principles on non-pay spend, the savings will soon mount up. If you were shopping for a new car you would plan what your requirements were, shop around for the best deal, try to negotiate with the salesman and get the details of the deal in writing. By applying the same rules whenever you purchase goods and services for your school you will be able to achieve good value for money on a regular basis.
- **Don't pay over the odds for your insurance** – supply teacher insurance can be expensive, but proper planning and understanding exactly what you need cover for can help you to save money.
- **Save pounds on your food bills** – food prices are rising, so we're working with Buying Organisations to get value for money deals in place for major food items.

The North Yorkshire Procurement Support Service for Schools will also be able to provide valuable advice to schools.

## WHISTLEBLOWING POLICIES

## **NORTH YORKSHIRE COUNTY COUNCIL WHISTLEBLOWING POLICY – PRIMARY SCHOOLS**

### **1.0 INTRODUCTION**

1.1 The County Council is committed to the provision of the highest quality services to its residents and to full accountability for those services. Whilst the County Council has in place rules, regulations, quality standards and procedures to ensure that the highest standards of conduct and commitment to service delivery are followed, irregularities, wrong-doing or serious failures in standards do sometimes occur. The County Council wants to identify and remove such malpractice in the performance and delivery of its services.

1.2 The greatest deterrent to malpractice or wrongdoing is the probability that it will be reported and investigated vigorously, that those who are responsible for it will be punished and that the matter will be promptly remedied. This Policy is therefore intended as a clear statement that any malpractice by members, employees or third parties (including contractors) reported to the County Council will be swiftly and thoroughly investigated. The County Council will also look at ways to ensure that such malpractice or wrongdoing can be prevented for the future.

### **2.0 AIMS AND SCOPE OF THE POLICY**

2.1 This Policy provides all employees, agency workers, contractors including their staff and members of the County Council with avenues to raise concerns and receive feedback on any actions taken reassurances that they will be protected from reprisals or victimisation for whistleblowing in good faith

2.2 Set out below is a list which is intended to illustrate the sorts of issues which may be considered as malpractice or wrongdoing and can be legitimately raised under this Whistleblowing Policy:

- a) any unlawful act, whether criminal or a breach of civil law, failure to comply with legal obligations or where a miscarriage of justice has occurred, is occurring or is likely to occur
- b) maladministration, as defined by the Local Government Ombudsman
- c) breach of any statutory Code of Practice
- d) breach of, or failure to implement or comply with any policy or procedure rules determined by the County Council, Executive or Committee of the County Council
- e) failure to comply with appropriate professional standards
- f) corruption or fraud including obtaining money (eg grants) without entitlement
- g) misuse of assets, including stores, equipment, vehicles, buildings, computer hardware and software
- h) endangering the health and safety of any individual with actions which are likely to cause physical danger, or to give rise to a risk of significant damage to property
- i) failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income, to the County Council or would otherwise seriously prejudice the County Council;
- j) abuse of power, or the use of the County Council's powers and authority for any unauthorised or ulterior purpose
- k) unfair discrimination in the County Council's employment or services
- l) causing damage to the environment
- m) deliberately concealing information in relation to any of the items on this list

## WHISTLEBLOWING POLICIES

2.3 — This Whistleblowing Policy is intended to supplement, rather than to replace, the existing grievance procedures as laid down in the Personnel Manual whereby employees of the County Council may already raise complaints or matters of genuine concern. It is therefore designed to provide a channel for those instances where the person reporting the matter feels that, for any reason, they cannot make use of those existing complaints procedures.

### 3.0 — EMPLOYEE CO-OPERATION AND SAFEGUARDS

3.1 — In many cases it is an employee of the County Council who is most likely to be in the best position to learn of any malpractice or wrongdoing within the County Council and to identify something which falls below the standards which the County Council and its customers are entitled to expect. The County Council expects the fullest co-operation of all its employees in securing the highest standards of service to the residents of North Yorkshire. This means that, where an employee of the County Council becomes aware of or suspects malpractice, the County Council will expect them to report these suspicions. Where an employee fails to report their suspicions, they become themselves implicated in the wrongdoing, and the County Council will treat failure by an employee to report such matters as a serious matter which may, in the case of an employee, amount to a disciplinary matter and in the case of a Member, to a matter, depending on the circumstances, that may amount to a breach of the Members' Code of Conduct.

3.2 — This Policy statement has been discussed with the relevant trade unions and has their support.

3.3 — The County Council will respect (so far as it can legally) the confidentiality of any whistleblowing complaint received, where the complainant requests that confidentiality but cannot guarantee that the investigation process will not result in colleagues speculating on the identity of the whistleblower. It must be appreciated that it will be easier to follow up and to verify complaints if the complainant is prepared to give his/her name, and unsupported anonymous complaints and allegations are much less powerful and therefore will have to be treated with caution. There will be circumstances where information must be disclosed for legal reasons, or to enable legal steps to be taken, e.g. there may be an obligation to disclose under the Freedom of Information provisions, or if the circumstances amount to a serious crime there may be circumstances where information will have to be passed to senior officers or to external agencies such as the police or external auditors.

3.4 — Any reporting system will be of little effect if those who should use it are afraid that, as the result of making their report, they may experience recriminations, victimisation or harassment. The County Council will therefore not tolerate any attempt on the part of any employee or member to take reprisals against any person who has reported a serious and genuine concern. The County Council will treat any such recriminations, victimisation or harassment by any employee or member of the County Council as a serious matter which may, in the case of an employee, amount to a disciplinary matter and in the case of a Member, to a matter, depending on the circumstances, that may amount to a breach of the Members' Code of Conduct. Individuals may also have statutory protection under the Public Interest Disclosure Act 1998, which aims to protect individuals who make certain disclosures of information in the public interest and who are then victimised in their employment. If a whistleblower who has made a valid complaint feels that they have been victimised as a result of raising concerns they can raise the matter directly with the Head of Internal Audit, Veritau who will raise the matter immediately with the appropriate Corporate Director.

3.5 — The County Council is proud of its reputation for having the highest standards of probity. It will therefore ensure that the necessary resources are put into investigating any complaints which it receives. As a consequence of this it will view very seriously any false or malicious allegations which it receives, and will regard the making of any deliberately malicious or vexatious allegations by any employee or member of the County Council as a serious disciplinary offence.

3.6 — The Whistleblowing Policy will be publicised to all staff, as a minimum requirement,



## WHISTLEBLOWING POLICIES

~~three times per annum by including a message in pay slips informing them of the Policy and the existence of the confidential telephone number. Other media used to communicate with staff (eg newsletters) will also be used where appropriate.~~

~~3.7 For contractors publicity will be arranged via the Corporate Procurement Group on a periodic basis. Particular emphasis will be placed on raising the policy pro-actively with those contractors who are considered strategically important to providing services to the County Council.~~

#### ~~4.0 HOW TO RAISE A CONCERN~~

~~4.1 It is better if concerns are raised in writing. This allows the opportunity to set out the background and history of the concern, giving names, dates and places where possible, and the reason why the employee is particularly concerned about the situation.~~

~~4.2 It is envisaged that the Human Resources Section will be the first point of contact in the vast majority of cases. It will be their responsibility to initially investigate all matters reported to them promptly and in accordance with the procedure notes issued.~~

~~4.3 Employees can write to Human Resources Section at the following address:~~

~~HR Manager  
Children and Young People's Service  
County Hall  
Northallerton  
North Yorkshire  
DL7 8AE~~

~~4.4 It is, however, appreciated that there may be times when an employee of the County Council feels unable to use the above procedure, for example when the Whistleblower feels that their Line Manager may be involved in the malpractice. The County Council has therefore appointed the Head of Internal Audit, Veritau to act as its Whistleblowing Officer, with the following remit:~~

- ~~a) to receive and record any complaints under this Policy~~
- ~~b) to ensure the confidentiality of any whistleblowing complainant who requests that their complaint be treated in confidence subject to paragraph 3.3 above.~~
- ~~c) to investigate promptly any whistleblowing complaint and to respond directly to the complainant, with a right of access to the Chief Executive Officer and all members and employees of the County Council and to all documents and records of the County Council~~
- ~~d) to report to the appropriate Service Unit Head where the investigation identifies a serious cause for concern within the responsibilities of that officer and to recommend the use of any relevant statutory powers or duties. Where the complaint relates to the conduct of a member or one of the Service Unit Heads, he/she should report to the Chief Executive Officer (and also to the Monitoring Officer in the case of complaints in relation to Member conduct). Where the complaint relates to the Chief Executive Officer, he/she should report to the Corporate Director – Finance and Central Services~~
- ~~e) to report as appropriate, either jointly with the Corporate Director(s) concerned or in his own right, to the County Council, the Executive and/or any Committee or Sub-Committee of the County Council~~
- ~~f) to recommend, in conjunction with the Chief Executive Officer or the Assistant Chief Executive (Legal and Democratic Services), to settle appropriate action to resolve a complaint or recompense a complainant, and~~
- ~~g) to report every six months to the Corporate Director – Finance and Central Services and to the Standards Committee on the number of concerns raised under this Whistleblowing Policy. Those matters raised which identify fraud or~~

## WHISTLEBLOWING POLICIES

~~loss to the County Council will be reported to the Audit Committee on an annual basis.~~

~~4.5 — The Head of Internal Audit can be contacted by writing a letter in a sealed envelope marked Strictly Private and Confidential, addressed to:~~

~~Max Thomas  
Veritau Ltd  
County Hall  
Racecourse Lane  
Northallerton  
North Yorkshire DL7 8AL~~

~~or by telephoning (01609) 780780, extension number 2143. In addition there is a direct and confidential, non-switchboard telephone line (01609) 760067, which is connected to an answering machine and is available 24 hours a day. There is also an anonymous on-line form, available on the Internet, which can be completed. This is then forwarded to Internal Audit.~~

~~4.6 — Although whistleblowers are not expected to prove the truth of an allegation, they will need to demonstrate to the person they choose to contact that there are sufficient grounds for concern.~~

#### ~~5.0 — HOW THE COUNTY COUNCIL WILL RESPOND~~

~~5.1 — In order to protect both individuals and the County Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example child protection or discrimination issues) will normally be referred for separate consideration under those procedures.~~

~~5.2 — Some concerns may be resolved by agreed action without the need for detailed investigation.~~

~~5.3 — Within 10 working days of a concern being received, the line manager or officer who is designated to carry out the whistleblowing investigation will write to the whistleblower:~~

- ~~• acknowledging that the concern has been received~~
- ~~• indicating how it proposes to deal with the matter~~
- ~~• giving an estimate of how long it will take to provide a final response~~
- ~~• stating whether any initial enquiries have been made, and~~
- ~~• state whether further investigations will take place, and if not, why not.~~

~~5.4 — The amount of contact between the officers considering the issues and the whistleblower, will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the whistleblower.~~

~~5.5 — When any meeting is arranged, the whistleblower has the right, if they so wish, to be accompanied by a Union or professional association representative or a friend who is not involved in the area of work to which the concern relates.~~

~~5.6 — The County Council will take steps to minimise any difficulties which the whistleblower may experience as a result of raising a concern. For instance, if they are required to give evidence in criminal or disciplinary proceedings, the County Council will provide advice about the procedure.~~

~~5.7 — The County Council accepts the whistleblower needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about the outcomes of any investigations will be provided.~~

#### ~~6.0 — HOW MATTERS CAN BE TAKEN FURTHER~~

## WHISTLEBLOWING POLICIES

6.1 This policy is intended to provide staff with an appropriate avenue to raise concerns within the Council. If staff have reported a concern in accordance with the Council's Whistleblowing Policy but are not satisfied that the issues have been properly addressed then they may also pursue the matter in an alternative way as follows:

- Local Council member (if staff member lives in the area of the Council)
- Chair or any member of the Standards Committee
- Chair or any member of the Audit Committee
- The External Auditor
- Relevant professional bodies or regulatory organisations, for example, the Information Commissioner's Office

7.0 **REVIEW OF THE POLICY**

7.1 The Policy will be subject to review as and when required.

## WHISTLEBLOWING POLICIES

~~———— NORTH YORKSHIRE COUNTY COUNCIL  
WHISTLEBLOWING POLICY — SECONDARY & SPECIAL SCHOOLS~~

~~4.0 — INTRODUCTION~~

- ~~4.1 — The County Council is committed to the provision of the highest quality services to its residents and to full accountability for those services. Whilst the County Council has in place rules, regulations, quality standards and procedures to ensure that the highest standards of conduct and commitment to service delivery are followed, irregularities, wrong-doing or serious failures in standards do sometimes occur. The County Council wants to identify and remove such malpractice in the performance and delivery of its services.~~
- ~~4.2 — The greatest deterrent to malpractice or wrongdoing is the probability that it will be reported and investigated vigorously, that those who are responsible for it will be punished and that the matter will be promptly remedied. This Policy is therefore intended as a clear statement that any malpractice by members, employees or third parties (including contractors) reported to the County Council will be swiftly and thoroughly investigated. The County Council will also look at ways to ensure that such malpractice or wrongdoing can be prevented for the future.~~

~~2.0 — AIMS AND SCOPE OF THE POLICY~~

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  - ~~b) — maladministration, as defined by the Local Government Ombudsman~~
  - ~~c) — breach of any statutory Code of Practice~~
  - ~~d) — breach of, or failure to implement or comply with any policy or procedure rules determined by the County Council, Executive or Committee of the County Council~~
  - ~~e) — failure to comply with appropriate professional standards~~
  - ~~f) — corruption or fraud including obtaining money (i.e. grants) without entitlement~~
  - ~~g) — misuse of assets, including stores, equipment, vehicles, buildings, computer hardware and software~~
  - ~~h) — endangering the health and safety of any individual with actions which are likely to cause physical danger, or to give rise to a risk of significant damage to property~~
  - ~~i) — failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income, to the County Council or would otherwise seriously prejudice the County Council;~~
  - ~~j) — abuse of power, or the use of the County Council's powers and authority for any unauthorised or ulterior purpose~~
  - ~~k) — unfair discrimination in the County Council's employment or services~~
  - ~~l) — causing damage to the environment~~
  - ~~m) — deliberately concealing information in relation to any of the items on this list~~

## WHISTLEBLOWING POLICIES

2.3 — This Whistleblowing Policy is intended to supplement, rather than to replace, the existing grievance procedures as laid down in the Personnel Manual whereby employees of the County Council may already raise complaints or matters of genuine concern. It is therefore designed to provide a channel for those instances where the person reporting the matter feels that, for any reason, they cannot make use of those existing complaints procedures.

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3.5 — The County Council is proud of its reputation for having the highest standards of probity. It will therefore ensure that the necessary resources are put into investigating any complaints which it receives. As a consequence of this it will view very seriously any false or malicious allegations which it receives, and will regard the making of any deliberately malicious or vexatious allegations by any employee or member of the County Council as a serious disciplinary offence.

3.6 — The Whistleblowing Policy will be publicised to all staff, as a minimum requirement,

## WHISTLEBLOWING POLICIES

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3.7 — For contractors, publicity will be arranged via the Corporate Procurement Group on a periodic basis. Particular emphasis will be placed on raising the policy pro-actively with those contractors who are considered strategically important to providing services to the County Council.

## 4.0 — HOW TO RAISE A CONCERN

4.1 — It is envisaged that a Line Manager will be the first point of contact in the vast majority of cases. It will be their responsibility to initially investigate all matters reported to them promptly in accordance with the procedure notes issued.

4.2 — It is, however, appreciated that there may be times when an employee of the County Council feels unable to use the above procedure, for example when the Whistleblower feels that their Line Manager may be involved in the malpractice. The County Council has therefore appointed the Head of Internal Audit, Veritau to act as its Whistleblowing Officer, with the following remit:

- a) — to receive and record any complaints under this Policy
- b) — to ensure the confidentiality of any whistleblowing complainant who requests that their complaint be treated in confidence subject to paragraph 3.3 above.
- c) — to investigate promptly any whistleblowing complaint and to respond directly to the complainant, with a right of access to the Chief Executive Officer and all members and employees of the County Council and to all documents and records of the County Council
- d) — to report to the appropriate Service Unit Head where the investigation identifies a serious cause for concern within the responsibilities of that officer and to recommend the use of any relevant statutory powers or duties. Where the complaint relates to the conduct of a member or one of the Service Unit Heads, he/she should report to the Chief Executive Officer (and also to the Monitoring Officer in case of complaints in relation to Member conduct). Where the complaint relates to the Chief Executive Officer, he/she should report to the Corporate Director — Finance and Central Services
- e) — to report as appropriate, either jointly with the Corporate Director(s) concerned or in his own right, to the County Council, the Executive and/or any Committee or Sub-Committee of the County Council
- f) — to recommend, in conjunction with the Chief Executive Officer or Assistant Chief Executive (Legal and Democratic Services), to settle appropriate action to resolve a complaint or recompense a complainant, and
- g) — to report every six months to the Corporate Director — Finance and Central Services and to the Standards Committee on the number of concerns raised under this Whistleblowing Policy. Those matters raised which identify fraud or loss to the County Council will be reported to the Audit Committee on an annual basis.

4.3 — It is better if concerns are raised in writing. This allows the opportunity to set out the background and history of the concern, giving names, dates and places where possible, and the reason why the employee or member is particularly concerned about the situation.

4.4 — It is anticipated that an employee will know the address to write to for their Line Manager or Service Unit Head.

4.5 — The Head of Internal Audit, Veritau can be contacted by writing a letter in a sealed envelope marked Strictly Private and Confidential, addressed to:

Max Thomas (Head of Internal Audit)  
Veritau Ltd

## WHISTLEBLOWING POLICIES

County Hall  
Racecourse Lane  
Northallerton  
North Yorkshire DL7 8AL

or by telephoning (01609) 780780, extension number 2443. In addition there is a direct and confidential, non-switchboard telephone line (01609) 760067, which is connected to an answering machine and is available 24 hours a day. There is also an anonymous on-line form, available on the Internet, which can be completed. This is then forwarded to Internal Audit.

4.6 — For contractors, a clause will be inserted in all standard County Council contracts highlighting that the Whistleblowing Policy applies to all their staff working on County Council business. It will place a requirement on these contractors to publicise the Whistleblowing Policy to all their key staff involved with their contract for the County Council.

4.7 — Although whistleblowers are not expected to prove the truth of an allegation, they will need to demonstrate to the person they choose to contact that there are sufficient grounds for concern.

#### 5.0 — HOW THE COUNTY COUNCIL WILL RESPOND

5.1 — In order to protect both individuals and the County Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example child protection or discrimination issues) will normally be referred for separate consideration under those procedures.

5.2 — Some concerns may be resolved by agreed action without the need for detailed investigation.

5.3 — Within 10 working days of a concern being received, the line manager or officer who is designated to carry out the whistleblowing investigation will write to the whistleblower:

- acknowledging that the concern has been received
- indicating how it proposes to deal with the matter
- giving an estimate of how long it will take to provide a final response
- stating whether any initial enquiries have been made, and
- state whether further investigations will take place, and if not, why not.

5.4 — The amount of contact between the officers considering the issues and the whistleblower, will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the whistleblower.

5.5 — When any meeting is arranged, the whistleblower has the right, if they so wish, to be accompanied by a Union or professional association representative or a friend who is not involved in the area of work to which the concern relates.

5.6 — The County Council will take steps to minimise any difficulties which the whistleblower may experience as a result of raising a concern. For instance, if they are required to give evidence in criminal or disciplinary proceedings, the County Council will provide advice about the procedure.

5.7 — The County Council accepts the whistleblower needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about the outcomes of any investigations will be provided.

#### 6.0 — HOW MATTERS CAN BE TAKEN FURTHER

6.1 — This policy is intended to provide staff with an appropriate avenue to raise concerns within the Council. If staff have reported a concern in accordance with the Council's

**WHISTLEBLOWING POLICIES**

Whistleblowing Policy but are not satisfied that the issues have been properly addressed then they may also pursue the matter in an alternative way as follows:

- Local Council member (if staff member lives in the area of the Council)
- Chair or any member of the Standards Committee
- Chair or any member of the Audit Committee
- The External Auditor
- Relevant professional bodies or regulatory organisations, for example, the Information Commissioner's Office

**7.0 REVIEW OF THE POLICY**

7.1 The Policy will be subject to review as and when required.



## RESPONSIBILITY FOR REDUNDANCY &amp; EARLY RETIREMENT COSTS

**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 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~~ or resignation costs to delegated school budget:

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

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

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards
- Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit
- Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale

## RESPONSIBILITY FOR REDUNDANCY &amp; EARLY RETIREMENT COSTS

- 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 ~~new~~ early retirements or redundancies may only be charged to the central school services block part of the Schools Budget, as a historic commitment, where the expenditure is to be incurred as a result of decisions made before April 1<sup>st</sup> 2013. Costs may not exceed the amount budgeted in the previous financial year.

The local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree. It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

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

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

(7) Where a local education authority incur costs –

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

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(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;

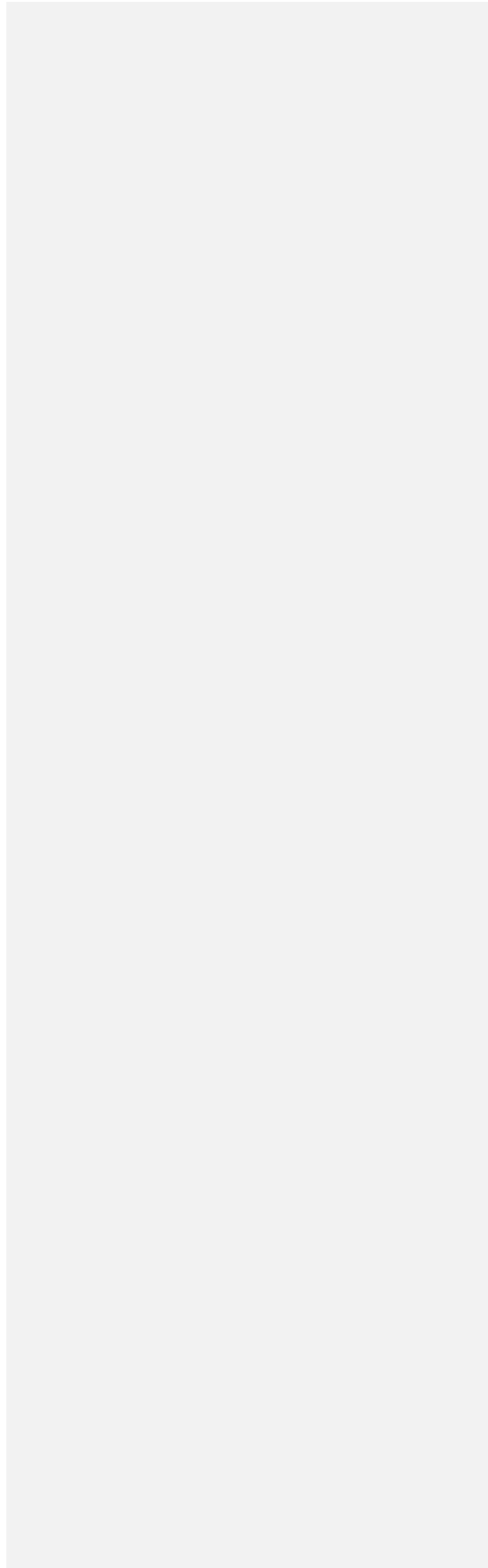
they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that the shall not be so recoverable.

(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 (7B) is met.

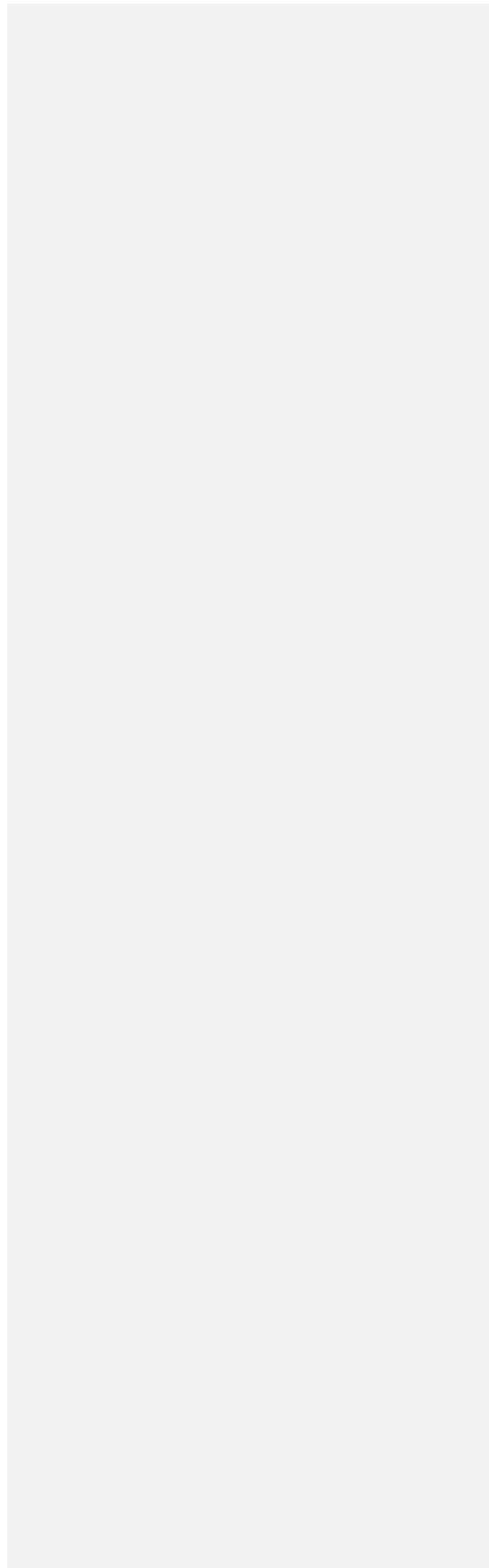
(7B) The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the Education Acts.

(8) Where a person is employed partly for community purposes and partly for other purposes, any payments 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.

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## COUNTER FRAUD ARRANGEMENTS

## COUNTER FRAUD ARRANGEMENTS

## 1.0 BACKGROUND

1.1 The **LMS Scheme**, as amended in April 2012 on the instructions of the DfE, states that

Schools should have a robust system of controls in place to safeguard themselves against fraudulent or improper use of public money and assets;

The governing body and headteacher should inform all staff of school policies and procedures related to fraud and theft, the controls to prevent them, and the consequences of breaching these controls; and

This information is included in induction for new school staff and governors.

1.2 This guidance has been prepared by Veritau Limited to assist schools to meet these requirements. Any queries should be addressed to the Audit Manager with responsibility for schools on 01609 532739 or by email to [internal.audit@veritau.co.uk](mailto:internal.audit@veritau.co.uk).

## 2.0 CONTROLS THAT NEED TO BE IN PLACE IN SCHOOLS

2.1 All schools have access to an online version of the **School Finance Manual** which can be found on cyps.info at <http://cyps.northyorks.gov.uk/index.aspx?articleid=13975>. The Manual includes, at Chapter 2, **LMS Procedure Rules** which set out the framework within which schools are required to work and the remaining sections of the Manual contain helpful guidance for school staff setting out how the Procedure Rules may be put into practice, together with other guidance and best practice advice. The Procedure Rules are prescriptive whilst the Manual is not.

2.2 LMS Procedure Rules require **management** to put in place appropriate controls that meet the requirements of the Procedure Rules. The information below is a brief summary of the main arrangements that should be in place.

## 2.3 Management Controls

2.3.1 The school should have in place a **Budget Management Policy** approved by the Governing Body which details the arrangements for delegation to the Finance Committee, the Headteacher, and other senior members of staff.

2.3.2 Regular reports comparing expenditure and income to the approved budget should be produced and reviewed by the Headteacher (at least monthly) and the Finance Committee (at least once a term). Where significant discrepancies are identified explanations should be sought from the Headteacher or the School Business Manager.

## 2.4 Controls relating to Procurement

2.4.1 LMS Contract Procedure Rules require all purchases with a total cost above particular thresholds to be made in accordance with the procedures set out in the Rules. These thresholds are £5,000, above which written **quotations** have to be sought, and £50,000, above which **tenders** are required. Since the requirements include the need for quotations or tenders to be submitted in sealed envelopes, which will be opened by two people at the same time, they should act as a safeguard against favouritism. Contracts must only be awarded on the basis of price or, if a suitable evaluation model has been drawn up before bids are invited, on the basis of price and other factors including quality considerations. Copies of evaluation models for tenders should be forwarded to Veritau before tenders are opened.

2.4.2 Schools should seek to achieve Best Value for purchases under £5,000 but there are no prescribed procedures setting out how this should be done.

2.4.3 In addition, central government has set down Regulations that require all members of Governing Bodies to declare their **business interests** and members of staff who have responsibility for financial management or making purchasing decisions are required

**COUNTER FRAUD ARRANGEMENTS**

to make similar declarations. These must be reviewed on an annual basis. Guidance is included in Section 17 of the Schools Finance Manual which can be found at <http://cyps.northyorks.gov.uk/index.aspx?articleid=13975>. Governors may do business with schools in their capacity as local tradespeople or professionals but must declare their interests at the start of meetings and take no part in any discussion about contracts that they may be awarded.

2.4.4 All purchases, with limited exceptions as listed in LMS Financial Procedure Rules, should be subject to either an **official order** or a **contract**, the terms of which have been agreed by Legal Services, in order to protect the interests of both the school and the County Council.

2.4.5 Where staffing resources allow, there should be a division of duties between the following processes:

- Signing the official order
- Checking the receipt of goods into school
- Signing cheques to make payment to suppliers.

It is acknowledged that this would be difficult to apply in very small schools but **at least two** members of staff must be involved in processing every transaction. Cheques or BACS payments must be authorised by two members of staff who will review the relevant invoice(s) at the same time as signing cheques or approving BACS payments. **Under no circumstances should cheques be pre-signed.**

2.4.6 Where schools operate purchasing cards under the County Council's scheme with Company Barclaycard copies of all relevant invoices and receipts should be forwarded to the Bursar or Administrator as soon as possible after the monthly statement is received.

2.4.7 Where petty cash accounts are operated in school members of staff should provide receipts as proof of purchase and sign to indicate receipt of their reimbursement.

2.4.8 **Bank reconciliations** should be performed on receipt of every statement and all discrepancies should be investigated promptly. A senior member of staff should review and sign off the bank reconciliation to ensure that it has been properly performed and balanced.

2.4.9 When requests are received to change bank account details for the purpose of making BACS payments these should be checked with the supplier directly and **not by using the telephone number provided on any letter received**. A number of fraudulent attempts have been made to divert public authority payments by sending letters purporting to come from their major suppliers.

2.4.10 If a school prints cheques ideally a dot matrix or inkjet printer should be used for this purpose. If a laser printer is used it should be approved by PIRA for infilling cheques. This is because school cheques have been intercepted in the post and the payee details and amount have been changed and it is easier to tamper with non-PIRA approved laser printed cheques than others.

**2.5 Controls relating to income collection, recording and banking**

2.5.1 Where cash and cheques are collected they should be recorded, either in dinner money registers, receipt book, class lists or other appropriate method and stored in a secure location prior to being banked. **Wherever possible, two people should always be involved in counting cash.**

2.5.2 All income should be banked in the appropriate account and, in particular, income relating to activities that have been paid for by the school from its delegated budget should be banked into the BAFS account. For example, where the school has had lettings income this should be paid into the BAFS account since any additional cleaning, heating and lighting costs will have been borne by that account.

2.5.3 Where invoices are to be raised for amounts due to the school in respect of lettings and other services these should be handwritten using the preforma invoice pads supplied by the County Council. The file of outstanding invoices should be reviewed on

**COUNTER FRAUD ARRANGEMENTS**

a regular basis and an agreed arrangement for their follow up should be implemented. Where debts need to be written off this should be approved by either the Governing Body (where the amount involved is less than £250) or the Corporate Director Finance & Central Services.

**2.6 Controls relating to staff appointments**

2.6.1 All staffing vacancies should be advertised and applications should be assessed against a person specification for the post. Applicants should declare any relationship they have to a member of the Governing Body or the school's senior staff on the application form, and if such a relationship is declared the relevant governor or member of staff should take no part in shortlisting or interviewing applicants.

2.6.2 During the appointment process it is important to

- Check any gaps in the applicant's employment history as recorded on their Application Form
- Review and copy evidence of any qualifications that are recorded as essential in the person specification. If necessary checks should be made with the qualification awarding body about the authenticity of certificates presented.
- Review, copy and retain evidence that the applicant has a right to work in the United Kingdom. Guidance is shown on the UK Border Agency website at <http://www.ukba.homeoffice.gov.uk/sitecontent/documents/employersandsponsors/preventingillegalworking/>
- Obtain two references, one of which should be from the applicant's current or latest employer
- Ensure that CRB clearance is received
- Ensure that the applicant is physically fit to commence work

2.6.3 Where the school uses the County Council's HR system (Resourcelink) to set up or amend employees this is a two part process the details are input by a member of staff and checked and authorised by a senior member of staff.

**2.7 Controls relating to the payment of staff**

2.7.1 All timesheets submitted for additional work should be carefully reviewed and only signed by a senior member of staff, usually the Headteacher. Where the member of staff is related to the Headteacher their timesheet should be authorised by another senior member of staff or the Chair of the Governing Body.

2.7.2 When staff leave the school they should be promptly taken off the payroll system either by notifying HR Services on the appropriate form or by updating the system in school. Checks should be made each month of payments made to employees by the school by the school's Business Manager or Administrator.

**2.8 Controls relating to the school's assets**

2.8.1 LMS Finance Procedure Rules require each school to maintain an up to date inventory of all its equipment. This ensures that all assets with a purchase price in excess of £100 or of a lower value but of an attractive nature are recorded and tracked. If the school has a subsequent insurance claim or theft it is important to be able to quote serial numbers and purchase prices to insurers or the police. In addition, an annual stock check of assets to the inventory should be carried out. This should be done by a member of staff who is not responsible for maintaining the inventory, and any discrepancies noted and investigated. This check should be documented.

2.8.2 A separate register should be maintained of all assets taken off the school premises. Where this is in the form of the permanent assignment of an asset, such as a laptop to a teacher this only needs to be recorded once. **All laptops that are taken off the premises which contain personal, confidential or sensitive information must be encrypted.**

~~COUNTER FRAUD ARRANGEMENTS~~

~~2.8.3 Assets should be marked as the property of the school and wherever possible Smartwater should used to protect them, with the prominent display of posters to advertise its use.~~

~~3.0 CONSEQUENCES OF BREACHING CONTROLS~~

~~3.1 In the event of staff breaching the controls detailed in this document they could be subject to disciplinary proceedings or criminal prosecution.~~

~~4.0 WHISTLEBLOWING ARRANGEMENTS~~

~~4.1 All schools should adopt a Whistleblowing Policy and the latest versions can be found at <http://www.northyorks.gov.uk/index.aspx?articleid=2933>. The Policy should be publicised to staff by means of posters which can be obtained from the Internal Audit Service.~~

~~5.0 INTERNAL AUDIT ARRANGEMENTS~~

~~5.1 The County Council's internal audit service is provided by Veritau Limited. In addition to periodic audit visits to schools to review the controls that are in place the auditors are happy to advise schools on financial matters and suspected irregularities. Please either email [internal.audit@veritau.co.uk](mailto:internal.audit@veritau.co.uk) or telephone 01609 532739 for assistance.~~

~~**5.2 In the event of governors or school staff identifying or suspecting any financial irregularity this must be reported at the earliest possible opportunity to Veritau for investigation by either internal audit or the Fraud investigation team. We will arrange to liaise with the police, Human Resources and other services as necessary and report the results of our enquiries to senior management.**~~

~~5.3 In addition to undertaking audits Veritau Limited produce a Schools Audit Newsletter each term and run training courses for school governors and staff on the need for controls. Occasional Alerts are sent to schools by email to warn of potential fraudulent activities, such as cold calling to sell advertising space or phishing emails.~~

Veritau Limited

July 2012