

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 1 of 61 <b>Date:</b> July 2015
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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.

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 2 of 61 <b>Date:</b> July 2015
---	---

21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
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

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 3 of 61 <b>Date:</b> July 2015
---	---

## LIST OF CONTENTS

### 1. INTRODUCTION

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

### 2. FINANCIAL CONTROLS

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

### 3. INSTALMENTS OF BUDGET SHARE; BANKING ARRANGEMENTS

- 3.1 Frequency of instalments
- 3.2 Proportion of budget share payable at each instalment

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 4 of 61 <b>Date:</b> July 2015
---	---

- 3.3 Interest clawback
- 3.3.1 Interest on late budget share payments
- 3.4 Budget shares for closing schools
- 3.5 Bank and building society accounts
- 3.5.1 Restrictions on accounts
- 3.6 Borrowing by schools
- 3.7 Other provisions
- 4. THE TREATMENT OF SURPLUSES AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES**
- 4.1 Right to carry forward surplus balances
- 4.2 Reporting on the intended use of surplus balances
- 4.3 Interest on surplus balances
- 4.4 Obligation to carry forward deficit balances
- 4.5 Planning for deficit balances
- 4.6 Charging of interest on deficit balances
- 4.7 Writing off deficits
- 4.8 Balances of closing and replacement schools
- 4.9 Borrowing for agreed purposes
- 4.9.1 Licensed deficits
- 4.9.2 Loan schemes
- 5. INCOME**
- 5.1 Income from lettings
- 5.2 Income from fees and charges
- 5.3 Income from fund raising activities
- 5.4 Income from the sale of assets
- 5.5 Administrative procedures for the collection of income
- 5.6 Purposes for which income may be used
- 6. THE CHARGING OF SCHOOL BUDGET SHARES**
- 6.1 General provision
- 6.1.1 Charging of salaries at actual cost
- 6.2 Circumstances in which charges may be made
- 7. TAXATION**
- 7.1 Value Added Tax
- 7.2 Construction Industry Taxation Scheme
- 8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY**
- 8.1 Provision of services from centrally retained budgets

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 5 of 61 <b>Date:</b> July 2015
---	---

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

8.2.1 Packaging

8.3 Service level agreements

8.4 Teachers Pensions

## **9. INSURANCE**

9.1 Insurance cover

## **10. MISCELLANEOUS**

10.1 Right of access to information

10.2 Liability of governors

10.3 Governors expenses

10.4 Responsibility for legal costs

10.5 Health and Safety

10.6 Right of attendance for Chief Finance Officer

10.7 Special Educational Needs

10.8 Interest on late payments

10.9 Whistleblowing

10.10 Child protection

10.11 Redundancy/early retirement costs

## **11. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE**

## **12. COMMUNITY FACILITIES**

12.1 Introduction

12.2 Consultation with the Local Authority

12.3 Funding agreements

12.4 Other prohibitions, restrictions and limitations

12.5 Supply of financial information

12.6 Audit

12.7 Treatment of income and surpluses

12.8 Health and safety

12.9 Insurance

12.10 Taxation

12.11 Banking

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 6 of 61 <b>Date:</b> July 2015
---	---

- ANNEX A: The North Yorkshire County Council Funding Formula for Schools**
- ANNEX B: Schools to which the scheme applies**
- ANNEX C: Best Value and money saving tips**
- ANNEX D: Whistleblowing**
- ANNEX E: Responsibility for redundancy and early retirement costs**
- ANNEX F: LMS Financial Procedure Rules – Data in Annex F updated November 2017**
- ANNEX G: Counter Fraud Arrangements**

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 7 of 61 <b>Date:</b> July 2015
---	---

## 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 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. 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. 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 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 LA in accordance with s.48 of the Act and approved by the Secretary of State. All revisions to the scheme must be approved by the Local Authority's Schools Forum following consultation with schools.

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.

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

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 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.

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 at [www.northyorks.gov.uk/index.aspx?articleid=2986](http://www.northyorks.gov.uk/index.aspx?articleid=2986)

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 8 of 61 <b>Date:</b> July 2015
---	---

## 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.

### 1.2.1 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 covered by the scheme is included at Annex B.

## 1.3 Publication of the scheme

The publication requirements are contained in the Regulations. The scheme will be available on the County Council's cyps.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.

## 1.4 Revision of the scheme

All proposed revisions to the scheme will be the subject of consultation with 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.

## 1.5 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. 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 F (Section 1 of Appendix 1).*

## 1.6 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.



# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 9 of 61 <b>Date:</b> July 2015
---	---

## SECTION 2: FINANCIAL REQUIREMENTS - AUDIT

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

*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.*

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 Funding 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; 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

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

# SCHOOLS FINANCE MANUAL

## CHAPTER 2

### LMS Scheme for Financing Schools

**Chapter:** 2.1  
**Page:** 10 of 61  
**Date:** July 2015

#### 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.

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*
- *School Finance Manual, Chapter 11: Income*

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 11 of 61 <b>Date:</b> July 2015
---	--

## 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.

## 2.3 Submission of budget plans

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 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 plans by the end of the Autumn Term.

The LA 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 Efficiency and value for money

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the 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 better value for money.

There are significant variations in 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 DfE website, Efficiency and value for money in schools obtainable at:

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

## 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.

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 the LA's internal audit regime. 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 ...*

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 12 of 61 <b>Date:</b> July 2015
---	--

*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](#)

## 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 - 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 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; to keep the register up to date with notification of changes and through annual an review of entries, and to make the register available for inspection by the LA, governors, staff and parents.

*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 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.

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

- a) to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 13 of 61 <b>Date:</b> July 2015
---	--

- b) to seek LA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- c) to select suppliers only from an approved list; or
- d) would permit schools to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.

## 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 of the Schools Standards & Framework Act 1998 to enter into contracts, in most cases they do so on behalf of the LA as maintainer of the school and owner of the funds in the budget share.

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.

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.

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 14 of 61 <b>Date:</b> July 2015
---	--

## 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 school on work that is their responsibility under paragraph 3 of Schedule 3 of the School Standards and Framework Act 1998.

**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.

## 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 Corporate Director – Strategic Resources and the 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 progress of these actions to ensure that all actions are cleared within specified deadlines.** The form must be submitted before 31<sup>st</sup> March each year.

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 15 of 61 <b>Date:</b> July 2015
---	--

## 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.

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 16 of 61 <b>Date:</b> July 2015
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## **SECTION 3: INSTALMENTS OF THE BUDGET SHARE - BANKING ARRANGEMENTS FOR SCHOOL BANK ACCOUNTS (BAFS)**

### **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 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



# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 17 of 61 <b>Date:</b> July 2015
---	--

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 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.

### 3.5 Bank and building society accounts

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

#### 3.5.1 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.

*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.

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 18 of 61 <b>Date:</b> July 2015
---	--

## 3.6 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary of State<sup>1</sup>.

*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)*

## 3.7 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)*

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<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.

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 19 of 61 <b>Date:</b> July 2015
---	--

## 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.

### 4.2 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](#)

### 4.3 Interest on surplus balances

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)

### 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 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 delegated contingency budget where this has been agreed by the Schools Forum).

### 4.8 Balances of closing and replacement schools

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](#)

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 20 of 61 <b>Date:</b> July 2015
---	--

## 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 Team within Children and Young People's Service Finance (Helen Coulthard/Sue Galloway).

**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 – 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.

### 4.9.2 Loan schemes

**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](#)

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 21 of 61 <b>Date:</b> July 2015
---	--

## 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 or PFI/PPP agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to the budget share.

However, schools 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.

### **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.

### **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.*

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 22 of 61 <b>Date:</b> July 2015
---	--

## 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 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.

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

### 6.2 Circumstances in which charges may be made

- 6.2.1** Where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA).
- 6.2.2** Other expenditure incurred to secure resignations where the school had not followed LA advice.
- 6.2.3** Awards by courts and industrial tribunals against the Authority or out of court settlements, arising from action or inaction by the governing body contrary to the LA's advice.
- 6.2.4** 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.
- 6.2.5** 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.
- 6.2.6** 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.
- 6.2.7** Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the LA.
- 6.2.8** 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.
- 6.2.9** Correction of LA errors in calculating charges to a budget share (e.g. pension deductions).
- 6.2.10** Additional transport costs incurred by the LA arising from decisions by the governing body on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
- 6.2.11** Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA (see also section 11).
- 6.2.12** 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.
- 6.2.13** Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.

## SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 23 of 61 <b>Date:</b> July 2015
---	--

- 6.2.14** 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.
- 6.2.15** Costs incurred by the LA in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- 6.2.16** Costs incurred by the LA due to the submission by the school of incorrect data.
- 6.2.17** Recovery of amounts spent from specific grants on ineligible purposes.
- 6.2.18** Cost incurred by the LA as a result of the governing body being in breach of the terms of the contract.
- 6.2.19** Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

# SCHOOLS FINANCE MANUAL

<b>CHAPTER 2</b> <b>LMS Scheme for Financing Schools</b>	<b>Chapter:</b> 2.1 <b>Page:</b> 24 of 61 <b>Date:</b> July 2015
---	--

## 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*



## **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 (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

### **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.

### **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 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.

## SCHOOLS FINANCE MANUAL

### CHAPTER 2

#### LMS Scheme for Financing Schools

**Chapter:** 2.1  
**Page:** 26 of 61  
**Date:** July 2015

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

# SCHOOLS FINANCE MANUAL

**CHAPTER 2**

**LMS Scheme for Financing  
Schools**

**Chapter:** 2.1

**Page:** 27 of 61

**Date:** July 2015

## **SECTION 9: INSURANCE**

### **9.1 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 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.

# SCHOOLS FINANCE MANUAL

## CHAPTER 2

### LMS Scheme for Financing Schools

**Chapter:** 2.1  
**Page:** 28 of 61  
**Date:** July 2015

## SECTION 10: MISCELLANEOUS

### 10.1 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.

### 10.2 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.

### 10.3 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.

### 10.4 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.

### 10.5 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.

### 10.6 Right of attendance for the Corporate Director – Strategic Resources

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

# SCHOOLS FINANCE MANUAL

## CHAPTER 2

### LMS Scheme for Financing Schools

**Chapter:** 2.1  
**Page:** 29 of 61  
**Date:** July 2015

Director – Strategic Resources attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine.

#### 10.7 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](#)

#### 10.8 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](#)

#### 10.9 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 are set out in annex D.

#### 10.10 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.

#### 10.11 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 E.

# SCHOOLS FINANCE MANUAL

## CHAPTER 2

### LMS Scheme for Financing Schools

**Chapter:** 2.1

**Page:** 30 of 61

**Date:** July 2015

## SECTION 11: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

- 11.1** 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.
- 11.3** 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.

# SCHOOLS FINANCE MANUAL

## CHAPTER 2

### LMS Scheme for Financing Schools

**Chapter:** 2.1  
**Page:** 31 of 61  
**Date:** July 2015

## SECTION 12: PROVISION OF COMMUNITY FACILITIES UNDER EDUCATION ACT 2002

### 12.1 Introduction

**12.1.1** 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, 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.

**12.1.2** 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.

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

**12.1.4** 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.

### 12.2 Consultation with the LA – Financial Aspects

**12.2.1** 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.

**12.2.2** 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.

### 14.3 Funding Agreements – LA Powers

**12.3.1** 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.

**12.3.2** 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.

**12.3.3** 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.

# SCHOOLS FINANCE MANUAL

## CHAPTER 2

### LMS Scheme for Financing Schools

**Chapter:** 2.1  
**Page:** 32 of 61  
**Date:** July 2015

#### 12.4 Other Prohibitions, Restrictions and Limitations

**12.4.1** 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.

**12.4.2** The Community facility shall not be used for activities which, in the view of the LA, create an unacceptable risk to pupils' welfare or safety.

#### 12.5 Supply of Financial Information

**12.5.1** 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.

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

#### 12.6 Audit

**12.6.1** 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.

**12.6.2** 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.

#### 12.7 Treatment of Income and Surpluses

**12.7.1** 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.

**12.7.2** 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.

**12.7.3** 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.

#### 12.8 Health and Safety Matters

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

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

#### 12.9 Insurance

**12.9.1** 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



# SCHOOLS FINANCE MANUAL

## CHAPTER 2

### LMS Scheme for Financing Schools

**Chapter:** 2.1  
**Page:** 33 of 61  
**Date:** July 2015

arrangement for community facilities as part of the wider consultation arrangements set out in Section 12.2.1.

**12.9.2** 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.

#### **12.10 Taxation**

**12.10.1** 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.

**12.10.2** 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 12.11), the school is likely to be held liable for payment of income tax and National Insurance, in line with 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.

**12.10.3** 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.

#### **12.11 Banking**

**12.11.1** 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.

**12.11.2** 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:

<b>Key Stage</b>	<b>AWPU per Pupil £</b>
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	£634.01
IDACI Score Band 1	£629.61	£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.

## 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	Staithe, 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	Sowerby Community Primary School
2186	Sheriff Hutton Primary School
2188	Wavell Community Junior School
2189	Catterick 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	Alne 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	Rossett Acre Primary School
2383	Coppice 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
	Bilsdale Midcable Chop Gate Church of England Voluntary Controlled Primary School
3012	
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	Hustwaite 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	Escrick 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	Gunnerside 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 Haddlesey Church of England Voluntary Controlled Primary School
	Clapham Church of England Voluntary Controlled Primary School (Confederated
3234	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	Cracoe 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
	Sharow Church of England Primary School (Federated with Skelton, Newby Hall
3271	CoE 3272)
	Skelton, Newby Hall Church of England Primary School (Federated with Sharow
3272	CoE 3271)
3273	Christ 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	Marion 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	Scalby 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	Barlby 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-OFSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:
    - challenging how and why a service is provided (including consideration of alternative providers);
    - comparison of performance against other schools;
    - 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

## BEST VALUE

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

## WHISTLEBLOWING POLICIES

- 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
- 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

## WHISTLEBLOWING POLICIES

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****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:

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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.
- 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 (i.e. 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 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 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 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 & 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 costs to delegated school budget

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

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

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

## RESPONSIBILITY FOR REDUNDANCY &amp; EARLY RETIREMENT COSTS

authority or government intervention to improve standards

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

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

A de-delegated contingency could be provided, if Schools Forum 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 –

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

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that 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 cost.



# **LMS Financial and Contract Procedure Rules**

**PART 1 INTRODUCTION**

1	Introduction	4
2	Definitions	6
3	Responsibilities	8
4	Review of LMS Procedure Rules	11
5	Guidance	11

**PART 2 LMS FINANCIAL PROCEDURE RULES**

1	General	12
2	Preparation of Revenue Budget	12
3	Control of Revenue Budget	13
4	Income of the School	15
5	Capital Expenditure	17
6	Accounting Records and Procedures	17
7	Grant Application and Claims	17
8	Procurement of Services, Supplies and Works	18
9	Payment of Accounts	19
10	Petty Cash Arrangements	19
11	Inventories and Stores	19
12	Payroll, Pensions and Other Emoluments	20
13	Travelling and Subsistence Allowances	20
14	School Bank Accounts	20
15	Borrowing and Investments	22
16	LMS Licensed Deficits and LMS Loan Scheme	23
17	Charging of School Budget Shares	24
18	Voluntary Funds	26
19	Insurance and Risk Management	26
20	Internal Audit	27

21	Best Value	28	
Appendices	Appendix 1	Specimen Budget Management Policy	29
	Annex A	Model Terms of Reference for Finance/Resources Committee	40
	Annex B	Model Scheme of Delegation to the Headteacher	43
<b>PART 3</b>	<b>LMS CONTRACT PROCEDURE RULES</b>		
1	General	45	
2	Compliance with Legislation and Standards	48	
3	Capital Expenditure	48	
4	Form of Contract	48	
5	Signature/Sealing of Contracts	49	
6	Leasing Agreements	50	
7	Bonds and Liquidated Damages	50	
8	Bids	50	
9	Post Bid Negotiations and Clarifications	51	
10	OJEU Tenders	52	
11	Options for OJEU Tenders	53	
12	Receipt and opening of OJEU Tenders	53	
13	OJEU Tenders Evaluation and Acceptance	53	
14	Electronic Commerce	53	
15	Hiring and Engaging Staff	54	
16	Purchasing Cards	54	
17	Property Contracts	54	
18	Exceptions to Contract Procedure Rules	54	
19	Compliance	55	
20	Contract Monitoring	56	
21	Declaration of Interest	56	



## LMS Procedure Rules

**Section:** PART 1 – Introduction

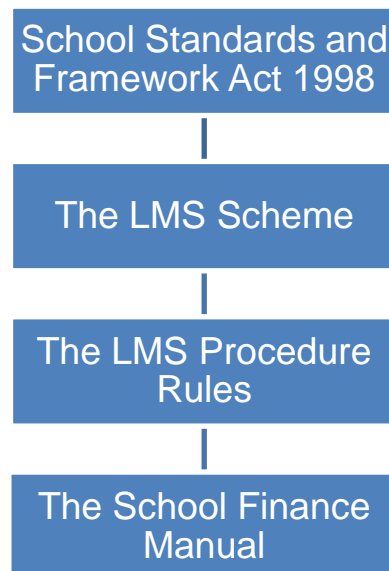
**Page:** 4 of 58

**Date:** Approved by the Education Partnership 26<sup>th</sup>  
January 2017

## **PART 1 – INTRODUCTION**

### **1.0 INTRODUCTION**

- 1.1 The LMS Procedure Rules, as set out in this document, form part of the overall control framework within which Schools, administered by the Local Authority, operate.
- 1.2 The financial control framework takes the form of a hierarchy, as illustrated below:



- 1.3 The School Standards and Framework Act 1998 (Section 48) requires that the Local Authority sets out in an LMS Scheme the financial controls within which the delegation of funds to Schools works.

The Scheme and any revisions are approved by the Secretary of State for Education.

- 1.4 The LMS Scheme is the funding framework for Schools. It sets out the financial relationship between the Local Authority and the maintained Schools it funds.
- Contained within it are requirements relating to financial management and associated business which are binding to both the Local Authority and its Schools.
- Subject to the provisions of the Scheme, School Governing Bodies may spend budget shares for the purposes of the School and on any additional purposes as prescribed by the Secretary of State for Education.
- The Scheme, whilst based on a model prescribed by the Secretary of State for Education, adopts the principles which are consistent with the County Council's Financial Procedure Rules and Contract Procedure Rules, both of which form part of the County Council's Constitution. The Scheme contains a specific requirement to abide by the County Council's LMS Procedure Rules in the procurement of Supplies, Services and Works as well as other contracting matters. However, any section of the Council's LMS Procedure Rules shall not apply, under the terms of the approved LMS Scheme, if it requires Schools to:-

- a) do anything incompatible with any of the provisions of this Scheme, or any statutory provision, or any EU Procurement Directive;
- b) select suppliers only from an approved list;

The LMS Scheme requires Schools, in managing their delegated budgets, to abide by the County Council's requirements on financial and contractual controls and monitoring, i.e. those set out in these LMS Procedure Rules and the School Finance Manual.

The County Council may suspend a School's right to a delegated budget if the provisions of the LMS Scheme (or the Rules applied by that Scheme) have been substantially or persistently breached, or the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State for Education.

The Scheme is updated to reflect both local arrangements and Governmental direction.

- 1.5 The LMS Procedure Rules form a part of this overall control framework. They aim to facilitate service delivery by setting out best practice for the administration of all financial and contractual matters within Schools. This, then, ensures a high quality of financial information thereby enabling better decision making. They should not be viewed as a barrier to executive action and are constantly kept under review to ensure that they remain relevant to the day to day activities of Schools.

Certain of the financial requirements are specifically incorporated in the LMS Scheme whilst others are detailed in these LMS Procedure Rules. The LMS Procedure Rules reflect and record all the key issues in the LMS Scheme.

The LMS Procedure Rules are consistent with the principles of the LMS Scheme and embrace elements of the Council's own Financial and Contract Procedure Rules judged necessary to reflect the status and delegated responsibility of Schools and their Governing Bodies.

- 1.6 The **School Finance Manual** contains both the LMS Scheme and the LMS Procedure Rules together with all financial instructions and associated guidance. It is a comprehensive document detailing all aspects of financial systems and procedures and is designed for use on a day to day basis by staff or members of the Governing Body involved in any aspect of School financial administration.

The manual is produced by North Yorkshire County Council for its maintained Schools and is updated to reflect any changes of a local or national nature.

- 1.7 **Financial Instructions** will be issued to Schools as and when necessary by the CD-SR in accordance with paragraph 1.1 of Part 2 of the LMS Financial Procedure Rules. Revised instructions will be incorporated, as appropriate, in revisions of the LMS Scheme, the LMS Procedure Rules, or the School Finance Manual. In addition, there will be instructions issued to Schools on other finance related issues.

- 1.8 Other guidance and policies for Schools are produced by the Local Authority outside of the LMS Scheme and LMS Procedure Rules including the Procurement Guide for Schools and issues relating to Human Resources and Property.

**2.0 DEFINITIONS**

In these Rules, unless the context otherwise requires:

<b>ACE(LDS)</b>	means the Council's Assistant Chief Executive (Legal and Democratic Services).
<b>Asset</b>	means any asset including material and intellectual Property (e.g. software), but excluding any estate or interest in land and buildings, (i.e. 'Property' as defined by these Rules).
<b>BAFS</b>	means the Bank Account for Schools Scheme operated by the County Council.
<b>Best Value Form</b>	Means the form to be completed to capture the rationale for not seeking bid in accordance with Rule 8.1.
<b>Bid</b>	Means the process for conducting procurements under EU threshold but above £25K, previously termed 'Quotation'.
<b>Building Contract</b>	means a Contract for Works such as the erection of a building, or the refurbishment or extension to an existing building at a School.
<b>Contract</b>	means any Agreement made between the School and any other Person which is intended to be legally enforceable and involves the acceptance of any offer made by one party to commit itself to an action or series of actions and subject to the exceptions in LMS Contract Procedure Rule 1.3.
<b>Contractor</b>	means a Person with whom the School has a Contract.
<b>Council</b>	means the North Yorkshire County Council, the Local Authority.
<b>CD-CYPS</b>	means the Corporate Director – Children and Young People's Service of the Council.
<b>CD-SR</b>	means the Corporate Director – Strategic Resources of the Council, the Officer appointed by the Council to exercise the powers defined in Section 151 of the Local Government Act 1972.
<b>E-Sourcing System</b>	Means the Council's E-sourcing system (currently YORtender) or an appropriate alternative.
<b>EU</b>	means the European Union.
<b>EU Threshold</b>	means the current threshold above which the Public Contracts Regulations 2015 (PCR) apply, currently £164,176 for Services and Supplies, £4,104,394 for

Works and £589,148 for Social and Other Specific Services.

<b>Executive</b>	means the Council's Executive.
<b>Framework Agreement</b>	means an agreement with one or more public sector bodies which establishes an arrangement for: <ul style="list-style-type: none"><li>i. multiple orders to be placed with one Contractor (a single supplier framework), or</li><li>ii. a framework of multiple Contractors to engage in further competitions (a multiple supplier framework)</li></ul>
<b>Governing Body</b>	means the Governing Body of a School.
<b>Governor</b>	means a member of the School's Governing Body.
<b>Head of Internal Audit</b>	means the Head of the Council's appointed Internal Auditors, currently Veritau Ltd.
<b>Headteacher</b>	means the Headteacher of a School. The term 'Headteacher' shall be taken to include Officers delegated by them to undertake duties and responsibilities set out in these Rules. A record of such designations shall be maintained by the Headteacher.
<b>Internal Audit</b>	means the Council appointed Internal Auditors, currently Veritau Ltd.
<b>ITT</b>	means an invitation to tender.
<b>ITB</b>	Means invitation to bid.
<b>Leasing Agreement</b>	means a Contract for the provision of finance to enable Supplies or Services to be obtained and where ownership in any such Supplies does not automatically pass to the Council at the end of the Contract period.
<b>Letting</b>	means the hiring of part of the School premises by a club or other group under an ad hoc licence arrangement.
<b>MEAT</b>	means Most Economically Advantageous Tender.
<b>Officer</b>	means a School employee or other authorised agent of the School.
<b>OJEU</b>	means the Official Journal of the European Union.
<b>Participant</b>	means a Person or entity participating in a procurement process.
<b>PCR</b>	means Public Contracts Regulations 2015 (as amended).

<b>Person</b>	means any individual, partnership, company, trust, other School or Local Authority, Government department or agency.
<b>Procurement Guide for Schools</b>	means the guide to accompany these Rules which provides detailed guidance on procurement techniques and the effect of these Rules.
<b>Property</b>	refers to any estate or interest in land or buildings.
<b>Property Contract</b>	means a Contract which creates an estate or interest in land or buildings.
<b>Property Service</b>	means the service formerly known as the Corporate Landlord Services (CLS) or the Corporate Property Landlord Unit (CPLU).
<b>Responsible Officer</b>	means the Officer in the School who is responsible for the procurement and/or management of a Contract.
<b>Rules</b>	means these Rules which include the LMS Financial Procedure Rules and the LMS Contract Procedure Rules.
<b>School</b>	means an educational institution for pupils aged between 3 and 19 controlled or aided by the Council.
<b>SQ</b>	Selection Questionnaire, replacing previously termed PQQ.
<b>Services</b>	means Services of any description (including IT software) except employment and <b>Service Contract</b> means a Contract relating to Services provided for a School.
<b>Supplies</b>	means goods of any description (including IT hardware) and <b>Supply Contract</b> means a Contract relating to Supplies provided for a School.
<b>Works</b>	means Works of any description (including building and engineering Works) and <b>Works Contract</b> means a Contract relating to Works carried out for a School.
<b>YPO</b>	means the Yorkshire Purchasing Organisation.

### 3.0 RESPONSIBILITIES

#### Corporate Director - Strategic Resources

3.1 The Council's Constitution and the LMS Scheme define the framework within which the powers to make decisions, take action, etc are delegated to the appropriate level in the organisation. In particular, they empower the CD-SR to:

- act as the Proper Officer under Section 114 of the Local Government Finance Act 1988; and

- exercise the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972.
- 3.2 This means that the CD-SR has a statutory responsibility to ensure that adequate systems and procedures exist to account for all income due and expenditure payments made on behalf of the Council, and that controls operate to protect the Assets of a School from loss, waste, fraud or other impropriety. In addition to these Rules, the CD-SR may discharge this responsibility, in part, by the issue and maintenance of financial instructions such as the School Finance Manual, with which any Officer of a School, together with any Person employed by an organisation contracted by the Council, shall comply.
- 3.3 As Section 114 Officer of the Council, the CD-SR shall be responsible for the production and certification of the Statement of Final Accounts in accordance with the Accounts and Audit Regulations 2011. The CD-SR shall also be responsible for all arrangements relating to the external audit of the Statement of Final Accounts in accordance with those Regulations. This responsibility also extends to financial information contained within any Statutory Plan published by the Council, including any statutory reporting requirements under LMS.
- 3.4 The CD-SR shall, in compliance with Section 114 of the Local Government Finance Act 1988, report to the Council if a Governing Body or an Officer:
- a) has made or is about to make a decision which involves or would involve the Council incurring expenditure which is unlawful;
  - b) has taken or is about to take a course of action which, if pursued, to its conclusion would be unlawful and likely to cause a loss or deficiency on the part of the School or Council; or
  - c) is about to enter an item of account (in the ledger), the entry of which is unlawful.
- 3.5 The CD-SR may also produce a report if it appears that the expenditure proposed by the School in a financial year is likely to exceed the resources available to meet its expenditure. (Further details on Licensed Deficits are included in Section 16 of Part 2 of these Rules).
- 3.6 The CD-SR will monitor adherence to these Rules with the assistance of Internal Audit. The CD-SR will maintain a record of the exercise of duties and responsibilities delegated to him by these Rules.
- 3.7 The CD-SR is responsible for the review of these Rules (see paragraph 4.0).
- 3.8 The CD-SR and the CD-CYPS, or their representatives, shall have the right to attend any meeting of the School Governing Body for the purposes of giving advice or reporting on any matter of financial significance to the Council or involving any financial irregularity. The Council will give prior notice of any such attendance unless it is impractical to do so and CD-SR attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine.
- Internal Audit Service**
- 3.9 Schools are required to co-operate with both internal and external auditors, the latter being appointed to audit the Council itself. This includes the provision of such information and explanations thereof as the auditors consider necessary to comply with this responsibility.
- 3.10 In instances where a School wishes to seek an additional source of assurance at its own expense, a School is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any Council internal

or external audit process. Where a School chooses to seek an additional audit it does not remove the requirement that the School must co-operate with the Council's internal and external auditors. Further details on Internal Audit are provided in Section 20 of Part 2 of these Rules.

- 3.11 In addition to the normal internal and external audits, Schools must provide CD-SR with audit certificates of any voluntary or private funds they hold and the accounts of any trading organisation controlled by the Council. Further details on Voluntary Funds are provided in Section 18 of Part 2 of these Rules.

#### **Governing Bodies**

- 3.12 Every Governing Body shall be responsible for the proper administration of financial resources, for the observance of the Rules within their School and for the training of staff under their supervision to enable them to comply with these Rules. This principle also applies to any instructions or guidance, published in the School Finance Manual, issued under the authority of these Rules.
- 3.13 If any Governing Body employs a consultant, agency staff or an external Contractor to undertake any duties which would normally be undertaken by an Officer of the School, they must ensure that every such Person acts in accordance with these Rules. It is the responsibility of the Governing Body to ensure such Persons are aware of this responsibility and are given training, if appropriate, to enable them to carry out these duties. Every Agreement for such work should include adequate remedies to enable the School to secure reimbursement if there is a failure to comply with these Rules which leads to a financial loss for the School.
- 3.14 A Governing Body is responsible for all Revenue and Capital Expenditure which it or its Officers incur. It is the responsibility of the Governing Body to consider the extent to which it wishes to delegate its powers to the Headteacher and to record its decisions, together with its reasons, in the minutes of the Governing Body. The Governing Body must also monitor the effectiveness of these arrangements. The County Council has no wish to impose uniformity on Schools but considers that the desirable level of delegation to Headteachers is as set out in Annex B to Appendix 1 to these Rules. Whatever arrangements are put in place the Person(s) responsible shall exercise their responsibilities in accordance with these Rules.
- 3.15 Governing Bodies are free to spend budget shares 'for the purposes of the School', subject to any provisions in these Rules. A Governing Body must spend its delegated budget in a manner which is consistent with the implementation of a national curriculum and the Council's policy in the approved Children and Young People's Plan together with any modifications agreed by the Governing Body. Public money is entrusted to the School and careful consideration should be taken not to offer inappropriate levels of hospitality to members of the Governing Body, School staff or third parties. If Schools are in any doubt as to what is acceptable they should contact the Legal and Democratic Services Helpdesk, details of which are in section 5.2 below, for advice.
- 3.16 Governing Bodies shall supply to the Council all financial and other information which might reasonably be required to enable the Council to satisfy itself as to the School's management of its delegated budget share and devolved capital or the use made of any other allocations by the Council (e.g. earmarked funds) to the School.
- 3.17 The Governing Body is a corporate body and, consequently, Governors will not incur any personal liability in the exercise of their powers to spend the delegated budget share, provided they act in good faith.
- 3.18 Each Governing Body shall maintain, and keep up to date by an annual review, a register which lists for each member of the Governing Body and staff who make



purchasing decisions, any business interests they or their immediate family have. This register will be available for inspection by the Council, Governors, staff and parents. Guidance on the drawing up of such a Register is included in Section 17 of the School Finance Manual. In addition, a register of gifts and hospitality received by Governors and School staff shall be maintained in line with the protocol circulated to Schools.

**Failure to Comply with these Rules**

- 3.19 Every Governor and Officer shall comply with these Rules. Any unauthorised failure to comply with these Rules, and any related instructions or guidance contained in the School Finance Manual or the Procurement Guide for Schools, may lead to disciplinary action being taken against individual Officers. It may also lead to the suspension of Delegation.
- 3.20 Any loss arising from negligence, failure to adhere to the advice of the Council or failure to provide reasonable standards of financial administration, having regard to these Rules or any other related guidance, will be charged against the School budget and may ultimately lead to the suspension of delegation or the withdrawal of the BAFS account from the School.

**4.0 REVIEW OF LMS PROCEDURE RULES**

- 4.1 The CD-SR (in consultation with the ACE(LDS)) shall regularly review the application and effect of these Rules and shall, after consulting with the Schools Forum, propose such updated Rules to the Executive Members for Children & Young People as the CD-SR may consider appropriate. The CD-SR welcomes feedback on the operation of these Rules, or any aspect of the School Finance Manual and the Procurement Guide for Schools, to ensure that they both remain effective and relevant to the day to day operational activities of Schools.

**5.0 GUIDANCE**

- 5.1 The Rules make reference to specific guidance documents which can be found via the following links:

**LMS Scheme** <http://cyps.northyorks.gov.uk/index.aspx?articleid=13975>

**School Finance Manual** <http://cyps.northyorks.gov.uk/index.aspx?articleid=13975>

**The Procurement Guide for Schools** <http://cyps.northyorks.gov.uk/index.aspx?articleid=23802>

**School Information Governance Manual** <http://cyps.northyorks.gov.uk/index.aspx?articleid=16018>

**The Governors' Handbook** <https://www.gov.uk/government/publications/governors-handbook--3>

- 5.2 The Council recognises the complexity of some of these Rules and Schools are therefore encouraged to seek the support available from the Legal and Democratic Services Helpdesk:

Telephone number 01609 532347

E-mail [legal.services@northyorks.gov.uk](mailto:legal.services@northyorks.gov.uk)

## **PART 2 - LMS FINANCIAL PROCEDURE RULES**

### **1.0 GENERAL**

- 1.1 The nature and format of all accountancy systems and related financial procedures and records maintained in Schools must comply with any instructions issued by the CD-SR. The financial ledger maintained by the CD-SR will be regarded as the primary financial record of the Council, for both actual expenditure and income transactions. The principles shall also be applied to any partnership or joint working arrangement with a third party whereby the School agrees to allocate to, or receive (and then administer) funds from a third party under the terms of the partnership or joint working arrangement. No funds should be allocated to, or received from, a third party on this basis without the agreement of the CD-SR as to the financial systems and procedures that will be adopted either by the School or the third party.
- 1.2 Each Governing Body is responsible for the proper financial management of all resources allocated to their School. They shall devise and implement such controls and procedures, in accordance with the instructions in these Rules and the guidance in the School Finance Manual, as are necessary to carry out their duties and prevent loss, waste, fraud or other impropriety in relation to the Assets or integrity of the School. If the School has any doubts over its proposed controls and procedures it shall seek the advice of CD-SR.
- 1.3 Each Governing Body shall define a budgetary control policy for the resources (revenue or capital) allocated to their operational area, record its decisions, and ensure it is enforced. The same principle shall apply to any funds allocated to, or received from, a third party under a partnership or joint working arrangement (see Rule 1.1). A model Budget Management Policy for consideration by Governing Bodies is attached as an Appendix 1 to these Rules.
- 1.4 Given the very high proportion of Local Authority spending which flows through delegated budgets, the government has determined that Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements. To assist Schools in doing this the principles of Best Value are set out in Annex C of the LMS Scheme.
- 1.5 Only allowances in respect of purposes specified in the Education (Governors' Allowances) (England) Regulations 2003 may be paid to Governors from a School's delegated budget share. Schools are expressly forbidden from paying any other allowances to Governors. Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional Governors appointed by him to Schools under special measures.
- 1.6 Schools are required to use their best endeavours in spending the budget share to meet the special educational needs of children.

### **2.0 PREPARATION OF REVENUE BUDGET**

- 2.1 The detailed form of the Council's annual budget and its preparation shall be determined by the CD-SR. The Governing Body will be required to compile, consider and submit such data and statistics as the CD-SR might require to assist in the preparation of that annual budget.

- 2.2 Schools are required to:
- a) prepare budgets in accordance with any instructions from the CD-SR; and
  - b) provide the Council with details of expected and actual expenditure and income at times determined by the CD-SR. The current requirements are set out in the following paragraph.

2.3 The Governing Body of each School must prepare and regularly update a financial management plan as part of its School Development Plan. The plan should cover the ensuing budget year and two subsequent years, and should include:-

- a) a resource utilisation strategy in broad terms (e.g. finance, manpower, Property, equipment); and
- b) a detailed spending plan for the ensuing budget year and the assumptions underpinning that plan. The format of the Plan should accord with the format determined by the CD-SR. In determining the format, the CD-SR will follow the requirements of the Department for Education as set out in the Consistent Financial Reporting Framework.

The CD-SR and the CD-CYPS retain the right to specify any further information that may reasonably be required in connection with the financial management plan of a School.

The detailed spending plan for the ensuing budget year (the Start Budget) must be prepared and approved by the Governing Body and a copy sent to the CD-CYPS before **1 June of each budget year**. An indicative budget should also be prepared of estimated income and expenditure for the two following financial years. The projection should be considered by the Governing Body during either the Summer or Autumn Term and should be made available, if required, to the CD-CYPS.

The CD-SR will also require the submission of revised plans by the end of the Autumn Term (see also arrangements for Licensed Deficits in Section 16 of Part 2 of these Rules).

### **3.0 CONTROL OF REVENUE BUDGET**

- 3.1 The funds delegated to a School by the Council in accordance with the LMS Scheme represent a cash limited resource allocation for a given financial year and Governing Bodies **must** therefore control spending within this allocation.
- 3.2 From the start of each financial year, expenditure may be incurred within the overall revenue budget approved by the Governing Body. Similarly, the responsibility for making appropriate arrangements to collect any income reflected in approved budgets shall be exercised by the Governing Body.
- 3.3 Expenditure on behalf of the School can only be committed against approved budgets and in accordance with the policies for which the budget was established. Any significant commitment to continuing liabilities (including staffing changes - see Rule 3.4 below) in future years in excess of current budget provision or any proposed change in policy likely to affect the current approved budget and/or the forecast budget for future years (see Rule 2.3) shall be the subject of a report to the Governing Body prepared by the Headteacher which sets out clearly the full financial implications. Such proposals may relate to expenditure and/or income and this should be made explicit in any statement of financial implications (see Rule 2.3).
- 3.4 Any changes to the existing staffing arrangements either in terms of the number of posts and/or their grade shall be approved by the Governing Body

- 3.5 A Governing Body must not anticipate resource allocations for future years by overspending in the current year with the intention of funding this via underspendings in later years except in exceptional circumstances to be approved in advance by the CD-CYPS and CD-SR. These exceptional circumstances and the arrangements for prior approval of any anticipated overspend, known as a licensed deficit, are set out in Section 16 of Part 2 of these Rules.
- 3.6 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 Balances Control Scheme.
- 3.7 To exercise adequate budgetary control during a financial year, a Governing Body should record, analyse and monitor expenditure and income against its detailed spending plan and, as necessary, approve a virement of resources between the various budget heads that have been established. Governing Bodies are advised to establish the criteria for virements and financial limits above which the approval of Governors is required. To assist in this process the CD-SR will provide regular information to Schools including all income and expenditure data which it holds about employee related costs and other financial transactions processed centrally on behalf of the School. A School must ensure that the information provided by the CD-SR is reconciled regularly to the School's accounting records.
- 3.8 Regular budget monitoring reports shall be submitted to the Governing Body. The Governing Body must receive a report at least termly whether the routine monitoring is delegated to a sub-committee made up of a selection of members of the Governing Body and the Senior Team i.e. a Finance Committee, or not. The sub-committee shall submit a brief summary report to the full Governing Body once per term.
- 3.9 As soon as possible after the end of the financial year, the CD-SR will produce a statement of actual expenditure and income for that year in respect of each School. This will be the definitive statement of the financial position for that School at that financial year end. The Governing Body must ensure that this is fully reconciled to the School records and considered at its earliest meeting with a supporting report from the Headteacher.
- 3.10 The Council is authorised to make sums available to Schools from central funds in the form of an allocation which are additional to and separate from the School's budget share. Such allocations shall be subject to conditions setting out the purpose or purposes for which they may be used and, whilst these conditions may not preclude virement (except, of course, where the funding is supported by a specific grant where the Council itself is not permitted to vire), this should not be carried out to the point of assimilating the allocations into the School's budget share.
- 3.11 Such earmarked funding from centrally retained funds is to be spent only on the purpose 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. These earmarked funds must also be spent and accounted for in accordance with these Financial Procedure Rules including any specific instructions issued about their use by the CD-SR and/or the CD-CYPS. It may be a requirement that such earmarked funds, if not spent 'in year', must be returned to the Council.

**4.0 INCOME OF THE SCHOOL**

- 4.1 All income received in respect of activities where related expenditure is incurred by the School's resource allocation, shall be paid into the BAFS account. This shall include, with the exception **only** of Voluntary Aided Schools, all income and expenditure related to the Letting of School premises, grounds or facilities. The retention of income from Lettings is subject to any alternative provisions arising from Joint Use or PFI Agreements.
- 4.2 Schools are permitted to cross-subsidise Lettings for community and voluntary use with income from other Lettings, provided there is no net cost to the budget share.
- 4.3 Each Governing Body shall be responsible for the determination of Lettings and other fees and/or charges relevant to the activities carried out by/within their School. For practical purposes this responsibility should be linked to the budget management arrangements established in accordance with Rules 1.3 and 2.3. The arrangements, including the respective responsibilities of the School and the Council, for the fixing and review of Lettings are set out in the School Finance Manual.
- 4.4 Lettings and other fees and/or charges within the control of the School shall be subject to review at least annually by the Governing Body except as provided in any specific agreements between the School and relevant third parties.
- 4.5 Schools may retain the proceeds of the sale of Assets except in cases where the Asset was purchased with non-delegated funds. This provision does not apply to "Property" i.e. land or buildings forming part of the School premises which are owned by the Council. Income from the sale of Assets purchased with delegated funds may only be spent for the purposes of the School and must be paid into the BAFS account. Prior to the disposal of any Asset, a School must ensure that the Asset is of no further use to the School and consult the CD-SR in respect of any Assets subject to a Leasing Agreement.

The procedures defined in the LMS Contract Procedure Rules apply to the disposal of any Assets of the School. In particular, no quotations or tenders for other than the highest price shall be accepted without reference to LMS Contract Procedure Rules 8.7 and 8.9 and/or 9.8 and 12.2 as appropriate. For items valued at under £250 and to save the costs of disposal, to reduce the need to send items to landfill and to maximise the use of Council and School resources, local arrangements can be made in line with the guidance included in Section 21.3.5 of the School Finance Manual.

- 4.6 In the case of a proposal to dispose of Property, the School shall consult the CD-CYPS on any suggestions regarding disposal. The disposal, if agreed, will be processed by the Council.
- 4.7 Income collected by a School shall be in accordance with the terms of the Charging and Remissions Policy for School Activities agreed by the Governing Body of that School. Schools are required to have regard to any policy statements and charging guidance produced by the Council.
- 4.8 The Governing Body must formally designate those Officers who shall be responsible for the collection of income, issuing receipts, raising debts and the banking and recording of income. In formulating these arrangements, the Governing Body should have regard to the key concept of division of duties. In all but the smallest Schools where there are staffing limitations, different members of staff must be responsible for raising debts and collecting and recording the settlement of those debts. In most Schools, although not achievable in all, a further separation of duties would be helpful by having a different Person taking responsibility for the updating of the financial system as compared with the

responsibility for collecting and recording the receipt of income. The nature of the arrangements that a Governing Body must establish shall be subject to the detailed guidance from the CD-SR as set out in Chapter 11 of the School Finance Manual.

- 4.9 Schools may operate an online income collection system but must only use a supplier whose system has been approved by the CD-SR. Transaction charges for on line payments must not be passed on to the payee unless the School has adopted a policy to that effect and communicated it to parents.
- 4.10 Income may not be used to directly offset payments due. All money received on behalf of the School shall, as soon as practicable, be either banked intact for the credit of the School's BAFS account or deposited with the CD-SR. The use of 'intermediate accounts', i.e. Post Office accounts, to facilitate effective banking arrangements shall be operated in accordance with arrangements authorised by the CD-SR. All income in 'intermediate accounts' shall be transferred to the main BAFS account as soon as practical and, in any event, within one month of deposit.
- 4.11 Schools may not retain income from fees and charges where a service is provided by the Council from centrally retained funds.
- 4.12 Where it is necessary to raise an invoice in connection with a debt it should be done promptly using a proforma debtor invoice form approved by the CD-SR. Sums due for up to £250 which are considered to be irrecoverable shall not be written off without the prior written approval of the Governing Body of the School. Sums in excess of £250 shall not be written off without the additional consent of the CD-SR and, in such circumstances, the Headteacher shall provide copies of all relevant documents to the CD-SR.
- 4.13 Where an invoice has been raised in respect of a debt and it subsequently becomes apparent that the debt was not legally due to the School (on the grounds that, for example, it was mistakenly believed that the School had a valid legal claim against the debtor), then the invoice may be cancelled by the Headteacher in consultation with the Chair of the Governing Body.
- 4.14 If an overpayment has been made by the School to a third party (including, but not limited to, employees and suppliers) then all necessary steps shall be taken to recover the amount of the overpayment. If, however, it is considered appropriate not to recover the overpayment (on grounds including, but not limited to, cost effectiveness or compassionate reasons) then approval not to pursue the overpayment must be obtained from:
- a) the Governing Body in respect of debts up to £250
  - b) the CD-SR in respect of amounts of £250 and above.
- 4.15 The Education Act 2002 empowers Schools to provide community facilities. Governing Bodies are required to follow the provisions in Section 12 of the LMS Scheme and associated guidance in chapters 12 and 19 of the School Finance Manual.
- 4.16 The Headteacher has significant responsibilities in relation to income collection procedures whilst not being involved, to any significant degree, in its financial administration. It is particularly important that the Head should be sufficiently informed to be able to readily identify problems, potential or actual, which arise including, very occasionally, fraudulent intent. In order to safeguard against these eventualities, the following precautions are advocated:
- a) The budget monitoring process in itself should highlight many potential problem areas i.e. if income targets are failing to be achieved;
  - b) The Headteacher must approve the action proposed for debts which have been outstanding for more than 8 weeks; and

- c) An occasional examination of the income records should be conducted and tests applied, to ensure that the invoices have been settled in a timely manner and any outstanding debts are being pursued vigorously. A useful check would be to trace all income from the School's income record to the appropriate bank statement.

## **5.0 CAPITAL EXPENDITURE**

- 5.1 The definition of capital expenditure will be determined by the Council having regard to appropriate national regulations and guidelines. The current definition is set out in the Guidance Notes on Consistent Financial Reporting. Capital expenditure will be controlled by the Council within the limits of a capital programme prepared each year.
- 5.2 The Rules relating to a Governing Body's use of its own budget share and Devolved Capital allocation to meet capital expenditure on School premises are set out in sections 2 and 3 of Part 3 of the LMS Contract Procedure Rules.

## **6.0 ACCOUNTING RECORDS AND PROCEDURES**

- 6.1 All expenditure incurred and income generated by a School under the terms of the LMS Scheme will form part of the overall accounts of the Council and, therefore, all accounting procedures, records and vouchers will be determined by/or be subject to approval by the CD-SR as the Officer holding overall statutory responsibility for the financial affairs of the Council. Detailed instructions and guidance, including those set out in the LMS Scheme, these Rules and the School Finance Manual, will be issued by the CD-SR in conjunction with the CD-CYPS about the processes, systems and controls required for the satisfactory standard of probity and regularity which the Governing Body and School staff must maintain.
- 6.2 All financial records and vouchers must be retained for a minimum period determined by the CD-SR. Detailed guidance on the retention periods for accounting and other records maintained by Schools is contained in Section B of the Schools' Information Governance Manual and Chapter 19 of the School Finance Manual.
- 6.3 A Governing Body shall ensure the timely and accurate completion of any statistical returns required by any Government department or the Council.

## **7.0 GRANT APPLICATION AND CLAIMS**

- 7.1 The CD-SR should be consulted prior to a School submitting a grant or external funding application, or accepting a grant or external funding award where no application was required, for amounts in excess of £100,000. The School shall comply with such requirements as the CD-SR may stipulate relating to the application for the grant or external funding.
- 7.2 The CD-SR shall determine the accounting arrangements for grant and external funding awards in excess of £100,000 including the completion and approval of grant claims and, where applicable, any requirements for external audit approval.
- 7.3 Certain grant claims are required to be audited and an opinion provided on the accuracy of the expenditure being claimed by the Head of Internal Audit. Each Headteacher shall ensure that records are retained to enable the Head of Internal Audit to complete the work and provide explanations, as necessary, for any matters raised. Upon acceptance of any grant award that requires audit certification, the



School shall contact the Head of Internal Audit to discuss the audit requirements of the particular grant.

- 7.4 Further detailed information can be found in Section 6 of Chapter 15 of the School Finance Manual.

## **8.0 PROCUREMENT OF SERVICES, SUPPLIES AND WORKS**

- 8.1 A Governing Body shall be responsible for the following:
- a) the procurement of all Services, Supplies and Works by their School;
  - b) ensuring that the Services, Supplies and Works ordered are received and are of the correct quality;
  - c) ensuring that Services, Supplies and Works are only ordered by Officers with authority to do so and provided there is approved budgetary provision to cover the associated costs (see Rule 9.2); and
  - d) ensuring that the certification of invoices in accordance with arrangements approved by the CD-SR. Details are set out in section 9 of these Rules with more detailed guidance in Chapter 8 of the School Finance Manual. Detailed guidance on Purchasing is provided in Chapter 6 of the School Finance Manual.
- 8.2 All Supplies or Services, with the **exception** of the following list, shall require the issue of an official Council order form, approved by the CD-SR (except where he specifically waives this requirement), signed by the Headteacher or other Officer as approved by the Governing Body, who shall be responsible for all orders issued by the School.
- a) gas, electricity, telecommunications services, rent, rates, water and sewerage charges;
  - b) small purchases using the Petty Cash account where the transaction is completed at the point of sale/service (see Rule 10);
  - c) training courses for members of the Governing Body or staff;
  - d) purchases made by means of a Purchasing Card operated within the scheme organised by the CD-SR; or
  - e) such other items as the CD-SR may from time to time determine.
- 8.3 A Governing Body must establish arrangements to ensure that the financial commitment arising from all Contracts are properly recorded and monitored in the School's financial records and that, by virtue of checks carried out by someone other than the Person signing the order, all Supplies and Services ordered by a School are, in fact, received and are correct as to quality, quantity and price before payment is authorised. **For the avoidance of doubt, an order form is a Contract.** The nature of the arrangements that a Governing Body must establish shall be the subject of detailed advice from the CD-SR.
- 8.4 Individuals must not use official orders to obtain Supplies or Services for their own private use or for third party organisations/individuals, other than for other North Yorkshire Schools.
- 8.5 The Council shall determine on what basis Services from centrally retained funds will be provided to Schools. The Council is debarred from discriminating in its provision of Services on the basis of categories of Schools except where:
- a) funding has been delegated to some Schools only, or

b) such discrimination is justified by differences in statutory duties.

- 8.6 Any Services which the Council is providing for a charge must be offered in a way which does not unreasonably restrict Schools' freedom of choice.

## **9.0 PAYMENT OF ACCOUNTS**

- 9.1 With the exception of any payment made on behalf of the School by the CD-SR, all payments for Supplies, Services and Works (but subject to the requirements of the Construction Industry Scheme), will be made by way of the BAFS account.

- 9.2 The Governing Body must formally designate those Officers who shall be responsible for raising orders, authorising invoices for payment and signing cheques. In formulating these arrangements the Governing Body should ensure, wherever possible, that neither the Person who signed the order nor the Person who checked the receipt of Supplies or Services, certifies the invoice for payment. The nature of the arrangements that a Governing Body must establish shall be the subject of detailed guidance from the CD-SR as set out in Chapter 8 of the School Finance Manual.

- 9.3 The member of staff responsible for certifying invoices shall do so in manuscript after having ensured that the invoice, or other payment voucher, has been thoroughly checked, accurately coded and that the transaction has been recorded on the copy order and in the School's accounting records.

- 9.4 Duly authorised invoices shall be paid by standing order, direct debit, BACS transfer or cheque drawn on the BAFS account or by the CD-SR in accordance with the terms of trade specified by the supplier. It will be the responsibility of the School to ensure that any guidance issued by the CD-SR regarding Value Added Tax or the Construction Industry Scheme is adhered to when making such payments (see also Rule 14.18).

- 9.5 Any amendment to an account shall be made in ink and initialled by the Officer making it, stating briefly the reasons where they are not self-evident.

## **10.0 PETTY CASH ARRANGEMENTS**

- 10.1 A Governing Body may arrange a petty cash imprest to enable the School to make small payments in cash within financial limits which the CD-SR will, from time to time, prescribe.

- 10.2 VAT receipts should be obtained, wherever possible, to support purchases made from the petty cash imprest and to enable the recovery of VAT.

- 10.3 Further details can be found in Section 16 of Chapter 5 of the School Finance Manual.

## **11.0 INVENTORIES AND STORES**

- 11.1 The Governing Body of a School shall be responsible for the safe custody and control of all vehicles, furniture, equipment, stocks and stores and other Council Property and shall maintain an inventory (in a form approved by the CD-SR) of all Assets used in the School which belong to the School whose individual cost or value exceeds £100. This Rule also applies to any Asset acquired under a Leasing Agreement (see LMS Contract Procedure Rule 6).

- 11.2 Checks of such inventories shall be carried out at least annually and any losses or shortages exceeding £1,000 in value shall be reported promptly to the CD-SR. The

procedure for the disposal of surplus, obsolete or unserviceable items shall be agreed with the CD-SR.

- 11.3 The Governing Body shall also be responsible for the custody of all cash and financial documents used in the School. Cash held on the School premises should not exceed any sums for which the School is insured.

## **12.0 PAYROLL, PENSIONS AND OTHER EMOLUMENTS**

- 12.1 The calculation and payment of all salaries, wages, pensions, gratuities, compensation and other emoluments payable by the School to its current employees or a former employee shall be performed in accordance with arrangements approved by the CD-SR.
- 12.2 Each Headteacher shall be responsible for the certification of all amounts properly payable for pay and pensions in accordance with the arrangements approved by the CD-SR.
- 12.3 The CD-SR shall be authorised to implement national and provincial pay awards with effect from their implementation dates.
- 12.4 All time records or other pay documents shall be in a form prescribed or approved by the CD-SR. The Governing Body shall ensure that these records or documents are accurately and fully completed, in accordance with the appropriate timetable, and checked and certified in manuscript on behalf of the said Governing Body. The names of Persons authorised to certify such records shall be sent to the CD-SR by the Headteacher together with specimen signatures.
- 12.5 Where a School makes its own payroll processing arrangements, it must supply all returns required by the Council to comply with statutory requirements and, in particular, the requirements of Her Majesty's Revenue and Customs, DWP, Teachers Pensions Agency, Local Government Pension Scheme and the National Fraud Initiative, in a timely fashion.
- 12.6 Schools shall take account of the advice on Human Resources matters issued by the HR Shared Service for Schools. The Council may charge a School's delegated budget in respect of items detailed in Rule 17.5 below where such advice has not been taken.

## **13.0 TRAVELLING AND SUBSISTENCE ALLOWANCES**

- 13.1 The calculation and payment of all travelling and subsistence allowances payable by the School to its employees shall be performed in accordance with arrangements approved by the CD-SR.
- 13.2 Each School shall maintain a record of Officers authorised to certify claims on its behalf. Certification of a claim shall signify that the Headteacher is satisfied that the allowance or expenses are properly payable by the School in respect of duties performed by the claimant.

## **14.0 SCHOOL BANK ACCOUNTS**

- 14.1 Budget shares will be made available to Governing Bodies monthly by the Council.
- 14.2 Budget share instalments will be remitted on a predefined date in each month to each School by BACS, or its equivalent, by means of a credit into the School's bank account. Before the beginning of the financial year, the Council will issue an

annual timetable of dates on which BACS payments will be credited to the School account and arrangements for the first payment in each financial year.

- 14.3 The manner in which monthly advances are calculated is summarised in Section 3 of the LMS Scheme.
- 14.4 Schools may have an external bank account known as the BAFS 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 receivable on the account.
- 14.5 The CD-SR shall determine, and review periodically, the minimum criteria for School bank accounts. The CD-SR will also maintain a list of “approved institutions” which provide accounts that meet these criteria. Details of the minimum criteria and the list of approved institutions are included in Chapter 5 of the School Finance Manual.
- 14.6 A Governing Body shall only operate a BAFS account provided by an approved institution which meets the minimum criteria. The CD-SR 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 the account provided by financial institutions already on the ‘Approved List’ may change if the account now fails to meet the minimum criteria. In these circumstances, the CD-SR will remove the account from the ‘Approved List’ and require any Schools using that particular account, subject to three months’ notice in writing, to make alternative banking arrangements.
- 14.7 When a Governing Body initially opens, or subsequently wishes to change its BAFS account, it shall submit to the CD-SR, not less than 25 working days before commencing to operate the said account, details of the name and address of the financial institution (and/or branch if appropriate), the title of the account(s), the account(s) number plus relevant sort code, together with the name and title of proposed cheque signatories.
- 14.8 Schools are allowed to have accounts for budget share purposes which are in the name of the School rather than the Council. However, the Council will continue with arrangements negotiated with the Yorkshire, Lloyds TSB and Barclays Banks, whereby the accounts are in the name of the Council and the School.
- 14.9 The BAFS account shall be entitled “*North Yorkshire CC (or NYCC) ..... School*” and this narrative must appear on all cheques drawn on the BAFS account.
- 14.10 Except for small cash payments made from a petty cash imprest, all non-employee related transactions must be processed via the School’s BAFS account. The BAFS account can only be used to process transactions in line with the requirements of the LMS Scheme.
- 14.11 A School bank account must not be overdrawn.
- 14.12 Payments from the BAFS account shall be made by crossed cheque, BACS transfer, Direct Debit, or Standing Order. The use of cheque cards, including credit and debit cards, with the exception of Purchasing Cards operated within a scheme organised by the CD-SR, is not permitted. Once prepared, all cheque payments shall be signed in manuscript by at least two Officers designated by the Governing Body. One cheque signatory shall also authorise the invoice for payment. Blank cheques shall not be pre-signed and must be kept in a secure location. Any cheques which require cancellation must be clearly marked “cancelled” and retained by the School. BACS transfers shall only be processed by means of a system approved by the CD-SR and be input and authorised by different Officers designated by the Governing Body.

- 14.13 A Governing Body shall arrange for the printing of cheques. Cheques may be personalised with, for example, the School logo, but the full account title (as defined in Rule 14.9 above) must appear on the cheque. The number of unused cheques retained in the School shall be kept to a minimum. This can be achieved by requesting the financial institution operating the BAFS account to retain cheque stocks. A Governing Body shall maintain a record of all cheque stocks held at the School in a form prescribed by the CD-SR.
- 14.14 Schools shall receive bank statements at least monthly. The CD-SR will require Schools to provide copies of the statements showing balances on the account at 31 March of each financial year and to submit electronic bank reconciliations on a monthly basis.
- 14.15 Schools shall submit monthly VAT returns, including the related statistical information, in a form prescribed by the CD-SR. VAT will be reimbursed to the School in accordance with Chapter 16 of the School Finance Manual.
- 14.16 The Governing Body shall arrange for a reconciliation to be made at the end of each month of the balance shown on the bank statement with the School's accounting records of income and expenditure. The CD-SR will require copies of the reconciliation statement each month.
- 14.17 A detailed return of the School's annual income and expenditure shall be provided to the CD-SR as soon as possible after the end of each financial year. The form of the return will be determined by the CD-SR but will follow any Department for Education requirements for Consistent Financial Reporting.
- 14.18 As the Council has a number of statutory obligations which are not waived by the operation of BAFS, the Council will provide detailed guidance to Schools regarding such matters as Income Tax, National Insurance, Value Added Tax and the Construction Industry Scheme. Any penalties and other liabilities subsequently suffered by the Council but arising from the School's failure to follow the relevant guidance on such matters will be regarded as the responsibility of the School and will, therefore, be a charge against the School's delegated budget
- 14.19 Where a Governing Body operates private bank accounts for School funds, local trusts or endowments, these must not be used for any payments or receipts relating to the resources allocated to the School in accordance with the Council's LMS Scheme (see Rule 15.1 below).
- 14.20 Balances held by the Council on behalf of Schools will attract no interest.

**15.0 BORROWING AND INVESTMENTS**

- 15.1 A Governing Body cannot transfer any Council funds, including balances held in its BAFS account(s), into a private fund or other deposit account without the written approval of the CD-SR.
- 15.2 A Governing Body is permitted to transfer funds between its BAFS "current" account and an "investment" account operated by the same or another approved financial institution without CD-SR approval provided the terms or conditions of the "investment" account involve no risk to the principal sum involved. Any such transfers should be made only on the written instruction of two approved cheque signatories and must not involve any intermediary.
- 15.3 A Governing Body may not raise money by securing any legal charge upon Property.
- 15.4 A Governing Body is not permitted to arrange any form of loan or equivalent borrowing, bank overdraft or credit facility, except with the express permission of

the Secretary of State for Education other than in accordance with the LMS Scheme (see also Rule 16.13).

## **16.0 LMS LICENSED DEFICITS**

- 16.1 Deficit balances will be carried forward by the deduction of relevant amounts from the following year's budget share.
- 16.2 Schools may only plan for a deficit budget in accordance with the terms for licensed deficits.
- 16.3 The Council will charge interest on a licensed deficit and any cash flow advances necessary in accordance with Section 4 of the LMS Scheme.
- 16.4 The Council has no power to write off the deficit balance of any School.
- 16.5 The general provision forbidding Schools to borrow money shall not apply to any schemes run by the Council for licensed deficits and loans.
- 16.6 The Council may permit Schools to plan for a deficit budget in particular circumstances.
- 16.7 Schools are permitted only to enter into a cumulative deficit with the prior approval of the CD-SR and the CD-CYPS. Deficits, when approved, are referred to as **licensed deficits**.
- 16.8 Approval to have a licensed deficit will be given only in exceptional circumstances where it assists in maintaining the viability of the School. Circumstances where approval is given may include a temporary reduction in pupil numbers or a large and unforeseen loss in income.
- 16.9 The licensed deficit will be approved for a limited period with conditions. It will be based upon a medium term financial plan covering the whole period of the approved deficit and for at least one financial year beyond that.
- 16.10 The conditions for an approved licensed deficit will include the following:
- a) the School informing the CD-CYPS of any unforeseen circumstances which, unless corrective action is taken, may jeopardise the achievement of the plan;
  - b) prior approval, as considered necessary by the CD-CYPS, to staffing changes;
  - c) regular provision of monitoring information;
  - d) the written agreement to the terms by the Chair of Governors; and
  - e) such other conditions as are considered appropriate by the CD-SR and the CD-CYPS.
- 16.11 The period of the licensed deficit will be as short as possible given the circumstances of the individual School and, in most cases, will cover a period of less than two financial years. The maximum permitted period for a licensed deficit is five years. Whilst plans will be reviewed to reflect developments during the period of the licensed deficit, any extensions to the period of a licensed deficit will be approved only in exceptional circumstances. If a School fails to take agreed action necessary to clear the deficit, the Council will consider withdrawal of delegation.
- 16.12 The School will keep the size of any approved deficit to a minimum and, in any event, the deficit must not exceed 10% of the School's annual budget share in any

financial year. The percentage will be determined by CD-SR by reference to the budget share in the year concerned.

- 16.13 A licensed deficit will not **normally** be approved to enable a School to bring forward a major purchase(s). In the absence of a County LMS loan scheme, any request from a School for an approved licensed deficit in order to make a purchase that would in the past have been undertaken by means of a LMS loan application will be considered upon full presentation of the facts relating to both the planned purchase and the School's budget forecasts. Approval is by no means guaranteed.

### **17.0 CHARGING OF SCHOOL BUDGET SHARES**

- 17.1 The Council must charge salaries of School-based staff to School budget shares at actual cost. The budget share of a School may be charged by the Council without the consent of the Governing Body but only in the circumstances set out in Rule 17.5 below.
- 17.2 The Council shall consult a School as to the intention to so charge, and shall notify a School when it has been done.
- 17.3 Schools are reminded that the Council cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996.
- 17.4 The Council shall refer any dispute procedures for such charges to the Executive Member for Children and Young People's Services.
- 17.5 The circumstances under which charges may be made are taken from the LMS Scheme for the Financing of Schools (Section 6) and are listed below:
- a) Where premature retirement costs have been incurred without the prior written agreement of the Council to bear such costs (the amount chargeable being only the excess over any amount agreed by the Council).
  - b) Other expenditure incurred to secure resignations where the School had not followed Council advice.
  - c) Awards by courts and industrial tribunals against the Council or out of court settlements, arising from action or inaction by the Governing Body contrary to the Council's advice.
  - d) Expenditure by the Council in carrying out health and safety work or capital expenditure for which the Council is liable where funds have been delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work.
  - e) Expenditure by the Council incurred in making good defects in building work funded by capital spending from budget shares or Devolved Capital allocations, where the premises are owned by the Council.
  - f) Expenditure incurred by the Council in insuring its own interests in a School where funding has been delegated but the School has failed to demonstrate that it has arranged insurance cover at least as good as that which would have been arranged by the Council.
  - g) 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 Council.
  - h) Recovery of penalties imposed on the Council by Her Majesty's Revenue and Customs, the Contributions Agency, Teachers Pensions, the

Environment Agency or regulatory authorities as a result of the School's negligence.

- i) Correction of Council errors in calculating charges to a budget share (e.g. pension deductions).
- j) Additional transport costs incurred by the Council arising from decisions by the Governing Body on the length of the School day, and failure to notify the Council of non-pupil days resulting in unnecessary transport costs.
- k) Legal costs which are incurred by the Council because the Governing Body did not accept the advice of the Council.
- l) Costs of necessary health and safety training for staff employed by the School, where funding for training has been delegated but the necessary training has not been carried out.
- m) 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.
- n) County Debits and other deductions will be charged against Budget Shares and Budget Shares will be credited with Supplementary Resource Allocations and Reimbursements in accordance with the arrangements set out in Section 3 of the LMS Scheme.
- o) Interest on late payments which by statute is chargeable arising as a result of a School failing to pay a supplier within statutory time limits or arising from delays in passing an invoice for payment to the Council if the School does not operate its own bank account.
- p) Contributions from Schools' budgets for shortfalls in insurance in accordance with Rule 19 below.
- q) Cost of work done in respect of teacher's pension remittance and records for Schools using non-Council payroll contractors, the charge to be the minimum needed to meet the cost of the Council's compliance with its statutory obligations.
- r) Costs incurred by the Council in securing provision specified in a statement of SEN where the Governing Body of a School fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.
- s) Costs incurred by the Council due to the submission by the School of incorrect data.
- t) Recovery of amounts spent from specific grants on ineligible purposes.
- u) Cost incurred by the LA as a result of the Governing Body being in breach of the terms of the Contract.
- v) 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 a cluster.

- 17.6 Legal costs incurred by the Governing Body, although the responsibility of the Council as part of the cost of maintaining the School (unless they relate to the statutory responsibility of Voluntary 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 Council. Any disputes regarding whether or not the Governing Body has acted in accordance with advice given will be resolved either by further discussions with the School or, failing that, the Executive Member for Children and Young People's Services.



**18.0 VOLUNTARY FUNDS**

18.1 The correct administration of School funds is the responsibility of the Governing Body but the Council has an overall responsibility to ensure that adequate financial stewardship is observed. A Governing Body should therefore ensure that:

- a) a Treasurer and an independent examiner are formally appointed;
- b) there are at least two joint cheque signatories;
- c) all individuals who are involved in the spending, collection or custody of private fund resources must observe satisfactory standards of financial probity and regularity as reflected in these Rules or by the detailed guidance issued by the CD-SR;
- d) proper rules are operated to secure adequate standards and that satisfactory records and procedures are maintained;
- e) regular reports on fund transactions and balances are received and checked against bank statements;
- f) annual statements of expenditure and income and fund balances are prepared and audited and that the certified audited annual accounts are submitted to them for approval; and
- g) a copy of the audited accounts is supplied annually to the CD-SR.

18.2 Governing Bodies are strongly recommended to consider registering their voluntary fund accounts with the Charity Commissioners. Voluntary funds registered with the Charity Commissioners must comply with all requirements set by the Commission in respect of the format of accounts and the need for audit or independent examination by a competent Person, and must meet the timescales set out for such reports. Although there is no requirement from the Charity Commission, it is a requirement of the LMS Scheme that small registered charities with gross income (or total expenditure) of £10,000 or less will arrange for their accounts to be examined annually by a competent independent Person. A copy of the accounts and the appropriate audit or independent examiners report shall be supplied to the CD-SR immediately after the meeting of the body. The CD-SR shall be entitled to verify that the reports have been made and to carry out such checks on the accounts as he considers appropriate.

18.3 Voluntary funds not registered with the Charity Commissioners, shall have formal accounts prepared and examined annually by a competent Person independent of the fund. A copy of the accounts and Independent Examiner's Statement shall be supplied to the CD-SR immediately after the examination. The CD-SR shall be entitled to verify that the reports have been made and to carry out such checks on the accounts as he considers appropriate.

18.4 Voluntary Funds, and any related bank accounts, shall be operated in accordance with procedures set out in Chapter 14 of the School Finance Manual.

**19.0 INSURANCE AND RISK MANAGEMENT**

19.1 Governing Bodies are free to make their own insurance arrangements. However, the Council may require the School to demonstrate that the cover relevant to the Council's insurable interests, under a policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the Council if the Council makes such arrangements, either paid for from central funds or from contributions from Schools' delegated budgets. A list of policies that are required to be maintained by Schools is shown in Chapter 23 of the School Finance Manual.

- 19.2 A School shall notify the CD-SR as soon as it becomes aware of:
- a) any event which may result in a claim against the Council and/or its insurers, rather than against the School or its insurers;
  - b) the terms of any indemnity which the Council is required to give; and
  - c) any new risks which might require to be insured, together with changed circumstances affecting existing risks.
- 19.3 The Council does not accept any liability for private Property, such as employees' cash and possessions brought onto School premises. In exceptional circumstances, a Governing Body (whilst not admitting any legal liability) may nevertheless wish to consider making an ex gratia payment. The reasons for the ex gratia payment should be recorded in the minutes of the Governing Body.

## **20.0 INTERNAL AUDIT**

- 20.1 Every School is responsible for the implementation and maintenance of all internal control procedures relating to financial systems and for achieving the economic, effective and efficient use of resources within the School.
- 20.2 The Council has determined that the CD-SR shall be responsible for maintaining an adequate and effective Internal Audit of the activities of the County Council. The CD-SR will set out the purpose, authority and responsibility of Internal Audit in the Terms of Reference for Internal Audit. The Terms of Reference will be reviewed annually and any amendments will be submitted to the Audit Committee for approval. Every Governing Body shall make arrangements for the CD-SR or the Head of Internal Audit, or their authorised representative, to:
- a) enter at all reasonable times on any premises or land used by the School;
  - b) have access to all correspondence, documents, books or other records relating to any financial or other transactions of the School;
  - c) require and receive such explanation(s) as he/she considers necessary to establish the correctness of any matter under examination; and
  - d) require any Officer of the School to produce cash, stores, or other School Property under his/her control for inspection.
- 20.3 The Head of Internal Audit shall have regard to all relevant International Auditing Standards, professional guidelines and codes of practice including the Public Sector Internal Audit Standards (PSIAS).
- 20.4 The CD-SR shall maintain a continuous Internal Audit of the arrangements for delegated management and the operation of the BAFS accounts including regular School audits. It shall be the responsibility of the Head of Internal Audit to review, appraise and report upon:
- a) the soundness, adequacy and application of internal controls;
  - b) the extent to which the Council's Assets and interests are accounted for and safeguarded from losses of all kinds arising from:
    - i. fraud and other offences
    - ii. waste, extravagance, inefficient administration, poor value for money or other cause
  - c) the suitability, reliability and effectiveness of financial and other management records maintained within a School.

- 20.5 Any Internal Audit report shall receive prompt consideration by the Governing Body of the School concerned.
- 20.6 The Head of Internal Audit shall be notified immediately by a Governor, Headteacher or Officer of any suspected fraud or financial irregularity, or any circumstances which may suggest the possibility of irregularity in the exercise of any of the School's functions or related to the delivery of any of the School's Services. Such communications may be oral, initially, but must be confirmed promptly in writing.
- 20.7 The CD-SR shall determine the scope of any internal enquiries or investigations, subject to consultation with the Chair of the Governing Body and/or Headteacher.
- 20.8 The CD-SR, in consultation with the Chair of the Governing Body and/or Headteacher shall decide whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.
- 20.9 If a suspected irregularity involving staff that are the responsibility of the CD-SR occurs, the CD-SR shall inform the Council's Chief Executive.
- 20.10 The CD-SR or his/her representative, shall at all times preserve and respect the confidentiality of information received in discharging tasks under this Section of the Financial Procedure Rules with regard to any School.
- 20.11 The Head of Internal Audit shall have the right to communicate directly with the Leader of the Council, the Executive, the Chief Executive, the Chair of the Audit Committee, the ACE(LDS) or the CD-CYPS on any matter that he deems appropriate.
- 20.12 The Proceeds of Crime Act (2002), the Money Laundering Regulations (2007) and the Terrorism Act (2000) place certain responsibilities on public authorities and the staff working for them. In addition, any member of staff may commit specific offences under money laundering legislation, particularly if they suspect money laundering is taking place and either become involved with it in some way and/or do nothing about it. The Council has therefore established an internal Anti-Money Laundering Policy and supporting Guidance Note designed to prevent the risk of the Council being involved in money laundering and to enable staff to report suspicions to the Head of Internal Audit (as the Council's nominated Money Laundering Reporting Officer). All staff shall have regard to the Policy and supporting Guidance.
- 20.13 The Money Laundering legislation requires any individual member of staff to report any transaction which involves the receipt of £10,000 or more of cash to the Council's Money Laundering Reporting Officer; notwithstanding such financial limit, any member of staff who has reasonable grounds to believe that money laundering is taking place (or is being attempted) in respect of a smaller amount of cash should report the matter to the Council's Money Laundering Reporting Officer.
- 21.0 BEST VALUE**
- 21.1 Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements which are set out in these Rules. It is for Headteachers and Governors to determine at School level how to secure better value for money.

**LMS Procedure Rules**

**Section:** PART 2 – Financial Procedure Rules Appendix 1  
**Page:** 31 of 58  
**Date:** Approved by Executive Members 23 December 2014

{School Name}

**BUDGET MANAGEMENT POLICY****MISSION STATEMENT**

{school to complete}

**Document Status**

<b>Date of policy creation/review</b>	<b>Reasons for review</b>	<b>Date of adoption by the Governing Body</b>	<b>Date of next review</b>
<b>Responsible officer</b>	<b>Responsible officer</b>	<b>Responsible officer</b>	<b>Responsible officer</b>
<b>Signed and dated:</b>			
<b>Headteacher</b>		<b>Chair of Governors</b>	

**Links to Other Policies**


**CONTENTS:**

<b>Section Heading</b>	<b>Page</b>
Aims and guidelines	3
<b>Organisation of Responsibility and Accountability</b>	4
➤ Roles and responsibilities	4
1. The Governing Body	4
2. Finance/Resources Committee	4
3. The Headteacher	4
4. The Bursar/Business Manager	5
➤ Procedures	5
➤ Pecuniary and other business interests	5
➤ Budget	6
1. Aims and objectives	6
2. Budget timetable	6
3. Efficiency and value for money	7
4. Financial benchmarking	7
5. Review of contracts for services	7
6. Standards of financial management	7
7. Level of balances	7
8. Virement procedures	8
9. Quality of information	8
10. Extended activities	8
11. Capital expenditure	8
12. Documentation and retention of records	8
13. Purchasing	8
14. Purchasing cards	9
15. Procedures and security	9
16. Security of stocks and equipment	9
17. Petty cash	9
18. Income	10
19. VAT returns	10
20. Staffing	10
21. Insurance	10
22. Computer Systems	10
23. Counter fraud arrangements	10
24. Audit	11
Annex A – Terms of Reference for a Finance/Resources Committee	12
Annex B – Scheme of Delegation to the Headteacher	15

## **LMS Procedure Rules**

**Section:** PART 2 – Financial Procedure Rules Appendix 1  
**Page:** 33 of 58  
**Date:** Approved by Executive Members 23 December 2014

### **AIMS:**

It is the aim of the Governing Body to ensure that all financial resources made available to the school are used in an efficient and effective manner in order to ensure that Value for Money is achieved. The aim of this policy is to create a framework within which individual members of the school staff and the Governing Body can achieve this.

This policy conforms to the requirements of the LMS Scheme for the Financing of Schools (hereafter referred to as the LMS Scheme) as set out by the Department for Education (DfE) and the North Yorkshire County Council LMS Financial and Contract Procedure Rules (hereafter referred to as the LMS Procedure Rules). The framework within this policy should be operated in conjunction with both the LMS Scheme and the LMS Procedure Rules. It is based on the County Council's recommended model.

### **GUIDELINES:**

Financial decisions will be made after consideration of:

- a) the needs of the pupils/students and staff of the school;
- b) the conditions and requirements as laid down in the LMS scheme;
- c) the need to support and deliver the National Curriculum together with any additional elements as agreed by the Governing Body;
- d) the financial resources delegated to the school; and
- e) the priorities as identified in the costed school development plan.

## ORGANISATION OF RESPONSIBILITY AND ACCOUNTABILITY

### ROLES AND RESPONSIBILITIES

#### 1. The Governing Body

The Governing Body has a statutory responsibility to oversee the financial management of the school and to ensure adherence to the LMS Procedure Rules.

The Governing Body recognises the importance of clearly defining the roles and responsibilities of its committees, the Headteacher and other staff.

#### 2. Finance or Resources Committee

*Schools are increasingly establishing a "Resources" Committee which combines a number of individual committees such as Finance, Premises and Staffing under a single umbrella. This is reflected in this section and the Terms of Reference at Annex A. Schools should delete the terms that are applicable to other individual committees if a Resource Committee is not in place.*

Consisting of members of the Governing Body and the Senior Team, the *Finance/Resources* Committee will work to the agreed Terms of Reference as set out at Annex A.

The *Finance/Resources* Committee will meet at least once a term to consider, as a minimum, the following:

- a) financial monitoring statements,
- b) the school's budget and long term financial forecast,
- c) the end of financial year outturn statement, and
- d) the annual completion and submission of the Schools Financial Value Standard (SFVS).

The *Finance/Resources* Committee will submit a brief summary report to the full Governing Body at least once per term.

#### 3. The Headteacher

The Headteacher is responsible for:

- a) the detailed preparation of an annual school budget which addresses the strategic aims and targets established by the Governing Body;
- b) the day to day management of the school budget under the Scheme of Delegation as set out at Annex B and approved by the Governing Body; and
- c) ensuring the effective operation of the finance function within the school, to include:
  - i. the roles of each member of staff being clearly defined and the duties of staff with responsibility for financial transactions being, as far as is practicable, distributed to ensure that key tasks such as the processing of orders and invoices, are assigned to separate members of staff (segregation of duties) and that appropriate systems of internal check exist;
  - ii. the adherence to the LMS Procedure Rules;
  - iii. the establishment of systems to ensure that financial control is maintained at all times including procedures in the absence of key staff; and

- iv. the maintenance of appropriate documentation and transactional records.

#### **4. The Bursar/Business Manager**

*(Optional Paragraphs – tasks covered will be dependent on the level of service purchased from the FMS Team). Either:*

The Bursar/Business Manager is responsible for or The Governing Body has elected to employ the services of a **Financial Management Services (FMS) Team Support Officer** who is responsible for:

- a) the preparation of the school's annual budget and longer term spending plans;
- b) the maintenance of computerised records of income and expenditure in line with the DfE recommendations for Consistent Financial Reporting;
- c) the checking and reconciliation of the school's financial records to monthly tabulations provided by the Local Authority and to monthly bank statements; and
- d) the undertaking of monitoring procedures and the production of regular monitoring statements for the Headteacher and Governing Body (or Finance/Resources Committee).

#### **PROCEDURES**

All documentation of accounts and finances will be kept in accordance with advice from the Local Authority.

Procedures for keeping accounts will be in accordance with the LMS Procedure Rules.

A copy of the school's most recent auditor's report will be available for inspection by Governors, OFSTED Inspectors and Officers of the Local Authority.

#### **PECUNIARY AND OTHER BUSINESS INTERESTS**

Governors and staff of the school will be required to complete a Register of Business Interests and declare any links they or any member of their immediate family have with any firm from which the school may wish to buy goods or services. The basic principle to be followed is that any interest should be recorded which could be seen to improperly influence any decisions taken, pecuniary or otherwise, regarding the operation of the school.

The Register will be:

- a) annually reviewed;
- b) maintained for any in-year changes as notified; and
- c) made available for inspection by Governors, staff, parents and the Local Authority.



**BUDGET****1. Aims and Objectives**

The Finance/Resources Committee together with the Headteacher will consider and provide costing information both for maintaining the required level of educational provision as well as proposals to develop the short, medium and long term aims and objectives as identified in the School Development Plan.

Such consideration will include the determination of an appropriate level of general contingency and the formulation of a policy for the application of any balances in excess of the agreed target for general contingencies on the development proposals within the School Development Plan.

It is recognised that finite resources will lead to a need to prioritise proposals and to accelerate/delay spending plans as circumstances change.

**2. Budget Timetable**

The Headteacher (or their delegated representative) will prepare financial information for consideration by the Finance/Resources Committee and submit it to the Local Authority, where applicable, in line with the following timetable:

<b>Date</b>	<b>Action / Response</b>
Mid February	S251 budget resource allocation for the next financial year received from the Local Authority
Spring term	Prepare papers on issues to be <u>addressed</u> in preparation for the setting of the following year's budget
By March 31 <sup>st</sup>	Prepare and submit a Schools Financial Value Standard (SFVS) return, together with a copy of the relevant minute of the Governing Body or Committee at which it was approved
March / April	Prepare and present to the Governing Body the <b>proposed start budget</b> for the next financial year and the <b>long term financial forecast</b>
May	Prepare and present <b>outturn statements</b> to enable the Governing Body to consider the financial performance in the previous financial year
May	Prepare and submit a Consistent Financial Report return detailing the income and expenditure from the previous financial year (to be used for future benchmarking purposes) to the Local Authority
By June 1 <sup>st</sup>	Submit the <b>approved start budget</b> to the Local Authority
Autumn term	Prepare and present to the Governing Body the <b>revised budget</b> and <b>updated long term financial forecast</b> , reflecting any staffing changes or updated spending plans, or changes to pupil numbers
By December 31 <sup>st</sup>	Submit the <b>approved revised budget</b> to the Local Authority

The Governing Body will not submit a deficit budget unless there are exceptional circumstances and advice and written agreement have been received from representatives of the Local Authority bearing in mind that deficits require the prior approval of the Corporate Director – Strategic Resources and the Corporate Director – Children and Young People’s Service.

Budget monitoring reports will be considered by the Finance/Resources Committee at least once a term with a brief report to the Full Governing Body. Reports will reflect both sums paid and sums committed but not yet paid and estimated expenditure and income for the remainder of the financial year against approved budget headings and will be reconciled to the Local Authority’s ORACLE statements and school bank statements.

### **3. Efficiency & Value for Money**

The School will seek to achieve efficiencies and value for money to optimise the use of its financial resources and to invest in teaching and learning. It is the responsibility of the Headteacher and Governing Body to determine at school level how to secure better value for money.

### **4. Financial Benchmarking**

The Headteacher (or their representative) will prepare for consideration by the Finance/Resources Committee financial benchmarking comparisons on an annual basis each Autumn Term. The benchmarking data will be extracted for similar schools from either the local financial benchmarking database for North Yorkshire schools or the national DfE financial benchmarking database. The conclusions and recommendations resulting from this process will be used to inform the financial planning and resource allocation process.

### **5. Review of Contracts for Services**

The Finance/Resources Committee will review the quality, cost and impacts of services purchased from external providers (including the Local Authority) on a regular basis **and** before contracts are renewed. To assist in this process the Headteacher or their representative will prepare a schedule of service contracts to include values and renewal dates in order that priorities for review can be determined. After each review the Finance/Resources Committee will make recommendations to the Governing Body.

### **6. Standards of Financial Management**

The Governing Body will have regard to any Standards of Financial Management endorsed by the DfE to self-evaluate the quality of financial management processes and to aid in training staff to become better financial managers.

### **7. Level of Balances**

The Finance/Resources Committee will annually review the balances situation of the school and make recommendations to the Governing Body. In making its recommendations, the Finance/Resources Committee will indicate an optimum level of balances which has regard to the specific issues facing the school whilst acknowledging that financial resources are allocated to schools annually on the number of pupils in the school at that time.

The Finance/Resources Committee will have regard to any balance limits placed on schools by the Local Authority and DfE.

## **8. Virement Procedures**

Unless the level of change does not warrant it the budget will be revised each Autumn Term and the Finance/Resources Committee will be able to vire funds between budget headings within the school's overall budget (with the exception of any earmarked funds) or from unallocated resources as appropriate.

Requests by the Headteacher for the further virement of funds outside the scope of the Scheme of Delegation to the Headteacher will also be considered by the Finance/Resources Committee and be subject to their minuted approval.

## **9. Quality of Information**

Governors expect that the financial information they receive will be relevant, timely, reliable and understandable.

## **10. Extended Activities**

The Governing Body will discuss, decide and minute their intention to use school budget funding to support the provision of extended school activities.

The following extended school activities are provided by the school:

*School to complete as appropriate.*

## **11. Capital Expenditure**

The Finance/Resources Committee will give consideration to the use of the devolved capital allocations available to the school in the light of the priorities identified in the School Development Plan and then make recommendations to the Governing Body.

The School will submit a Project Proposal Form in order to seek the Local Authority's consent for any proposed building work, irrespective of the funding source, as per the LMS Procedure Rules.

## **12. Documentation and Retention of Records**

All financial systems and procedures carried out will be in accordance with the Local Authority's LMS Procedure Rules, Scheme of Delegation to the Headteacher and the School Finance Manual. A copy of these documents will be readily available and kept up to date.

All records will be retained in line with the Local Authority's Records Retention and Destruction Schedule for Schools.

## **13. Purchasing**

Before any purchase is made, consideration will be given to any potential economies of scale to be had through use of Local Authority negotiated corporate contracts.

Information available from the North Yorkshire Procurement Service for Schools will be given due consideration.

Consideration will be given to obtaining quotations for all purchases in order to ensure that Value for Money is achieved and where a single purchase of more than £5,000 is involved, quotations will be sought from at least 3 suppliers and Governors consulted before a purchase is made.

For purchases in excess of £100,000 tenders will be obtained as laid down in the LMS Procedure Rules.

The Governing Body requires that staff will follow official ordering procedures at all times and written pre-numbered orders will be used. Verbal orders will be followed up by a written confirmatory order. Individuals must not use official orders to obtain goods and services for their private use. All official orders will be recorded on the school's computerised financial system. Orders made on-line should also be followed by an official order.

When making purchases, staff **must** adhere to the LMS Procedure Rules.

#### **14. Purchasing Cards**

The Governing Body will follow the Local Authority policy and procedures for the use of purchasing cards. Cards must only be used to procure goods and services on behalf of the school. They must not be used to obtain cash or for personal transactions.

#### **15. Procedures and Security**

The school will make use of a computerised financial monitoring package approved and supported by the Local Authority.

Data will be input on a regular basis including financial commitments made by the school. Information will be input from and reconciled to the Local Authority's financial statements and school bank statements every month.

Appropriate use of the package and orderly filing procedures will ensure that all transactions are traceable.

Security passwords will be maintained on the computer and documentation will be kept in a secure location.

Regular backups will be made of the information held on the computer with the backups stored securely and separately from the computer.

#### **16. Security of Stocks and Equipment**

An inventory of stocks and equipment held in the school will be maintained and checked on an annual basis in accordance with the LMS Procedure Rules and the Local Authority's guidance.

The Governing Body will ensure appropriate and adequate insurance arrangements are in place to protect the school's assets and a copy of the policy document will be available for inspection.

A register will also be maintained of equipment removed from school for use off-site and when it was returned.

The Governing Body will authorise all write-offs and disposal of surplus stocks and equipment in accordance with LMS Procedure Rules.

When it is considered appropriate, the Governing Body will request and act upon the advice of a Crime Prevention Officer.

#### **17. Petty Cash**

The amount of cash in the school will be kept to a minimum and all monies and associated financial records kept in secure storage. Only staff authorised to do so will have access to petty cash.

There will be a limited use of petty cash. Gifts for employees, including the purchase of flowers, will be met from staff donations and not petty cash.

**18. Income**

The Governing Body will implement a charging and remissions policy for school activities which will be made publically available on the school website. Steps will be taken to ensure the early collection of income due and receipts issued and records will be kept in line with the LMS Procedure Rules.

The school will operate an online income collection system which has been approved for school use by the Local Authority and in line with the LMS Procedure Rules.

The writing off of debts will be undertaken in line with the LMS Procedure Rules; that is:

- a) For debts up to £250 in value, the school will seek the approval of the Governing Body; and
- b) For debts over £250, the approval of the Local Authority must be sought (further to the endorsement of the Governing Body to do so).

**19. VAT Returns**

VAT returns will be made promptly and accurately using the computerised system in line with the Local Authority's deadlines.

**20. Staffing**

The Personnel Committee (or equivalent) will be responsible for the Pay Policy annually within the provision of the Finance/Resources Committee and will consider appointments, terminations, promotions and performance management as necessary.

**21. Insurance**

The Finance/Resources Committee will make recommendations annually to the Governing Body as to the insurance requirements of the school. The recommendations will have regard to the minimum cover requirements of the Local Authority and to the costs of insurance services offered by the Local Authority and other providers.

The school will consider the additional "voluntary" insurance arrangements offered by the Local Authority (i.e. staff absence insurance, contents insurance).

The Finance/Resources Committee will have due regard to the terms of the insurance documents and these will be considered on an annual basis.

The Governing Body will notify the Insurance and Risk Management Section of any eventuality that could affect the Local Authority's insurance arrangements.

**22. Computer Systems**

The school will maintain approved software for the administration of financial records.

The school has been registered in accordance with the Data Protection Act 1998. All data handling procedures undertaken by the school are in accordance with the Local Authority's recommended practices for data security and information governance.

**23. Counter Fraud Arrangements**

The school will maintain a robust system of controls to safeguard itself against fraudulent or improper use of public money and assets. The Governing Body will ensure that it has adopted a whistle-blowing policy and, along with the Headteacher, must inform all staff of all school policies and procedures related to fraud and theft, the controls in place to prevent them and the

## **LMS Procedure Rules**

**Section:** PART 2 – Financial Procedure Rules Appendix 1  
**Page:** 41 of 58  
**Date:** Approved by Executive Members 23 December 2014

consequences of breaching these controls. This information must also be included in the induction of new school staff and Governors.

### **24. Audit**

The systems for finance and administration will be subject to review from time to time by the Local Authority's Internal Audit Service provider and the County Council's external auditors. The Governors, Headteacher and staff will co-operate with auditors in accordance with the requirements of the LMS Procedure Rules and will consider and implement their requirements in a timely manner.

**ANNEX A****FINANCE/RESOURCES COMMITTEE****TERMS OF REFERENCE****FINANCE**

1. To ensure the sound management of the school's financial situation by the regular monitoring and evaluation of financial performance through the use of the Schools Financial Value Standard (SFVS).
2. To establish regular reporting procedures and make recommendations, where necessary (including virement proposals), to the Governing Body.
3. To oversee long term financial planning within the school in the context of the School Development Plan and the policies and objectives of the school.
4. To consider and approve the first formal Budget Plan of the Financial Year and longer term financial plans.
5. To ensure that the school complies with the principles of Value for Money and Efficiency (including the use of local and national financial benchmarking data) in using the resources available to the school.
6. To ensure that the annual self-evaluation of the school's financial management procedures is undertaken by means of the completion and submission to the Local Authority of the DfE's **Schools Financial Value Standard**; to identify any remedial actions required and the associated timescales for implementation. A summary report and recommendations will be presented to the Governing Body.
7. To regularly review the policy of and to consider appropriate levels of school balances with recommendations to be made, as appropriate, to the Governing Body.
8. To evaluate the quality, cost and impact of services purchased from all outside providers, including North Yorkshire County Council Children and Young People's Service, in good time before contracts are due for renewal.
9. To consider the priorities for the use of the school's allocation of Devolved Formula Capital funding and to make recommendations to the Governing Body.
10. To consider the annual insurance requirements and make recommendations to the Governing Body.
11. To receive the report of the Local Authority's auditors and to act upon any recommendations made therein. A summary report is to be presented to the Governing Body.
12. To determine the school's charging and remissions policy for adoption by the Governing Body and to annually review.
13. To determine the school's lettings policy for adoption by the Governing Body and to annually review.
14. To carry out an annual review of the school's Budget Management Policy and to make recommendations to the Governing Body.

## LMS Procedure Rules

**Section:** PART 2 – Financial Procedure Rules Appendix 1  
Annex A  
**Page:** 43 of 58  
**Date:** Approved by Executive Members 23 December  
2014

### PREMISES

15. To provide support and guidance to the Headteacher on all matters relating to the school premises.
16. To prepare and maintain, in conjunction with the Headteacher, an Asset Management plan for the school.
17. To inspect the school premises annually and to prepare a report of the conditions and a proposed order of priorities for maintenance, improvement and development.
18. To approve the costs and arrangements for maintenance, repairs and redecoration, within the allocated budget and to oversee the preparation and implementation of building contracts.
19. To formulate and implement proposals for the use of the Devolved Formula Capital funding.
20. To prepare, monitor and review an Accessibility Plan which will meet the requirements of the Disability Discrimination Act 1995 and the Special Educational Needs and Disability Act 2001.
21. To agree procedures to be followed for carrying out emergency work and to make recommendations to the governing Body about delegation to the Headteacher for taking appropriate action on behalf of the Governing Body in the event of an emergency.
22. To be aware of the specific responsibilities of Governors and the Local Authority in relation to premises and ensure that the Local Authority is informed of any matters for which it has responsibility.
23. To report the findings of inspections and audits to the Headteacher and liaise with him to ensure that appropriate remedial action is taken.
24. To regularly monitor the school's security measures and implement appropriate action when necessary.
25. To liaise and consult with the Local Authority's Strategic Planning Team as appropriate.
26. To discharge the responsibilities of the Governing Body regarding litter and refuse under the Environmental Protection Act 1990.
27. To prepare, adopt, implement and review a plan for the reduction, re-use, refurbishment or recycling of waste.
28. To assist the Governing Body and the Headteacher to discharge their duties under the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1999 and other associated legislation, in collaboration with the Local Authority.
29. To consider the Local Authority's health and safety policies and guidance, and to prepare and review a School Health and Safety Policy, for consideration by the Governing Body.
30. To ensure that the necessary school safety management system is in place to implement the health and safety policy.
31. To ensure that risk assessments are carried out and implemented.
32. To monitor the effectiveness of the school's health and safety arrangements and performance.



## **LMS Procedure Rules**

**Section:** PART 2 – Financial Procedure Rules Appendix 1  
Annex A  
**Page:** 44 of 58  
**Date:** Approved by Executive Members 23 December  
2014

33. To review any health and safety reports from the Headteacher.
34. To make periodic recorded inspections of buildings, plant, materials and equipment; to report to the Governing Body at least annually; and to ensure that the premises are safe and do not put the health of persons at risk whilst they are on the premises.
35. To ensure access to competent persons to assist the school with their health and safety measures.
36. To attend or commission appropriate training for Governors.

### **STAFFING**

37. To prepare a strategy for the overall staffing structure of the school for approval by the Governing Body, after which, to ensure its implementation and review.
38. To approve requests to recruit and advertise vacant and new posts within the allocated budget and to make recommendations to the Governing Body.
39. To prepare job outlines, person specifications and shortlisting criteria for any recruitment exercise.
40. To liaise with the Local Authority for all senior staff appointments.
41. To be involved in the shortlisting and interviewing of shortlisted applicants in compliance with current employment law.
42. To undertake an annual assessment of staff salaries in accordance with the agreed pay policy.
43. To regularly review those policies affecting staffing and make any recommendations for change.
44. To review job descriptions to ensure that they adequately reflect the current requirements of the role.

**ANNEX B****SCHEME OF DELEGATION TO THE HEADTEACHER**

The Headteacher shall have delegated power to undertake all functions delegated to the Governing Body relating to the LMS Scheme except that:

1. they shall comply with all policy directions given to them from time to time by the Governing body;
2. they shall have the authority to expend all monies allocated to individual or specific items in the approved budgets without further reference to the Governing Body.

Where no such specific item exists in the budget they shall not enter into any financial commitment without the consent of the Governing Body or, in the case of an urgent matter, the Chair thereof;

3. the above delegation shall not apply in respect of the appointment of staff. It shall be for the Governing Body to determine, from time to time, the extent of the power of the Headteacher to deal with staffing matters;
4. the Headteacher shall not vire from one budget head to another any sum exceeding 0.5%\* of the delegated budget or £5,000\* whichever is the lesser, without the consent of the Governing Body or, in the case of an urgent matter, the Chair thereof;
5. the Headteacher shall maximise school funds by the careful use of agreed investment opportunities; they shall not transfer funds between current and investment accounts established under the BAFS policy unless a policy to do so has been agreed by the Governing Body (terms should be stated);
6. the Headteacher shall submit to the Governing Body at least once each term, and on such further occasions as the Governing Body may specify, reports on all expenditure incurred and commitments entered into, together with details of any income generated, since the last such report to the Governing Body; this report to include a comparison of these latest figures with the budget for the year;
7. any proposal to incur expenditure on new or significantly different policies is to be the subject of a report by the Headteacher to the Governing Body; the report to include details of cost in both the current and future years;
8. the Headteacher shall have the power to nominate the Deputy Headteacher or another named (senior) member of staff to exercise the powers of this delegation during any periods of absence; and
9. the Headteacher and any other person nominated under Regulation (8) above shall ensure that, at all times, the LMS Procedure Rules relating to schools with delegated budgets are complied with.

\*the figure to be determined by the Governing Body

## PART 3 – LMS CONTRACT PROCEDURE RULES

### 1.0 GENERAL

- 1.1 The LMS Scheme specifies that Schools are required to abide by these Contract Procedure Rules on purchasing, tendering and other contracting matters, including the requirement to assess in addition, where relevant, the health and safety and competence of Contractors taking account of the Council's policies and procedures on these matters. (See **Rule 2.4**).
- 1.2 These Rules are made by the Council on the advice of the CD-SR in consultation with the ACE(LDS)) under the LMS Scheme.
- 1.3 These Rules apply to all Contracts for Goods, Works and Services but do not apply to:
  - a) Contracts of employment
  - b) Property Contracts (which are covered by the Property Procedure Rules) and
  - c) Financial instruments (including, but without limitation, shares, bonds, bills of exchange, future or options contract (which are covered by the Financial Procedure Rules).
- 1.4 The Financial procedure Rules shall be applied in conjunction with these Rules.
- 1.5 References in these Rules to the value of any Contract are to the total estimated aggregate gross value payable over the full period of the Contract including any options to extend the Contract without any deduction for income due to the Contractor or the School. For the purpose of the Rules values shall be calculated exclusive of Value Added Tax.
- 1.6 The School shall ensure that all documentation relating to Contracts and procurement processes (including bids) is retained in accordance with the Records Retention and Disposal Schedule for Schools.
- 1.7 Where the School has awarded a Contract to any Person to supervise or otherwise manage a Contract on its behalf such a Person shall be required to comply with these Rules as if he were an Officer of the School.
- 1.8 The School must maintain a Contracts Register the purpose of which is to record key details of all contracts with an aggregated value of £25,000 or more.
- 1.9 The Council recognises the complexity of some of these Rules and Schools are therefore encouraged to seek the support available from the Procurement & Contract Management Service, telephone number **01609-533450** or email [procurement@northyorks.gov.uk](mailto:procurement@northyorks.gov.uk) .
- 1.10 Where the total Contract value for procurement is within the values in the first column of Tables 1-3, below, the award procedure in the second column must be followed.

**Table 1: Goods and Services (excluding Social & Other Specific Services)**

<b>Total Contract Value</b>	<b>Award Procedure</b>	<b>Signature/Sealing Contract</b>
Up to £25,000	Bids not mandatory. Best Value Form to be completed where Bids are not invited.	One signature The Headteacher (or by an Officer authorised by the Headteacher to sign on their behalf).
£25,000 up to EU Threshold (currently £164,176)	Bids must be invited in accordance with <b>Rule 8</b> . These should be advertised using an E-Sourcing system.	Two signatures: The Headteacher (or by an Officer authorised by the Headteacher to sign on their behalf).  <b>AND</b> Chair of the Governing Body (or by an Office authorised by the Governing Body).
Above EU Threshold (currently £164,176)	Follow the appropriate EU Procedure as set out in <b>Rules 10 and 11</b> .	Two signatures: The Headteacher (or by an Officer authorised by the Headteacher to sign on their behalf). <b>AND</b> The ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf).  Sealing (where appropriate) ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf) in accordance with <b>Rule 5</b> .

**Table 2: Works**

<b>Total Contract Value</b>	<b>Award Procedure</b>	<b>Signature/Sealing Contract</b>
Up to £25,000	Bids not mandatory. Best Value Form to be completed where Bids are not invited.	One signature The Headteacher (or by an Officer authorised by the Headteacher to sign on their behalf).
£25,001 up to EU Threshold (currently £4,104,394 for Works)	Bids must be invited in accordance with <b>Rule 8</b> . These should be advertised using the E-Sourcing system.	Two signatures: The Headteacher (or by an Officer authorised by the Headteacher to sign on their behalf).  <b>AND</b> Chair of the Governing Body (or by an Office authorised by the Governing Body).  Contracts with a value in excess of £1m must be sealed by ACE(LDS) (or by an Officer authorised by the ACE(LDS) to sign on his behalf) in accordance with <b>Rule 5</b> .

Total Contract Value	Award Procedure	Signature/Sealing Contract
Above EU Threshold (currently £4,104,394 for Works)	Follow the appropriate EU Procedure as set out in <b>Rules 10 and 11</b> .	Contracts must be sealed by ACE(LDS) (or by an Officer authorised by the ACE(LDS) to sign on his behalf) in accordance with <b>Rule 5</b> .

**Table 3: Social & Other Specific Services**

Total Contract Value	Award Procedure	Signature/Sealing Contract
Up to £25,000	Bids not mandatory. Best Value Form to be completed where Bids are not invited.	One signature The Headteacher (or by an Officer authorised by the Headteacher to sign on their behalf).
£25,001 up to EU Threshold (currently £589,148)	Bids must be invited in accordance with <b>Rule 8</b> . These should be advertised using the E-Sourcing system.	Two signatures: The Headteacher (or by an Officer authorised by the Headteacher to sign on their behalf).  <b>AND</b> Chair of the Governing Body (or by an Office authorised by the Governing Body).
Above EU Threshold (currently £589,148)	Follow the appropriate EU Procedure as set out in <b>Rules 10 and 11</b> .	Two signatures The Headteacher (or by an Officer authorised by the Headteacher to sign on their behalf). <b>AND</b> The ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf).  Sealing (where appropriate) ACE(LDS) (or by an Officer authorised by the ACE(LDS) to sign on his behalf) in accordance with <b>Rule 5</b> .

## **2.0 COMPLIANCE WITH LEGISLATION AND STANDARDS**

2.1 Every Contract shall comply with all relevant applicable legislation and government guidance including:-

- a) EU Law
- b) Acts of Parliament
- c) Statutory Instruments including, but without limitation, the Public Contracts Regulation 2015.

2.2 Where relevant, every Contract shall specify that materials used, goods provided, Services supplied or Works undertaken (as the case may be) shall comply with applicable standards. Such standards are, in order of priority:-

- a) EU Standards
- b) British Standards implementing international standards
- c) British Standards

2.3 In consultation with the ACE(LDS), Headteachers shall ensure that the School has the legal power to enter into any Contract and that in respect of all Contracts, regardless of whether they involve the procurement or provision by the School of Works, Supplies or Services Headteachers shall ensure that no Contract shall be entered into which is ultra vires.

2.4 In respect of grounds and buildings the School shall **at all times**:-

- a) Follow the guidance issued by the Property Service and any other guidance from the Council on the management of risk and health and safety and security matters
- b) Act on the instructions of the Council as "landlord" (this does not apply to Voluntary Aided Schools)
- c) Follow statutory requirements on Health and Safety, Construction (Design and Management) Regulations, Asbestos, Building Regulations, Planning Approval and other statutory and regulatory requirements
- d) Be responsible for any loss arising from a failure to follow the advice of the Council as "landlord" (this does not apply to Voluntary Aided Schools)
- e) Seek the consent of the Council's Strategic Planning Team to proposed building work whatever the source of funds. This must be done through the completion of the Project Proposal Form which can be requested from [ampsuitability@northyorks.gov.uk](mailto:ampsuitability@northyorks.gov.uk) from where schools can also request any advice or guidance which may be required.

## **3.0 CAPITAL EXPENDITURE**

3.1 Governing Bodies are permitted to use their budget share to meet the cost of capital expenditure on School premises. The Devolved Capital allocation to the School must be used in accordance with any rules and conditions specified as a condition of the award of the grant which funds the allocation. Currently Devolved Capital can be used only for capital expenditure.

3.2 A Governing Body shall provide timely information, as required by the CD-SR, for the allocation, monitoring, accounting and claiming of grant in respect of Devolved Capital or any other capital funding allocated to the School.

3.3 Unused Devolved Capital allocation may be carried forward to the following financial year if the rules of the Department for Education permit.

## **4.0 FORM OF CONTRACT**

4.1 Every Contract shall be evidenced in writing (by the use of a purchase order, exchange of correspondence or other written medium).

- 4.2 Wherever appropriate, and for all Contracts exceeding £25,000 in value, such written agreement shall be made on the basis of terms and conditions agreed by the ACE(LDS). Such terms and conditions may be incorporated into standard order conditions. The School may accept different terms and conditions proposed by a Contractor provided that the advice of the ACE(LDS) (and the Property Service in the case of Works Contracts), as to their effect has been sought and considered.
- 4.3 The written form of agreement must clearly specify the obligations of the School and the Contractor and shall include:-
- a) the work to be done or the Supplies, Services or Social and Other Specific Services provided
  - b) the standards which will apply to what is provided
  - c) the price or other consideration payable
  - d) the time in which the Contract is to be carried out
  - e) the remedies which will apply to any breach of Contract
- 4.4 All term Contracts, and Framework Agreements may include a financial limit above which value, work to be done or Services to be supplied shall be the subject of a separate procurement exercise in accordance with these Rules.
- 4.5 The written form of agreement for all Contracts exceeding £25,000 in value must include the following or equivalent wording:-
- a) *“If the Contractor:-*
    - i. *Has offered any gift or consideration of any kind as an inducement or disincentive for doing anything in respect of this Contract or any other Contract with the School or the Council, or*
    - ii. *Has committed any offence under the Bribery Act 2010, or*
    - iii. *Has committed an offence under Section 117 (2) of the Local Government Act 1972.*

the School may terminate the Contract immediately and will be entitled to recover all losses resulting from such termination”.

  - b) *“If the Contractor is in persistent and/or material breach of Contract the School may terminate the Contract and purchase the Supplies, Works, Services or Social and Other Specific Services from a third party and the School may recover the cost of doing so from the Contractor”*
- 4.6 The standard clauses contained in the Procurement Guide for Schools relating to the Freedom of Information Act 2000 and the Data Protection Act 1998 shall, wherever possible, be included in all contracts exceeding £25,000 in value.
- 4.7 Other standard clauses are contained in the Procurement Guide for Schools relating to, for example, equalities, the Public Services (Social Value) Act 2012, sustainability and best value; these are not mandatory for each such written agreement referred to in Rule 4.5 above, but should be included where appropriate.

## **5.0 SIGNATURE/SEALING OF CONTRACTS**

- 5.1 Every written contract must be either signed or sealed in accordance with this Rule.
- 5.2 Contracts may be signed as outlined in **Rule 1.10, Tables 1-3**, provided that:
- a) appropriate authority exists for the School to enter into the Contract, and
  - b) the Contract is either
    - i. in a nationally recognised form, or
    - ii. a standard form prepared or approved by ACE(LDS), or
    - iii. is otherwise in a form approved by ACE(LDS)

- c) any variations to approved forms of Contract must themselves be approved by ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence
- 5.3 Contracts for Works may be awarded only to Contractors who have provided evidence to the School of a current employers' liability insurance policy with cover of at least £10 million and a current public liability insurance policy with cover of at least £5 million.

## **6.0 LEASING AGREEMENTS**

- 6.1 Because the nature of these Leasing Agreements may conflict with the Council's position regarding the application of Government capital expenditure controls any such agreements **must** meet the following criteria:
  - a) The agreement must **not** allow the School to become the owner of the equipment; in other words, the School cannot buy the equipment at any stage from the lessor.
  - b) The duration of the agreement **must** be short enough for the estimated value of the equipment at the end of the agreement period to be at least 10% of its initial cost. This condition must be specified in the agreement. An agreement for a large, heavily used photocopier, for example, should probably not exceed three years.
  - c) The agreement **must not** give the School an automatic right to continue with the lease at the end of the agreement period. However, if the Governing Body wishes to extend the agreement this can be arranged subsequently at an open market rental.
  - d) Any sale proceeds arising from the disposal of equipment **must** be payable to the leasing company and not to the School.
  - e) The new lease cannot be used to settle any outstanding debt on a previous lease arrangement.

## **7.0 BONDS AND LIQUIDATED DAMAGES**

- 7.1 Where appropriate Schools (in consultation with the Property Service) shall consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract.
- 7.2 Where considered appropriate by a School (in consultation with the Property Service), the Contractor will be required to provide a performance bond to secure the performance of the Contract. Such performance bonds should provide for a sum of not less than 10% of the total value of the Contract or such other sum as the Property Service considers appropriate.

## **8. BIDS**

- 8.1 Where the estimated value of a Contract is £25,000 or less the invitation of Bids is not mandatory, but written Bids should be invited where appropriate and best value should always be sought. If a School is not seeking three Bids then the Best Value Form must be completed to capture the rationale for this decision.
- 8.2 If the estimated value of a Contract exceeds £25,000 but is less than the appropriate EU Threshold, Bids must be invited from all potential Contractors in accordance with **Rule 1.10, Tables 1-3**. A notice advertising the opportunity should be published through an E-Sourcing System (however this is not compulsory) and, if considered appropriate, a local newspaper and a suitable professional or trade journal or website.



The form of advertising shall take into account the value, location and subject matter of the Contract. The notice shall specify brief details of the Contract, how the Invitation to Bid (ITB) documents may be obtained and the closing date for receipt of Bids by the School.

- 8.3 All potential Contractors invited to submit Bids shall be provided in all instances with identical information and instructions. Where considered appropriate, Schools may permit potential Contractors who have been invited to submit Bids under **Rule 8.2** to also submit variant Bids (i.e. Bids which do not comply with some or all of the requirements of the primary Bid). The same opportunity to submit variant Bids must be given to all potential Contractors.
- 8.4 A written Bid may only be considered if:-
- (a) it has been received electronically through the E-Sourcing System, or
  - (b) it has been received in a sealed envelope marked "Bid" and indicating the subject matter of the Bid and
  - (c) it has been opened after the expiry of the deadline for submissions and at the same time as other Bids for the same subject matter in the presence of at least two staff members authorised to open Bids.
- 8.5 Before Bids with a value in excess of £25,000 are requested the evaluation criteria must be recorded in writing in the ITB evaluation model. The evaluation criteria must be identified and the weighting between price and quality established and stated in the request for Bids sent to Participants.
- 8.6 If a Bid other than the most economically advantageous Bid is to be accepted, the written approval of the Chair of the Governing Body shall be sought and obtained before the bid is accepted. The results of all bid exercises shall be reported to the Governing Body.
- 8.7 A Bid cannot be accepted where the value exceeds the relevant EU Threshold. If the value of the Bid exceeds the relevant EU Threshold a School must seek tenders in accordance with **Rules 10 and 11**.
- 8.8 Before a Contract is awarded after a Bid exercise such steps shall be taken as are reasonably necessary (having regard to the subject matter, value, duration of the Contract and other relevant factors) to complete a risk assessment of the potential Contractor's financial stability.
- 8.9 Bids may be altered only in accordance with **Rule 9**.

## **9. POST BID NEGOTIATION AND CLARIFICATION**

- 9.1 Post Bid negotiations may not be undertaken where the value of the Contract exceeds the relevant EU Threshold. If the value of a Bid exceeds the relevant EU Threshold, the School must invite tenders in accordance with **Rules 10 and 11**.
- 9.2 Post Bid negotiations with selected Participants shall only be carried out where:-
- (a) post Bid negotiations are permitted by law; and
  - (b) the School considers that added value may be obtained; and
  - (c) the post Bid negotiations are conducted by a team of suitably experienced Officers who have been trained in post Bid negotiations; and
  - (d) a comprehensive, written record of the post Bid negotiations is kept by the School; and

- (e) a clear record of the added value to be obtained as a result of the post Bid negotiations is incorporated into the Contract with the successful Participant.

9.3 **Rules 9.1 and 9.2** shall not operate to prevent clarification of all or part of any Bid to the extent permitted by law and where such clarifications are sought the provisions of **Rules 9.2 (c) and 9.2 (d)** shall apply, except that the word "clarification" shall be substituted for the word "negotiation" in these Rules.

## 10. OJEU TENDERS

10.1 Tenders for Contracts which exceed the EU Threshold shall be invited and awarded in accordance with the PCRs and as prescribed in **Rule 10 and 11**.

### General Requirements

10.2 Before an OJEU Tender is requested the evaluation criteria to be applied to the OJEU Tender must be recorded in writing in the ITT evaluation model. The evaluation criteria must be identified and the weighting between price and quality established and stated in the ITT sent to Participants.

10.3 Irrespective of the procurement process being undertaken an OJEU notice must be published through the E-Sourcing system.

10.4 All Participants invited to submit OJEU Tenders shall be provided in all instances with identical instructions and information.

10.5 Where considered appropriate, a School may, permit Participants to submit variant OJEU Tenders (i.e. tenders which do not comply with some or all of the requirements of the primary tender). The same opportunity to submit variant OJEU Tenders shall be given to all Participants. Variant OJEU Tenders shall only be considered if the Participant also submits a compliant primary tender.

10.6 The evaluation of the OJEU Tender submissions shall be carried out by Officers who are considered appropriate having regard for the subject matter and value of the Contract.

## 11. OPTIONS FOR OJEU TENDER

11.1 The School shall identify which of the following OJEU Tender processes shall be used to invite tenders for Contracts with a value in excess of the relevant EU Threshold:

- (i) the Open Procedure (as prescribed by Regulation 27)
- (ii) the Restricted Procedure (as prescribed by Regulation 28)
- (iii) the Competitive Procedure with Negotiation (as prescribed by Regulation 29)
- (iv) the Competitive Dialogue Procedure (as prescribed by Regulation 30)
- (v) the Innovation Partnership Procedure (as prescribed by Regulation 31)
- (vi) Negotiated Procedure without prior publication (as prescribed by Regulation 32)
- (vii) Framework Agreement (as prescribed by Regulation 33)
- (viii) Dynamic Purchasing System (as prescribed by Regulation 34)
- (ix) Electronic auctions (as prescribed by Regulation 35)
- (x) Electronic catalogues (as prescribed by Regulation 36)
- (xi) Light Touch Regime (as prescribed by Regulations 74-76)

and such identified process shall be used for the invitation of OJEU Tenders in accordance with the requirements of the PCR's.

## **12. RECEIPT AND OPENING OF OJEU TENDERS**

- 12.1 A written OJEU Tender may only be considered if:-
- (a) it has been received electronically through the E-Sourcing System; or
  - (b) it has been received in hard copy in a sealed envelope marked "OJEU Tender" and indicating the subject matter of the OJEU Tender, and the identity of the Participant cannot be ascertained from the tender envelope; and
  - (c) (subject to **Rule 12.4**) it has been received by the OJEU Tender closing date and time
- 12.2 The Headteacher (or a person designated by the Governing Body) shall be responsible for the reception and safe custody of OJEU Tenders until they are opened.
- 12.3 Tenders must be opened at the same time and in the presence of a Governor and the Headteacher (or other Officer designated by the Governing Body) who shall maintain a record of the tenders received. Such a record shall include the date and time of tender opening, the identity of the Persons present, the identities of tenderers and the tendered sums (where readily ascertainable). A copy of such a record shall be provided as soon as practicable to Internal Audit.
- 12.4 If a Tender is received after the specified tender closing date it may not be considered unless the Headteacher and Chair of the Governing Body are satisfied that the Tender was posted or otherwise dispatched in sufficient time to be delivered before the specified time but that delivery was prevented by an event beyond the control of the tenderer and that other Tenders have not been opened.

## **13. OJEU TENDER EVALUATION AND ACCEPTANCE**

- 13.1 The School shall evaluate OJEU Tenders using the evaluation model published in accordance with **Rule 10.2**.
- 13.2 Only in exceptional circumstances agreed by the Governing Body and the ACE(LDS) can an OJEU Tender other than the MEAT be accepted. In these circumstances a signed and dated record of the reasons for the action taken shall be made.
- 13.3 If, as a result of the OJEU Tender evaluation process the School is satisfied that an arithmetical error has been made inadvertently by a Participant such an error may, after clarification with the Participant, be corrected. The School shall record any such clarification in writing.
- 13.4 Before a Contract is awarded the School shall complete a risk assessment to ascertain the financial stability of the successful Participant. The risk assessment shall take into account the subject matter, complexity, duration, value and any other such factors as may be deemed to be relevant.
- 13.5 On completion of the evaluation of the OJEU Tenders received and once all internal approvals have been obtained, the School shall write to all Participants informing them of the outcome of the OJEU Tender evaluation and providing feedback on the content of their submission, in accordance with Regulation 55 of the PCRs.
- 13.6 The School shall wait a minimum of ten days (15 days if not sent electronically) from the date of issue of the letters notifying the Participants of the result of the evaluation before completing the Contract with the successful Participant.
- 13.7 The Headteacher shall send for publication a Contract Award Notice stating the outcome of the procurement procedure no more than 30 days after the award of the Contract.

## **14.0 ELECTRONIC COMMERCE**

14.1 Nothing in these Rules shall prevent:

- a) invitations to bid or tender being issued by use of the internet. A School (in consultation with the CD-SR) may publish invitation to tender notices on appropriate internet web sites in substitution for publication in newspapers or trade journals.
- b) receipt of bids or tenders by use of the internet provided the School and the Head of Internal Audit have agreed that suitable privacy and security mechanisms are in place for the receipt and opening of such submissions.

14.2 Schools are encouraged to advertise procurement opportunities over £25,000 on the E-Sourcing System. If a School wishes to use the E-Sourcing System the North Yorkshire County Council Corporate Procurement and Contract Management Service will assist with this process. **From October 2018 the use of an E-Sourcing System will be mandatory for any OJEU procurement.**

## **15.0 HIRING AND ENGAGING STAFF**

15.1 Where a school is hiring or engaging a worker who is not on the payroll there is a legal requirement to determine whether it is the responsibility of the School to deduct employee tax and national insurance (NI) at source and associated employer NI, in accordance with the legal requirements of IR35.

## **16.0 PURCHASING CARDS**

16.1 Where purchasing cards are issued by the School the following provisions shall apply:-

- a) their use shall be subject to the procedures laid down by the CD-SR
- b) cards shall only be issued to, and used by, Officers nominated by the Headteacher
- c) CD-SR shall be notified of all Cardholders and maintain a register
- d) for the purpose of **Rule 4.1** the payment invoice will constitute evidence in writing of the Contract.

## **17.0 PROPERTY CONTRACTS**

17.1 Schools may not enter into Property Contracts in their own right and only the ACE(LDS) (or an Officer designated by them) shall sign Property Contracts, which are subject to the Council's own Property Procedure Rules.

## **18.0 EXCEMPTIONS TO CONTRACT PROCEDURE RULES**

18.1 A School does not need to invite bids in accordance with **Rule 8**, in the following circumstances:-

- (a) purchases via Framework Agreements which have been established either by the Council or by other public sector bodies or consortia (including, but not limited to YPO) and where such framework agreements are lawfully accessible to the School. Contracts awarded from such Framework Agreements shall be awarded in accordance with the provisions of that Framework Agreement; or
- (b) where a grant or other external funding is received by the School, either in its own right or as an accountable body, and the terms of such grant or other external funding state that such grant or other external funding must be applied in accordance with the terms of such grant or other external funding; or

- (d) purchases at public auctions (including internet auction sites, e.g. Ebay) where the School is satisfied that value for money will be achieved; or
- (e) the purchase of Supplies, Works, Services or Social and Other Specific Services which are of such a specialised nature as to be obtainable from one Contractor only; or
- (f) repairs to or the supply of parts for existing proprietary machinery or plant where to obtain such supplies from an alternative supplier would invalidate the warranty or contractual provisions with the existing supplier; or
- (g) Social or Other Specific Services Contracts where:-
  - (i) the service is currently supplied by a Contractor to the satisfaction of the Governing Body, is considered to be offering value for money and where the foreseeable disruption to service users cannot justify the invitation of further bids, or
  - (ii) the service is of a specialist or personal nature and where service users must be involved in the selection of the Contractor and where the Governing Body considers it inappropriate for bids to be invited, or
  - (iii) where the Governing Body is satisfied that the urgency of the need for the service prevents the invitation of bids in which case consideration shall be given to the duration of that service; or
- (h) Contracts where the Governing Body agree that for reasons of extreme urgency brought about by unforeseeable events un-attributable to the School, the timescales for obtaining bids cannot be met. A written record shall be signed and dated by the Governing Body, whenever this Rule applies.

18.2 Where any of the exceptions set out in **(d) to (h)** above are applied a written record shall be signed, dated and kept. The Headteacher shall maintain a register of all recommendations made under this Rule.

18.3 A School does not need to invite OJEU tenders in accordance with **Rule 10 and 11**, in the following circumstances:-

- (a) purchases via Framework Agreements which have been established either by the Council or by other public sector bodies or consortia (including, but not limited to YPO) and where such Framework Agreements are lawfully accessible to the School. Contracts awarded from such Framework Agreements shall be awarded in accordance with the provisions of that Framework Agreement. Where appropriate Officers should apply a minimum 10 day standstill period for all call-off Contracts awarded under an existing Framework Agreement. This is not mandatory but is deemed best practice; or
- (b) where:
  - (i) Regulations 12 or 72 of the PCRs apply; or
  - (ii) any other specific exclusions as set out in the PCRs apply;

and the ACE(LDS), the Headteacher, the Governing Body and CD-SR are in agreement. A written record shall be signed and dated whenever this Rule applies and the Headteacher shall maintain a register of such written records.

## **Waivers**

- 18.4 Specific exceptions to **Rule 8** are permitted in such other circumstances as the Headteacher and the Governing Body may agree. This shall be recorded in writing and shall specify the reasons for the request.
- 18.6 The Headteacher shall maintain a register of all requests made under this Rule and the responses given to them.
- 18.7 Specific exemptions to **Rule 10 and 11** may be permitted in exceptional circumstances as the ACE(LDS) and CD-SR may agree in accordance with the PCRs. The ACE(LDS) shall maintain a register of all requests made under this Rule and the responses given to them.

## **19.0 COMPLIANCE**

- 19.1 Every Officer shall comply with these Rules and any unauthorised failure to do so may lead to disciplinary action.
- 19.2 The Headteacher shall be responsible for monitoring adherence to these Rules.
- 19.3 Each Headteacher shall take all such steps as are reasonably necessary to ensure that Officers within their School are aware of and comply with these Rules.

## **20.0 CONTRACT MONITORING**

- 20.1 The Responsible Officer shall take all such steps as are appropriate to monitor and review the performance of the Contract, having regard to its value, nature, duration and subject matter. As part of the monitoring and review process the Responsible Officer shall maintain adequate records of Contract performance and details of review meetings with the Contractor. Such records and details shall be made available to Internal Audit whenever required. Such records should also be used on the basis for any permitted extension to the Contract.

### **Contract Variation**

- 20.2 Contracts with a value below the relevant EU Threshold may be varied in accordance with the terms of that Contract. Any proposed variations which have the effect of materially changing the Contract must be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence.
- 20.3 Contracts with a value in excess of the relevant EU Threshold may be varied in accordance with the terms of that Contract or as outlined in Regulation 72 of the PCRs. Any proposed variations which have the effect of materially changing the Contract must be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence.

## **21.0 DECLARATION OF INTERESTS**

- 21.1 If it comes to the knowledge of a Governor or Officer that a Contract in which that Governor or Officer has an interest has been or is proposed to be entered into by the School, that Governor or Officer shall immediately give written notice to the Headteacher.

## **22.0 TRAINING**

- 22.1 Any Officer involved in procurement activities should have received a level of formal training commensurate with the nature of the procurement activity being undertaken.

22.2 Any Officer involved in an OJEU level procurement where they are not receiving support from the Councils Corporate Procurement and Contract Management Service or another procurement specialist must be suitably qualified in procurement.

## 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



## COUNTER FRAUD ARRANGEMENTS

required 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 proforma invoice pads supplied by the County Council. The file of outstanding invoices should be reviewed

## COUNTER FRAUD ARRANGEMENTS

on 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/employersandspors/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 be 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

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