

# The Wakefield Scheme for Financing Schools

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# 1 INTRODUCTION

## 1.1 The funding framework

- 1.1.1 The Wakefield Scheme for Financing Schools was introduced in March 1999. Its introduction was linked to a new funding framework, which replaced Local Management of Schools, based on the legislative provisions in sections 45 to 53 of the School Standards and Framework Act 1998 (SSAF Act 1998).
- 1.1.2 Under this legislation, LAs (Local Authorities) determine for themselves the size of their Schools Budget and their non-schools education 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 between them is all expenditure, direct and indirect, on an LA's maintained schools except for capital and certain miscellaneous items. LAs may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under section 45A of the SSAF Act 1998. The amounts to be retained centrally are decided by the LA concerned, subject to any limits or conditions (including gaining the approval of their SchoolForum or the secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the Schools Budget left after the deduction of centrally retained funds is termed the Individual Schools Budgets (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.3 Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with section 51 of the SSAF Act 1998. The financial controls within which delegation works are set out in a scheme made by the LA in accordance with section 48 of the SSAF Act 1998 and regulations made under that section. All proposals to revise the scheme must be approved by the schools forum, though the LA may apply to the Secretary of State for approval in the event of the Schools Forum rejecting a proposal or approving it subject to modifications that are not acceptable to the LA.
- 1.1.4 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 section 50 of the SSAF Act 1998. (\*Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act.)
- 1.1.5 The LA may suspend a school's right to a delegated budget if the provisions of its scheme for financing schools (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. 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 (section 17 of the SSAF Act 1998) but in this case there is no right of appeal.
- 1.1.6 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, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. 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.
- 1.1.7 The detailed publication requirements for financial statements are set out in section 251 of the SSAF Act 1998, 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.

- 1.1.8 Regulations also require a local authority to publish their scheme and any amendments to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.
- 1.2 The role of the scheme
  - 1.2.1 The Scheme for Financing Schools sets out the financial relationship between the LA and the maintained schools which it funds. Contained within the scheme are requirements relating to financial management and associated issues which are binding on both the LA and schools.
  - 1.2.2 The scheme applies to all community, nursery, special, voluntary, foundation (including trust) and foundation special schools maintained by the LA, whether they are situated in the area of the LA or situated elsewhere. It does not apply to schools situated in the LAs area which are maintained by another LA. The scheme does not apply to Academies. The scheme does not apply to Pupils Referral Units which are not maintained schools within the meaning of s.20 (7) of the Act. The schools covered by the scheme at 1 April 2011 are attached as Appendix A.
- 1.3 Publication of the scheme
  - 1.3.1 The publication requirements are contained in regulations. A copy of this scheme will be supplied to the head teacher and to the Governing Body of each school covered by the scheme, and any approved revisions will be notified to each school. An up-to-date copy of the scheme will also be available on the Wakefield Council Internet site, and the Wakefield "Its Learning VLE".
- 1.4 Revision of the scheme
  - 1.4.1 Any proposed revisions to the scheme will be the subject of consultation with the governing body and headteacher of every school maintained by the LA before being submitted to the Wakefield Schools Forum for their approval.
- 1.5 Delegation of powers to the head teacher
  - 1.5.1 Each Governing Body should consider the extent to which it wishes to delegate financial powers to a Committee of the Governing Body and to the head teacher. The extent of such delegation should be recorded in the minutes of the Governing Body and incorporated into each school's Financial Management Policy.
  - 1.5.2 This scheme does not prescribe the level of delegation to a Committee of the Governing Body and the head teacher. It does require each school to have a Financial Management Policy and it does require that the budget plan for each financial year is approved by the Governing Body or by a Committee of the Governing Body. Any approval/decisions of the a Committee of a Governing Body should always be reported back up to the Governing Body at the first available opportunity.
  - 1.5.3 Each Governing Body should review its Financial Management Policy and its Financial Procedures Manual annually and record any revisions to them in their minutes. It is for each school to determine the precise contents of these documents although the LA has provided drafts for guidance and will continue to give advice on their content and format.
- 1.6 Maintenance of schools
  - 1.6.1 The LA is responsible for maintaining the schools covered by this scheme and this includes the duty of defraying the expenses of maintaining them except in the case of voluntary aided schools 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 SSAF Act 1998.

## 2 FINANCIAL CONTROLS

### 2.1 Application of financial controls to schools

Schools are required to abide in the management of their delegated budgets by the LA's requirements on financial controls and monitoring, not only those in the scheme but also those requirements contained in more detailed publications referred to in the scheme but outside and compatible with it. The terms of the scheme will prevail in any instance where there is inconsistency.

### 2.2 Provision of financial information and reports

Schools are required to provide the LA with details of anticipated and actual expenditure and income, in a form and at times determined by the LA. However, schools are not required to submit such details more often than once every three months except for those connected with tax or banking reconciliation – 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. This restriction to a minimum 3 month interval does not apply to schools which are part of the on-line financial accounting system operated by the LA.

### 2.3 Payment of salaries; payment of bills

#### 2.3.1 Payment of salaries and payment of bills shall be in accordance with procedures detailed in the Schools Financial Procedures Manual.

#### 2.3.2 Under the Local Government Pension Scheme (Administration) Regulations 2008, where a community school or community special school proposes to change category to a foundation school or foundation special school the LA may, with the consent of the Governing Body of the school, make a designation that will enable all support staff employed by the Governing Body of the school to be eligible for membership of the Local Government Pension Scheme from and including the date of change of category (known as the "implementation date").

#### 2.3.3 In the event that the LA agrees to make a designation pursuant to Regulation 8(1)(b) of the Local Government Pension Scheme (Administration) Regulations 2008, the Governing Body of the school shall:-

- pass a resolution in a form to be approved by the LA consenting to the LA making such a designation and provide a copy of the signed resolution to the LA;
- after the making of the designation, pay, from and including the date specified in the LA designation, to the LA for payment to the Administering Authority for credit to the West Yorkshire Pension Fund, all pension contributions, payments and any other sums as are required to be paid under the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government (Early Termination of Employment)(Discretionary Compensation) (England and Wales) Regulations 2006 for all eligible support staff employed by the Governing Body of the School;
- after the making of the designation by the LA, be liable for any Local Government Pension Scheme deficit relating to all eligible support staffs membership of the Local Government Pension Scheme referable up to, including and after the date specified in the LA designation;
- after the making of the designation by the LA, promptly provide, from and including the date specified in the LA designation to the LA such completed forms, documentation and other information which are required to be submitted under the Local Government Pension Scheme (Administration) Regulations 2008 and Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 relating to the payment of pension

contributions, payments and any other sums for all eligible support staff employed by the Governing Body of the school.

- 2.3.4 In the event that the Governing Body of the school fails to comply with any of the provisions set out in [2.3.2 and 2.3.3 above], the LA shall be entitled to deduct all costs and liabilities arising from such failure to the school's budget share pursuant to paragraphs 6.2.20.
- 2.4 Control of assets
- 2.4.1 Each school must maintain a register of its moveable non capital assets. The register should include all individual assets with a purchase value of more than £500. Items of a lower value should be recorded where the risk is considered to be significant. A register should also be kept of all electrical items, for health & safety requirements.
- 2.4.2 For items worth £1,000 or over, the register should include as a minimum a brief description of the item, location, make and model, serial number (if any), original cost, date purchased and officer responsible for its security.
- 2.4.3 For the items less than £1,000 the school is allowed to determine the form of the register.
- 2.4.4 Where an item has been purchased using the school's delegated budget the school is able to dispose of the asset without reference to the Corporate Director (Family Services) now referred to as the CDFS. The school will need to demonstrate that when it has sold an asset it has followed procedures which facilitate obtaining best consideration. Details on asset disposal procedures are in the Schools Financial Procedures Manual.
- 2.5 Accounting Policies (including year-end procedures)
- 2.5.1 Schools are required to abide by procedures specified by the Director of Finance (DoF) for the LA.
- 2.6 Writing off of debts
- 2.6.1 The school, within its own financial procedures can write off individual debts up to the value of £500. The school must notify the DoF of the amount written off and briefly describe the action taken to recover the debt.
- 2.6.2 Individual debts in excess of £500 may only be written off with the authority of the DoF.
- 2.7 Basis of accounting
- 2.7.1 The financial information supplied to the LA should be on an accruals basis. The schools internal accounts can be on either a cash or accruals basis.
- 2.8 Submission of budget plans
- 2.8.1 Once a school has been notified of its school budget share, it is the responsibility of the Governing Body to set and approve the school's budget for the coming financial year.
- 2.8.2 A copy of the approved budget, certified by the Chair of the Governing Body, is to be returned to the LA by the 31<sup>st</sup> May.
- 2.8.3 The form determined by the LA for submission of budget plans should so far as possible take account of the LA coding structures and of the consistent financial reporting framework.
- 2.8.4 The LA will ensure that the approved budget of each school is entered into the LA's Financial System (Agresso). Schools that do not utilise the LA's financial system for their financial management information should enter the information immediately on their own system so monitoring can commence. In doing this they should comply with requirements as set out in 2.8.2-2.8.3.

- 2.8.5 The LA will supply schools with all school income and expenditure data which it holds which is necessary to efficient planning by schools, and supply schools with an annual statement showing when this information will be available. Schools will be allowed to take account of estimated deficits/surpluses at the previous 31st March in their budget plan.
- 2.8.6 The school's formal annual budget plan must be approved by the governing body or a committee of the governing body. Any approval by committee must be reported to the Governing Body. Any revisions to the annual budget must be submitted to the LA no later than every three months.
- 2.9 Submission of financial forecasts
- 2.9.1 The LA may require schools to submit a financial forecast covering each year or a multi-year period for which schools have been notified of budget shares beyond the current year. Such a forecast may be used as evidence to support the LA's responsibility for declaring schools adherence to the Schools Financial Value Standard in Schools and/or used in support of the LA's balance control mechanism.
- 2.10 Value For Money
- 2.10.1 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.
- 2.10.2 It is for heads and governors to determine at school level how to secure better value for money.
- 2.11 Virement
- 2.11.1 The Governing Body may approve virement between all heads of expenditure and income within the school's delegated budget. They may choose to allow the Finance Committee and/or the head teacher to vire between budget heads up to a specified amount. This should be set out in the schools approved Financial Management Policy and Financial Regulations. All virements should be ratified by the governing body.
- 2.12 Audit
- 2.12.1 Each school will be subject to regular internal audit within a regime determined by the LA and external audit under a regime as determined by the Audit Commission.
- 2.12.2 Schools are required to co-operate with this regime and allow the appropriate access to the schools records for both internal and external auditors.
- Internal Audit Arrangements are as follows:
- The accounts of the Local Authority Maintained schools will be the subject of regular internal audit to enable a review of the management of the school's finances and its stewardship of public money on behalf of the Local Authority.
  - Schools must allow internal auditors access for the purpose of audit to premises, documents and assets, as the internal auditors consider necessary.
  - The governing body and school staff should provide internal auditors with any explanations they consider necessary.
  - The Headteacher should consider and respond promptly to recommendations in audit reports and report to the governing body on the results of audit and any action by the school
  - The Headteacher should immediately notify internal audit of any suspected irregularities.
- 2.12.3 Current audit procedures take into account that not all schools use the LA's bank account and payment procedures. The detailed audit procedures differ for those schools that operate their own payroll and/or bank accounts.

## 2.13 Separate external audits

2.13.1 Each Governing Body, if it feels appropriate, may obtain an external audit certificate of its accounts relating to its delegated budget. The cost of obtaining such a certificate would be a charge to the delegated budget.

2.13.2 There is no expectation that each school should obtain such a certificate and it would be deemed separate from the LA internal or external audit process. This section merely confirms that schools are not prevented from seeking an additional source of assurance at their own expense.

## 2.14 Setting up School Companies

The Education Act 2002 Section 11 & 12 – School companies Regulations 2002 sets out provisions which enable schools to form companies in connection with the school, with other schools or with certain other education bodies. Schools should follow the procedures set out in Appendix D of this document when establishing a School Company.

## 2.15 Audit of voluntary and private funds

2.15.1 Each school must provide to the Director of Finance (DoF) a list of voluntary and private funds held by the school and of any companies set up in connection to the school. For each fund/school company an audit certificate must be presented to the DoF by 31<sup>st</sup> October for the previous financial year or academic year. For school companies the audit must be carried out by a qualified accountant or auditor.

2.15.2 The audit should be carried out by someone who is independent from the management and administration of the fund / school company. Therefore the audit should not be carried out by the school head teacher or bursar/admin officer who deals with the day to day running of the fund/school company and preferably not a member of the Governing Body of the school.

2.15.3 The head teacher should ensure that the audited accounts of any school companies are copied promptly to the LA after the Governing Body has accepted them.

2.15.2 A school refusing to provide audit certificates or school company accounts will be deemed to be in breach of this scheme and the LA can take action on this basis.

## 2.16 Register of business interests

2.16.1 Each Governing Body must establish a register which lists for each of the governors and the head teacher any business interests they or any member of their immediate family have. The register is to be kept up to date with notification of changes and through an annual review of entries. The register is to be available for inspection by governors, staff, parents, and the LA.

## 2.17 Purchasing, tendering and contracting arrangements

2.17.1 Schools must abide by the LA's financial regulations and contract procedure rules in purchasing, tendering and contracting matters. This does not impose on a school a requirement to seek suppliers from the LA's list of approved suppliers. It merely lays down the minimum criteria by which a school should seek quotations or tenders from suppliers. Governing Bodies will be expected to obtain value for money by way of price, quality and convenience of the school at all times. Furthermore they must always have due regard for the proper accountability and control over the expenditure of public funds.

2.17.2 The LA's financial regulations and contract procedure rules do not apply if they require a school to do anything which is incompatible with any provisions of this scheme, or any statutory provisions, or any EU Procurement Directive. The advice of the authority's Corporate Procurement Manager (CPM) should be sought if such a circumstance arises prior to entering into any contractual agreement.

2.17.3 Schools should have considered in advance of placing an order or contract the health and

safety competence of contractors taking account of prevailing LA policies and procedures.

2.17.4 The main criteria that each school should follow when placing an order or contract are listed below:

- (I) for contracts below £10,000 three verbal quotations should be obtained, and recorded by the person obtaining them.
- (II) for contracts between £10,000 and £75,000 three written quotations should be obtained.
- (III) for contracts above £75,000 a formal tendering procedure should be followed.

2.17.5 Further guidance on obtaining quotations and tenders is given in the School Financial Procedures Manual.

2.17.6 Governing Bodies are empowered under paragraph 3 of Schedule 10 to the SSAF 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 delegated budget. A Governing Body can enter into a contract solely on its own behalf when it has clear statutory obligations for example, contracts made by voluntary aided schools for certain building works.

2.17.7 As a consequence of paragraph 2.17.6 if a school is seeking to enter any contract for goods or services exceeding £75,000 in any one year then an officer of the LA, namely the CDFS (or an authorised signatory) must be a counter signatory to the contract. This requirement will require the school to have discussed in advance with the CPM the procedures to be followed in procuring such a contract including the type of tendering process to follow and the form of contract to be awarded.

2.17.8 As the signing of an order commits a school to that expenditure, it is necessary that the Governing Body officially authorise those members of staff who may do this. They should be senior staff and wherever possible they should be different from those authorised to certify invoices for payment. The same person must not sign the order and the corresponding invoice.

The signing of an order is deemed to cover the following:

- That the goods or services are necessary for the discharge of the responsibilities and functions of the school
- That there is provision in the school's budget for the item being ordered
- That financial regulations and standing orders with respect to contracts have been followed.

Upon the placing of an order it is essential that the value of the order is committed against the appropriate heading in the school budget.

2.18 Application of contracts to schools

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

2.18.2 Schools will have the right to opt out of LA arranged contracts providing a reasonable period of notice has been given. The main application of this clause is likely to be in relation to contracts entered into as part of a service level agreement with schools. The term and opting out clauses of the contract would normally be included within the detail of the service level agreement.

- 2.18.3 Opting out of such contracts has been accommodated to date and the LA would wish to continue with this practice. The ability to opt out part way through a contract, especially if that contract was entered into as part of a service level agreement, would have to be negotiated with the contractor and could involve an early termination penalty which the school would have to pay.
- 2.18.4 The LA has a range of contractual arrangements which are open for use by schools. Details of these contracts can be found on the LA's Intranet pages in the section Strategic Procurement- Corporate Contracts, or alternatively, guidance can be given by the Strategic Procurement Team. Queries can be sent to [procurement@wakefield.gov.uk](mailto:procurement@wakefield.gov.uk)
- 2.19 Central funds and earmarking
- 2.19.1 The LA may 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 are subject to conditions setting out the purpose or purposes for which the funds may be used: and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the authority itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.
- 2.19.2 It is a requirement that such earmarked funding from centrally retained funds is spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not vired into the budget share. Governing bodies will maintain an accounting system to be able to demonstrate that this requirement has been complied with.
- 2.19.3 Earmarked funds must be returned to the LA if they are not spent within a period stipulated by the LA.
- 2.19.4 The LA may not make any deduction, in respect of interest costs to the authority, from payments to schools of devolved specific or special grant.
- 2.20 Spending for the purposes of the school
- 2.20.1 Under s.50(3) of the SSAF Act 1998 governing bodies are allowed to spend budget shares for the purposes of the school, subject to regulations made by the Secretary of State and any provisions of the scheme. By virtue of section 50(3A) (which comes into force on 1 April 2011), amounts spent by governing bodies on community facilities or services under Section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.
- 2.21 Capitalspending from budget shares
- 2.21.1 Governing bodies are allowed to use their budget shares to meet the cost of capital expenditure (as defined in Appendix B) on the school premises, following the accounting and coding procedures set out by the DoF. (This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act 1998). VAT recovery on such expenditure is not allowed where the expenditure is the responsibility of the Governing Body. Section 7.1.3 refers. However, the governing body must notify the LA of any planned capital spending from budget shares, and, if the expected capital expenditure from the budget share in any one year will exceed £15,000, take into account any advice from the CDFS as to the merits of the proposed expenditure. If the premises and/or land are owned by the LA then the governing body must seek the consent of the LA to the proposed works, but such consent can be withheld only on health and safety grounds.
- The reason for these provisions is to help ensure compliance with the current School Premises Regulations and DfE Construction Standards, and health and safety legislation.
- Appendix C sets out procedures for Devolved Capital Funds.
- 2.22 Schools Financial Value Standard

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

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

Maintained schools that did not achieve the Financial Management Standard in Schools (FMSiS) must submit the form to the local authority before 31 March 2012, and annually thereafter.

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

## 2.23 Notice of concern

2.23.1 The authority may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the DoF and the CDFS, 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 LA or the school.

2.23.2 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 LA;
- insisting on regular financial monitoring meetings at the school attended by LA officers;
- requiring a governing body to buy into a LA'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 for financial monitoring reports on such activities.

2.23.3 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.

- 3 INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS
  - 3.1 Frequency of instalments
    - 3.1.1 Schools opting for an external bank account will have their budget share made available on a monthly basis. Schools not opting for an external bank account will be able to draw on their entire budget share from the start of the year.
  - 3.2 Proportion of budget share payable at each instalment
    - 3.2.1 For schools with their own bank accounts the proportion of the budget share payable at each instalment will be based on the school's budget for the year. The initial instalment is based on a draft budget provided by the school to the LA. Detailed guidance is contained in the School Bank Accounts Procedure Manual.
  - 3.3 Interest on late budget share payments
    - 3.3.1 If a school does choose to operate its own bank account into which its budget share instalments are paid then if the instalment is late due to an error by the LA interest will be added to the next instalment using the prevailing Bank of England base rate.
  - 3.4 Budget shares for closing schools
    - 3.4.1 Budget shares for 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
    - 3.5.1 All maintained schools are permitted to have external bank accounts into which their budget share instalments (as determined by other provisions) are paid. The account title must be the name of the school followed by Wakefield MDC. The school is able to retain all interest payable on the account unless they choose to have an account within an authority contract which makes other provision. The school is also responsible for any charges made by the bank or building society.
    - 3.5.2 School bank accounts should normally become operational from the start of a financial year following approval of application by the Director of Finance before 1 January immediately prior to the financial year in question. Changes to payroll provision may incur additional charges in order to facilitate tax and year end alignment. Schools with deficit balances will not be allowed to operate a bank account until any deficit balance is cleared.
    - 3.5.3 When a school opens an external bank account the LA will, if the school desires, transfer immediately to the account an amount agreed by both school and LA as the estimated surplus balance held by the LA in respect of the school's budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.
  - 3.6 Restrictions on accounts
    - 3.6.1 When a school opens a bank account it should be with an institution on the Wakefield approved list of Banks and Building Societies as set out in Appendix F. Applications can be made to the Director of Finance for additions to this list, however before doing this the school should consider the suitability of the organisation and its credit rating. The approved list is reviewed on an annual basis.
    - 3.6.2 The account title must be the name of the school followed by Wakefield MDC. The bank account mandate should provide that the LA is the owner of the funds in the account; that the LA is entitled to receive bank statements; and that the LA can take control of the account if the school's right to a delegated budget is suspended by the LA.

3.6.3 The governing body must approve a limited list of up to 4 authorised cheque signatories, one of whom is the head teacher. LA employees and school employees are allowed to be signatories but not governors, unless they are LA or school employees.

### 37 Borrowing by schools

3.7.1 Governing bodies may only borrow money with the written permission of the Secretary of State. Schools may not use credit cards which are regarded as borrowing, however, are encouraged to use procurement cards as these cards can be a useful means of facilitating electronic purchase.

3.7.2 The restriction does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. The debts of Trustees and Foundations may not be serviced directly from delegated budgets but schools are able to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their borrowing.

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

### 3.8 Other provisions

3.8.1 Detailed guidance and rules regarding the operation of bank accounts are given in the School Bank Accounts Procedure Manual.

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

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

4.1.1 Schools will be able to carry forward from one financial year to the next any surplus balance arising within the year (subject to 4.2) plus or minus any balance brought forward from the previous year.

4.1.2 Where a school is opening a bank account the LA will transfer any anticipated end of year carry forward balance into the school bank account on 1<sup>st</sup> April, pending a later reconciliation.

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

4.2.1 The Surplus Balance control mechanism aims to ensure that schools are not 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, is therefore intended to focus on only those schools which have built up significant excessive uncommitted balances and have not sought to utilise them over the medium term. Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1<sup>st</sup> April 2011:

A The authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;

B the authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent specific grant for the previous financial year;

C the authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as property assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

D if the result of steps a – c is a sum greater than 15% of the current year's budget share or £100,000 (where that is greater than either percentage threshold), and has continued to be above this level for the previous two financial years, then the LA shall deduct the excess.

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

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

##### 4.3 Specific exclusions from school balances

- 4.3.1 Under section 4.2.1 C the LA determined that certain specifically assigned amounts should be excluded from the final balance when calculating the amount of funding that can be carried forward. Further details of the eligibility criteria are in the School Balance Control Guidance which is reviewed annually.
- 4.4 Interest on surplus balances
- 4.4.1 The LA will credit interest on the average school balance held by the LA for the financial year at the average Bank of England Base Rate for the year less 1%. If the result of this calculation is a negative interest rate then 0% interest will be applied. The average will be determined by adding the opening credit balance on 1 April to the closing credit balance on 31 March in the following year then dividing by two.
- 4.4.2 Interest will be credited to the school as soon as the final accounts for the appropriate financial year have been settled.
- 4.5 Obligation to carry forward deficit balances
- 4.5.1 Schools with deficit balances will have the deficit deducted from the following year's budget share. This means that deficit balances will be carried forward from one financial year to the next and will be a charge on the school's budget share.
- 4.5.2 A school's deficit balance as at the 31 March of a financial year will be the same as that at 1 April of the next financial year. Commitments against the balance on the 31 March will be carried forward into the next financial year.
- 4.6 Charging of interest on deficit balances
- 4.6.1 Interest will not be charged on deficit balances.
- 4.7 Writing off deficits
- 4.7.1 The LA cannot write off the deficit balance of any school.
- 4.8 Balances of closing and replacement schools
- 4.8.1 When a school closes any balance, whether surplus or deficit, will revert to the LA. The balance cannot be automatically transferred to another school even where the school is deemed to be the successor to the closing school, except where the surplus transfers to an academy on conversion under section 4(1)(a) of the Academies Act 2010.
- 4.8.2 The allocation regulations made under section 47 of the SSAF Act 1998 make provision for LAs, if they wish, to make allocations to schools which have the effect of giving them the benefit of additional sums which are equal to or less than the balances of the relevant closing schools. The regulations also provide for the amount of extra funding for new schools to recognise the deficit of a preceding school but they do not allow a sum equal to the deficit to be set against "normal formula" funding of the new school.
- 4.9 Licensed deficits
- 4.9.1 In certain circumstances schools will be allowed to plan for a deficit budget. Detailed guidance on the procedure to be undertaken is held within the School Financial Procedures, however the following principles will hold:

A	the school must demonstrate that it can repay the deficit within three years:
B	deficits will only be agreed where the DoF agrees it would be impractical to balance the budget in year;
C	the maximum size of the deficit shall not exceed 10% or £35,000 whichever is the lesser of the school's budget share in any year. Any requirement above this

	level will require the approval of the DoF in consultation with the CDFS.
D	the maximum amount of funding available for such deficits will be 40% of the total school balances held by the LA.
E	all arrangements will require the approval of the CDFS and DoF of the LA.

If a school has a licensed deficit, and the school proposes to spend amounts received by it on purposes other than reducing the licensed deficit, the LA must agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.

#### 4.10 Credit union approach

Schools may wish to group together to utilise balances for a credit union approach to loans. The LA would require an audit certificate to satisfy itself that such a scheme has been operated correctly.

## 5 INCOME

### 5.1 Income from lettings

5.1.1 Schools are able to retain income from fees and letting school premises and are able to cross-subsidise lettings for community and voluntary use with income from other lettings provided there is no net cost to the school's budget share. This section may need to be amended if a joint use or a Private Finance Initiative has been agreed with the governing body.

5.1.2 Schools must have regard to directions issued by the LA as to the use of school premises as permitted under the SSAF Act 1998. The LA will endeavour not to place unduly restrictive provisions in its directions

5.1.3 Income from the letting of school premises should be credited to the school's budget share and not paid into voluntary or private funds held by the school.

### 5.2 Income from fees and charges

5.2.1 Schools may retain income from fees and charges except where the service has been provided by the LA from centrally retained funds. However, schools should have regard to any policy statements on charging produced by the LA. The LA will provide and keep under review a statement of its charging and remission policies.

Income generated from the services of staff whilst under the employment of the school should be credited to the school's budget share and not paid into voluntary or private funds held by the school.

### 5.3 Income from fund raising activities

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

### 5.4 Income from the sale of assets

5.4.1 Schools are allowed to retain the proceeds from the sale of assets acquired using delegated funds. The LA will decide whether or not the school can receive part or all of the proceeds from the sale of assets acquired using non-delegated LA funding.

5.4.2 The retention of proceeds from the sale of assets not owned by the LA are not subject to the conditions of this scheme.

- 5.4.3 Schools are not allowed to retain income from the sale of assets concerning land or buildings that form part of the school premises and are owned by the LA.
- 5.4.4 Income from the sale of assets purchased with delegated budgets must be credited to the school's budget and only be used for the school's purposes.
- 5.5 Administrative procedures for the collection of income
- 5.5.1 This scheme expects schools to follow the existing practices and procedures as detailed in the Schools Financial Procedures Manual. The key assurances should be in place:
- All income to be receipted on approved receipts
  - Money, whilst on school premises, or in transit, must be safeguarded in accordance with the LA's money insurance policy
  - Banking must be regular
  - Cash income must never be used to make refunds or to pay invoices or staff
  - Personal cheques must not be cashed out of income
  - VAT must be accounted for where there is a VAT liability

Schools should seek advice from the DoF on any unusual transaction. Schools are reminded that they should ensure that the correct charges for VAT are made on lettings, and any other service which leads to the school raising a fee or charge, and conform to the VAT regulations regarding fund raising activities and the sale of assets. Further guidance on the VAT treatment of income is in the Schools Financial Procedures Manual.

## 6 THE CHARGING OF SCHOOL BUDGET SHARES

### 6.1 General Provision

6.1.1 The LA has the right to protect its financial position from liabilities caused by the action or inaction of governing bodies. It can do this by charging expenditure to a school's budget share without the consent of the governing body.

6.1.2 Schools need to understand that this provision is permitted but also that it can only be used in very limited circumstances and that the school must be consulted initially and then notified when it has been done. The LA must have incurred a liability as a consequence of its statutory responsibilities and schools are reminded that these differ between the different categories of school.

6.1.3 This scheme also requires the LA 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 charge will be the difference between the actual costs incurred less the amount agreed by the LA (which could be zero).

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 LA, or out of court settlements, arising from action or inaction by the governing body contrary to the LA's advice. Awards may sometimes be against the governing body directly and would automatically fall to be met from the budget share. If the LA again has expenditure to meet as a result of the governing body not taking LA advice then charging the school's budget share with the LA's expenditure is permitted.

6.2.4 Expenditure incurred by the LA in carrying out health and safety work or capital expenditure for which the LA is liable but where funds have been delegated to the governing body 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 from the budget share where the premises are owned by the LA or the school has voluntary controlled status. This would apply to repair and maintenance work where the funds have been delegated to the school and to capital work funded from the school's budget share.
- 6.2.6 Expenditure incurred by the LA in insuring its own interest in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the LA.
- 6.2.7 The recovery of monies due from a school for services provided to the school through a service level agreement. This would normally have involved a dispute over the service provided which had been dealt with through the disputes procedure agreed in the service level agreement with the result being that monies were owed by the school to the LA.
- 6.2.8 The recovery of penalties imposed on the LA by HM Revenue & Customs, the Contributions Agency, Teachers Pensions, Local Government Pension Scheme, the Environment Agency, or other regulatory authorities as a result of school negligence.
- 6.2.9 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.
- 6.2.10 Legal and other professional costs incurred by the LA because a governing body did not accept the advice of the LA.
- 6.2.11 The costs of necessary health and safety training for school based staff employed by the LA where the funding for the training had been delegated but the necessary training had not been carried out.
- 6.2.12 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers and the contract is of no effect.
- 6.2.13 Cost of the minimum work needed to meet the LA's statutory obligations in respect of teacher pension and Local Government Pension remittance and records for schools using non-LA payroll contractors.
- 6.2.14 Costs incurred by the LA in securing the provision specified in a statement of SEN where the Governing Body of a school has failed to secure such provision despite the delegation of funding in respect of the statement.
- 6.2.15 Costs incurred by the LA due to the submission by a school of incorrect data.
- 6.2.16 Recovery of amount from a school resulting from the school spending specific grants on ineligible expenditure.
- 6.2.17 Costs incurred by the LA as a result of the Governing Body of a school being in breach of the terms of a contract.
- 6.2.18 Costs incurred by the LA as a consequence of a school entering into a service contract which involves LA or school staff transferring to the new service contractor. These costs would generally relate to the transfer of staff pension entitlements and include actuarial valuations of pensions and costs associated with contractors applying to be admitted into the local government pension scheme.
- 6.2.19 Costs incurred by the LA or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- 6.2.20 Recovery of monies and costs from a school where the Governing Body has failed to pay the LA for payment to the administering authority for credit to the West Yorkshire Pension Fund all pension contributions, payments and any other sums required to be paid by the Governing Body of the school under paragraphs (2.3.2, 2.3.3, 2.3.4) following the making of a

designation by the LA under regulation 8(1)(b) of the Local Government Pension Scheme (Administration) Regulations 2008 for eligible support staff employed by the Governing Body to be members of the Local Government Pension Scheme.

- 6.2.21 Recovery of monies and costs from a school where the Governing Body of a school has failed to pay to the LA for payment to the Secretary of State for credit for the Teachers Pension Scheme all pension contributions, payments and any other sums as are required to be paid under the Teacher's Pension Scheme Regulations 2010 and the Teacher's (Compensation for Redundancy and Premature Retirement) Regulations 1997 for teachers employed by the LA or Governing Body of the school.

## 7 TAXATION

### 7.1 Value Added Tax

- 7.1.1 Those schools with bank accounts are required to submit to the authority each month such details of VAT incurred and charged by the school as the authority needs in order to complete its monthly VAT return to Revenue and Customs. Detailed procedures requiring the submission of this information are contained in the School Bank Account Procedure Manual. Any VAT incurred by schools which is reclaimed by the authority will be passed back to the schools concerned.

- 7.1.2 VAT in respect of those schools without bank accounts and that use the authority's accounting system will automatically be included in the authority's monthly VAT return. These schools will not need to be reimbursed as the transactions recorded in their accounts will be net of VAT.

- 7.1.3 VA schools cannot recover VAT, via the LA, on capital expenditure which is the responsibility of the Governing Body.

### 7.2 Construction Industry Taxation Scheme (CIS)

- 7.2.1 From the start of the new scheme on 6<sup>th</sup> April 2007, statutory Instrument 2005/2045 regulation 21 expressly excludes from the Scheme any payments made for construction operations by the governing body or head teacher of a maintained school. As such, the Scheme should not be operated in respect of such payments. Additionally, Voluntary Aided Schools are not treated as contractors for the purposes of the Finance act 2004/S59 (1)(l) and do not have to operate the scheme.

- 7.2.2 If payments are made for capital works that are the LA's responsibility then the CIS may still be applicable. If there is any uncertainty about whether payments fall within the CIS the tax manager at the LA should be consulted.

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

### 8.1 Provision of services from centrally retained budgets

- 8.1.1 It is for the LA to determine on what basis services from centrally retained funds will be provided to schools. The LA will not discriminate in its provision of services on the basis of categories of school except where funding has been delegated to some schools only, or where such discrimination is justified by differences in statutory duties. This includes access to any funding to cover premature retirement costs and redundancy.

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

- 8.2.1 Arrangements to buy back a service or facility from the LA for the first time will be for a maximum of three years from the date of the arrangement. Subsequent arrangements for the same service will be for a maximum of five years.

- 8.2.2 When a service is provided from funds not retained centrally by the LA under the regulations

made under section 46 of the SSAF Act 1998, the service must be offered at prices which are intended to generate income which is no less than the cost of providing the service. The total cost of the service must be met by the total income, even if schools are charged differentially for the service.

8.2.3 The above provisions complement the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or profit is not always achievable over a financial year: it is for the LA to show during audit tests that its charging policy can reasonably be expected to avoid central subsidy of services.

### 8.3 Packaging

8.3.1 Any service which the authority 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 practicable, this will include provision on a service-by-service basis as well as in packages of services.

### 8.4 Service level agreements

8.4.1 From 1 April 2003 all services bought back from the LA will be subject to a service level agreement. This agreement will set out the minimum responsibilities of the school and the LA; the period of the agreement; and the charges due. For larger services more detailed specifications will be included. Service level agreements will operate on the basis of the LA's financial year. They will be issued at least one month prior to the date at which they will be effective, and schools will have at least a month to consider the terms of agreements.

8.4.2 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.

8.4.3 Services if offered at all 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.

8.4.4 Where services are provided on an ad hoc basis they may be charged for at a different rate than if provided on the basis of an extended agreement.

8.4.5 Centrally arranged premises and liability insurance are exempt from the requirements of sections 8.2-8.4 as to service supply, as the limitations envisaged may be impracticable for insurance purposes. Arrangements for Insurance cover are set out in section 10 of this document.

### 8.5 Teachers' Pensions

8.5.1 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.

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

8.5.3 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 AVC provider within the time limit specified in the AVC scheme. The governing body shall meet any

consequential costs from the school's budget share.

8.5.4 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 AVC provider within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

8.6 Support staff pensions

8.6.1 The information required in 8.5.3, 8.5.4 is also required for support staff in schools who are members of the Local Government Pension Scheme. Again this only applies to governing bodies of maintained schools that have not entered into an arrangement with the authority to provide payroll services.

9 PRIVATE FINANCE INITIATIVES (PFI)/ PUBLIC PRIVATE PARTNERSHIPS (PPP)

9.1 PFI/PPP

9.1.1 The LA has the power to charge to a school's budget share any amounts incorporated within a PFI/PPP agreement entered into by the governing body of a school with the LA, in relation to a PFI/PPP scheme involving the school.

10 INSURANCE

10.1 Insurance Cover

10.1.1 The LA requires a school to demonstrate that insurance cover under a policy agreed by the governing body is at least as good as the relevant minimum cover arranged by the LA. 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. The LA would require proof of payment and details of cover if a school obtained its own insurance policy for the following risks:-

- (i) Third Party liability
- (ii) Employers' liability
- (iii) Officials Indemnity
- (iv) Fire
- (v) Motor
- (vi) Fidelity
- (vii) Money
- (viii) Personal Accident
- (ix) Engineering

10.1.2 The following are pre-requisites for any school wishing to arrange its own insurance:

1. A professional valuation of the buildings on a reinstatement basis. Valuation at school expense.
2. A complete inventory of school contents with replacement values as referred to in the section on control of assets.
3. Agreement that the interest of (Wakefield Metropolitan District Council) is noted on the policy.
4. Agreement that the indemnity limits currently insured by WMDC will be matched for Employers and Public Liability insurances.

10.1.3 Schools will be notified of the charges for LA arranged premises and liability insurance by 31 January preceding the financial year to which they relate. Schools will have one month to consider them and will need to notify the LA Insurance Manager in writing if they wish to opt

out. All centrally arranged insurance cover will be for a full year and cannot be cancelled after commencement at the 1 April each year.

A copy of insurance cover documents should be sent to the LA Insurance Manager (and evidence of payment) within 14 days of commencement. If indemnity limits are not matched (or if documents are not provided) then the LA reserves the right to arrange its own cover with immediate effect and to charge this to the school

10.1.4 The LA insures against the above risks through a combination of self insurance and through an insurance policy with a third party insurer. The LA will continue with these arrangements providing sufficient schools agree to buy back this type of cover from the LA.

10.1.5 The relevant minimum cover required by the LA will need to cover the above risks. The delegation of insurance funds includes the funds used to self-insure and the LA's external insurance cover. For more detailed information about insurance schools are advised to refer to the 'School Handbook on Insurance Matters'.

## 11 MISCELLANEOUS

### 11.1 Right of access to information

11.1.1 Governing Bodies are required to supply all financial and other information which might normally be required to enable the LA to satisfy itself that the school is properly managing its delegated budget share and any centrally devolved or earmarked funding.

### 11.2 Liability of governors

11.2.1 The Governing Body of a school is a corporate body, and because of the terms of Section 50(7) of the SSAF 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.

Examples of behaviour which is not in good faith would include such as the carrying out of fraudulent acts.

### 11.3 Governors' expenses

11.3.1 Under Schedule 11 of the SSAF Act 1998 only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget share. No other payment of any other allowance should be made from the delegated budget share.

11.3.2 If the Secretary of State has appointed additional governors to a school and the Secretary of State is paying certain expenses of these governors the school should not duplicate the payment of these expenses.

11.3.3 The LA may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

### 11.4 Responsibility for legal costs

11.4.1 Legal costs incurred by the Governing Body will be charged to the school's budget share. The effect of this provision is that a school cannot expect to be reimbursed with the cost of legal action against the school and/or LA. The LA may make reimbursement if it believes it is appropriate in the circumstances in particular if the Governing Body has acted in accordance with the advice of the LA.

11.4.2 The legal costs referred to are those resulting from legal actions including costs awarded against the LA. The legal costs referred to do not include the cost of legal advice provided.

11.4.3 Where there is a conflict of interest between the authority and the governing body, the

governing body should obtain independent legal advice.

#### 11.5 Health and Safety

11.5.1 Governing bodies must have due regard to the duties placed on the LA in relation to health and safety when expending the school's budget share and give due regard to the LA's health and safety policy in its management of the budget share.

#### 11.6 Right of attendance for Director of Finance

11.6.1 The LA's Director of Finance, or any officer of the LA nominated by him/her, must be permitted to attend meetings of the Governing Body if any agenda item is relevant to the exercise of his/her responsibilities.

11.6.2 Attendance by the DoF would not be regarded as routine and would normally be limited to issues of probity and overall financial management. Prior notice of his/her intention to attend a meeting would normally be given unless this is impracticable

#### 11.7 Delegation to new schools

11.7.1 The LA reserves the right to delegate funding selectively and optionally to the governing bodies of new schools or to schools which have not yet received delegated budgets. A new school must receive a delegated budget in the funding period prior to the funding period within which it opens (that is to say, the funding period during which it first admits pupils), unless the LA has obtained the Secretary of State's prior approval to a postponement beyond this date.

11.7.2 The LA may also agree to give a delegated budget to a new school in advance of its opening date or to delegate some spending powers to the temporary governing body of a new school before it receives a delegated budget.

11.7.3 The LA will decide how to use these powers on an individual case basis taking into account the circumstances of each case.

#### 11.8 Optional delegated funding

11.8.1 The SSAF Act 1998 allows for schools to exercise an option to receive delegated or devolved funding for an item. This option must have been exercised by a school on or before the 31 January prior to the financial year in question.

11.8.2 If after exercising this option for one year or more a school decides that it no longer wishes to receive delegated funding for an item then the school and the LA will need to agree the procedures and terms for this to happen.

#### 11.9 Special Educational Needs

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

#### 11.10 Interest on late payments

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

#### 11.11 Whistleblowing

11.11.1 The LA has a "whistle blowing" code which any employee can use if they feel others are using the LA's name to undertake inappropriate actions. Each Governing Body is required to either adopt the LA's "whistle blowing" code or produce its own.

11.11.2 The whistle blowing code outlines the procedures to be followed in order that any suspicion of wrongdoing or irregularity is dealt with properly, quickly and discreetly. The code is available on the LA's Intranet at Business & Resources/Human Resources/Advisory Services/Employee Relations! Whistleblowing.

#### 11.12 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.

#### 11.13 Child Protection

11.13.1 Schools have a duty to safeguard and promote the welfare of children and as part of the responsibilities the school is required to identify a designated person as child protection co-ordinator. Funding for this responsibility, which includes attendance at child protection conferences, core groups, and other related work is part of a school's delegated budget.

11.13.2 Schools also need to keep up-to-date on child protection developments and the LA recommends that co-ordinators and other related staff undertake training in this area. The LA currently offers three in-service training courses per academic year on child protection details of which are contained in the INSET brochure. Additional courses on a school or group of schools basis and can be arranged through the Family Services' Safeguarding and Family Support Directorate. Further multi-agency courses are also offered through the Wakefield District Safeguarding Children Board and the training plan is available on the website.

#### 11.14 Redundancy / Early Retirement costs

The LA meets both premature retirement costs and redundancy costs from the centrally retained school budget, except in the following instances whereby costs will be charged to the delegated school budget:

##### Redundancy

If a school has decided to offer more generous terms than the LA policy then the excess will be charged to the delegated school budget

If a school is otherwise acting outside the LA policy

Where the school is making staffing reductions which the LA 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 LA's redeployment policy

## 12 RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

### 12.1 Categories of Work

12.1.1 Appendix B shows the categories of work which governing bodies must expect to finance from their budget.

## 13 COMMUNITY FACILITIES

### 13.1 Introduction

13.1.1 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. These controls will include:-

- (i) Regulations made under s.28 (2), if made, which specify activities which may not be undertaken at all;
- (ii) guidance issued by the Secretary of State on a range of issues connected with the exercise of this power;
- (iii) the obligation to consult with the LA and have regard to the advice it gives.

13.1.2 However under s.28(1), the main limitations and restrictions on power will be those contained in the maintaining authority's scheme for financing schools made under section 48 of the schools standards and Framework Act 1998. Paragraph 2 of schedule 3 to the education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities. Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools.

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

13.1.4 A school may not use its budget share to fund community facilities-either start up costs or ongoing expenditure-or to meet deficits arising from such activities.

13.1.5 The LA has the right to require a school to make a charge against its School Standards Grant, or other funding that may be applied to support Community Facilities, to meet an accumulated deficit. This right will not be applied automatically where an activity shows an accumulated deficit but would be applied following consideration of individual circumstances. This right will not be exercised where the school can provide a working business plan showing that the deficit will be cleared within a two year period.

13.1.6 Mismanagement of community facilities funds may be grounds for suspension of the right to a delegated budget.

13.1.7 Where schools provide community facilities as part of an Extended Schools Programme they should be accounted for in accordance with the guidance given in Appendix E

### 13.2 Consultation with the LA- financial aspects

13.2.1 A Governing Body prior to exercising its community facilities power must consult with the LA about its proposals and have regard to the advice given to them by the LA.

13.2.2 Before any decision is taken by a governing body to exercise its power to provide community facilities the governing body must notify the CDFS, in writing, of its intention to do so and seeking his/her advice.

13.2.3 The notification should include such details as:-

- proposed activities to take place
- planned income and expenditure
- use of school buildings (within and outside the normal school day)
- insurance arrangements
- health & safety
- assessment of any risk (financial or otherwise) associated with the proposal
- involvement of third parties

proposed banking arrangements

as well as specific information as to how the school will ensure compliance with the requirements of this section. In particular the governing body should indicate the benefits for the school and community of exercising this power.

- 13.2.4 If a governing body fails to inform the CDFS of its intention to use its community facilities power, or chooses not to comply with his/her advice to the extent that, in the view of the LA, is seriously prejudicial to the interests of the school or LA, that may constitute grounds for suspension of the right to a delegated budget.
- 13.3 Funding agreements - LA powers
- 13.3.1 The provision of community facilities or services could involve a very wide range of bodies and organisations and may be dependent upon a funding agreement between them and the school or them, the school and the LA.
- 13.3.2 If the provision of community facilities is dependent upon the conclusion of a funding agreement with a third party, details of any such proposed agreement should be submitted to the CDFS for his/her comments as part of its proposal. The LA may not impose a right of veto over a school entering into such agreements directly or by requiring any agreement to be countersigned. Schools are advised to seek legal advice before entering into any such agreement.
- 13.3.3 If agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the COFS, 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.
- 13.4 Other prohibitions, restrictions and limitations
- 13.4.1 If the LA has good reason to believe that a proposed project carries significant financial risks it may require that the governing body shall make arrangements to protect the financial interests of the LA 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.
- 13.4.2 No further specific additional provisions are being made at this stage. The LA has to safeguard its financial position, be aware of the financial risk to a school from the provision of a community facilities agreement and be able to protect pupil welfare or education. As a consequence it may need to impose provisions within individual agreements or to include further provisions in this scheme at a later date.
- 13.5 Supply of financial information
- 13.5.1 Schools which exercise the community facilities power will be required to provide the LA every six months with a summary statement, showing the income and expenditure for the school arising from the facilities in question for the previous six months and on an estimated basis, for the next six months. Guidance on the provision of this information will be provided by the LA.
- 13.5.2 If the LA believes there to be cause for concern as to a school's management of the financial consequences of a community facilities project the LA will give written notice to the school of the additional information required and to the frequency of reporting. The LA may also require the submission of a recovery plan for the activity in question.
- 13.6 Audit
- 13.6.1 The audit of income and expenditure on community facilities is the same regime as the school budget. Schools are required to allow access to the appropriate records to facilitate internal and external audit.

- 13.6.2 If a school has entered into a funding agreement for community facilities the agreement must contain provisions on access to the records of all parties to the agreement 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 that the LA can satisfy itself as to the propriety of expenditure by the school.
- 13.7 Treatment of income and surpluses
- 13.7.1 The net income from community facilities, gross income less expenditure incurred by the school in running the facility, can be retained by the school unless otherwise agreed with a funding provider. The retained net income or surplus can be carried forward from one financial year to the next by adding it to the school's budget share surplus or by keeping a separate community facilities surplus.
- 13.7.2 For community or community special schools any accumulated retained income or surplus will be returned to the LA if the LA ceases to maintain the school unless otherwise agreed with a funding provider.
- 13.8 Treatment of deficits
- 13.8.1 If the activity results in a deficit this must be charged against any accumulated community facilities surplus previously generated by the school.
- 13.8.2 Where a deficit cannot be charged against any accumulated surplus the LA has the right to require a school to make a charge against its School Standards Grant, or other funding that may be applied to support Community Facilities, to meet the accumulated deficit. This right will not be applied automatically where an activity shows an accumulated deficit but would be applied following consideration of individual circumstances.
- 13.8.3 This right will not be exercised where the school can provide a working business plan showing that the deficit will be cleared within a two year period.
- 13.8.4 If the LA incurs any third party liabilities as a result of a governing body using its community facilities power it reserves the right to charge the cost against any accumulated community facilities surplus maintained by the school.
- 13.9 Health and safety matters
- 13.9.1 Governing Bodies must have the same regard for health and safety resulting from community facilities as contained in paragraph 11.5 of this scheme. This means there is no difference in their responsibilities to those associated with expending the school's budget share.
- 13.9.2 The governing body will be responsible for the costs of securing Criminal Records bureau clearance for all adults involved in community activities taking place during the school day. If a funding partner is involved, then the governing body will be free to pass on such costs as part of the agreement with the partner.
- 13.10 Insurance
- 13.10.1 It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities powers. The cost of such insurance cannot be funded from the school's budget share.
- 13.10.2 The LA has the right to make its own assessment of the insurance arrangements made by the school, and if it judges them to be inadequate, make its own arrangements and charge the resultant cost to the school. This provision is necessary to protect the LA from possible third party claims.
- 13.11 Taxation
- 13.11.1 Schools can only make use of the LA's VAT reclaim facility for expenditure on community

facilities when the funding for the expenditure comes from the LA. The LA's VAT reclaim facility is not available for funding obtained directly by schools from private or other government sources.

13.11.2 Advice on the treatment of VAT on income and expenditure should be sought from the LA or local VAT office prior to the community facility opening.

13.11.3 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 the school's own bank account, the school is likely to be held liable for payment of income tax and national insurance, in line with Revenue & Customs rules.

13.11.4 Schools must follow LA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

## 13.12 **Banking**

13.12.1 Schools must maintain separate accounts from the School Budget Share for income and expenditure in connection with the community facilities power.

13.12.2 If a school wishes to maintain a separate bank account for these funds then the requirements in para 3.5 will apply, save that, where a bank account is set up specifically for community facilities, the account mandate should not imply that the LA is the owner of the funds in the account except insofar as those funds have been provided by the LA itself.

13.12.3 Schools are reminded that although they may enter into funding agreements for community facilities they are not allowed to borrow money without the written consent of the Secretary of State.

## 13.13 Premature Retirement / Redundancy Costs

13.13.1 13.13.1 For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and will 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:

Where a local education authority incur costs—

- (a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or
- (b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes, they shall recover those costs from the governing body.

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 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.

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

APPENDIX A

DfE Ref	School Name	Address
COMMUNITY SCHOOLS		
Nursery Schools		
1002	Harewood Centre Nursery School	Harewood Avenue, Pontefract, WF8 2ER
1005	Criggleshole Nursery School and Early Years Centre	High Street, Criggleshole, Wakefield, WF4 3EB
1007	The Castle Childrens Centre (and Nursery)	255 Bamsley Road, Sandal, Wakefield, WF1 5NU
Infant Schools		
2172	Airedale Infant School	Poplar Avenue, Townville, Castleford. WF10 3QJ
2164	Castle Grove Infant School	Pinfold Lane, Sandal Wakefield. WF2 7LN
2040	Crofton Infant School	High Street Crofton, Wakefield. WF4 1NG
2088	Gimhill Infant School	Hardwick Road, Featherstone, Pontefract. WF7 5JB
2179	Glasshoughton Infant School	Newfield Avenue, Glasshoughton, Castleford. WF10
2057	Lee Brigg Infant School	Lee Brigg, Altofts, Normanton. WF6 2LN
2054	Martin Frobisher Infant School	Church Road, Altofts, Normanton. WF6 2NU
2133	Purston Infant School	Nunns Lane, Purston, Pontefract. WF7 5HF
2177	Redhill Infant School	Queens Park Drive, Airedale, Castleford. WF10 3JX
2173	Townville Infant School	Poplar Avenue, Townville Castleford. WF10 3QJ
2180	Wheldon Infant School	Francis Street, Castleford. WF10 1HF
Junior Schools		
2171	Airedale Junior School	Fryston Road, Airedale, Castleford. WF10 3EP
2152	Altofts Junior School	Ash Tree Gardens, Station Road, Altofts, Normanton. WF6 2NF
2039	Crofton Junior School	Slack Lane, Crofton, Wakefield. WF4 1HJ
2151	Normanton Junior School	Church Lane, Normanton. WF6 1EY
2176	Redhill Junior School	Stansfield Drive Airedale, Castleford. WF10 3D8
2187	Stockingate Mill Junior School	Stockingate, South Kirkby, Pontefract. WF9 30P
Primary/J&I Schools		
2185	Ackton Pastures Primary (J&I) School	College Grove Whitwood, Castleford. WF10 5NS
2190	Ash Grove J&I School	Ash Grove, South Elmsall, Pontefract. WF9 2TF
2202	Bell Lane Primary (J&I) School	Bell Lane, Ackworth, Pontefract. WF7 7JH
2111	Carleton Park J&I School	Moxon Close Carleton Park, Pontefract. WF8 3PT
2191	Carlton J&I School	Canton Road, South Elmsall, Pontefract. WF9 2QQ
2001	Cobblers Lane Primary School	Cobblers Lane, Pontefract. WF8 2HN
2186	Common Road Infant & Nursery School	Common Road, South Kirkby, Pontefract. WF9 3EA
2156	Dane Royd J&I School	Stoney Lane Hall Green Wakefield. WF4 3LZ
2090	England Lane J&I School	England Lane Knottingley. WF11 OJA
2197	Fitzwilliam Primary School	Second Avenue, Fitzwilliam, Pontefract. WF9 5BA
2160	Flanshaw J&I School	Flanshaw Road, Flanshaw, Wakefield. WF2 0AS
2163	Greenhill JI & Nursery School	Greenhill Road Eastmoor, Wakefield. WF1 4LU
2199	Grove LA JI & Nursery School	Station Road, Hemsworth Pontefract. WF9 4JJ
2182	Half Acres J&I School	Temple Street. Castleford. WF10 5RE
2194	Havercroft J&I School	Cow Lane, Havercroft, Wakefield. WF4 2BE
2167	Heath View Community Primary (JIN) School	Irwin Crescent, Eastmoor, Wakefield. WF1 4QY
2162	Hendal Primary (JJN) School	Hendal Lane, Kettlethorpe, Wakefield. WF2 7QW

DfE Ref	School Name	Address
2207	Horbury Primary School	Northfield Lane,Horbury,Wakefield.WF4 5DW
2198	Kinsley Primary (J&I) School	Wakefield Road, Fitzwilliam, Pontefract. WF9 5AS
2204	Lawefield Primary School	Lawefield lane Wakefield.WF2 SST
2078	Lofthouse Gate Primary School	Canal Lane Lofthouse Gate, Wakefield.WF3 3HU
2155	Mackie Hill J&I School	Painthorpe Lane, Crigglestone, Wakefield. WF43HW
2069	Middlestown J&I School	Cross Road Middlestown, Wakefield.WF4 4QE
2201	Mill Dam J&I School	Millgate Ackworth, Pontefract. WF7 7PH
2192	Moorthoroe Primary (J&I) School	Regent Street Moorthorpe Pontefract. WF9 2BL
2159	Mount J&I School The	Thornes Road,Wakefield.WF2 8QW
2070	Netherton J&I School	Netherton Lane, Netherton, Wakefield.WF4 4HQ
2079	Newton Hill J&I School	Leeds Road Newton Hill Wakefield.WF1 2HR
2052	Normanton Common Primary School	Castleford Road,Nonnanton.WF6 1QU
2206	Normanton Newlands Primary	Wakefield Road,Normanton.WF6 1BB
2150	North Featherstone J&I School	Gordon Street, Featherstone, Pontefract. WF7 6LW
2189	Northfield JI & Nursery School with	Northfield Lane, South Kirkby, Pontefract. WF9 3LY
2212	Oyster Park Primary School	The Green, Ferry Fryston, Castleford WF10 3RY WaUing Road, Ferry Fryston, Castleford WF10 3SN
2154	Pinders Primary (JIN) School	Eastmoor Road, Wakefield.WF13SQ
2211	Pontefract De Lacy Primary School	Rockhill Road, Pontefract WF8 2DD
2195	Rvhill JI& Nursery School	Chapel Street.Ryhill, Wakefield.WF4 2AD
2067	Sharlston Community School	Hammer Lane, Sharlston Common, Wakefield. WF4
2203	Shay Lane Primary School	Shay Lane. Crofton Wakefield. WF4 1NN
2208	Smawthorne Henry Moore Primary	Ashton Road, Castleford. WF10 5AX
2209	Snapethorpe Primary School	St. George's Road, Lupset Wakefield.WF2 8M
2196	South Hiendley J&I& EY School	George Street, Barnsley S72 9BY
3341	South Parade Primary School	Fairfield Road Ossett.WF5 ODZ
2076	Stanley Grove Primary (J&I) School	Aberford Road Stanley, Wakefield. WF3 4NT
2128	Streethouse JI & Nursery School	Whinney Lane, Streethouse, Pontefract. WF7 6DJ
2164	Three Lane Ends J&I School	Methley Road, Castleford.WF10 1PN
2193	Upton Primary School	Waggon Lane, Upton, Pontefract. WF9 1JS
3342	Walton Primary School	The Grove, Walton, Wakefield.WF2 6LD
2064	West Bretton J&I School	Bretton Lane West Bretton,Wakefield.WF4 4LB
2200	West End Primary {J&I} School	Regent Street.Hemsworth, Pontefract. WF9 4QJ
2170	Wrenthorpe Primary School	Imperial Avenue Wrenthorpe, Wakefield.WF2 OLW

#### TRUST SCHOOLS

##### Trust Infant Schools

2091	Dimple Well Infant School( <i>Part of Ossett Community Trust</i> )	Healey Road, Ossett.WF5 8LB
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##### Trust Junior & Infant Schools

2111	Carleton Park J&I School( <i>part of Pontefract Trust</i> )	Moxon Close, Carleton Park, Pontefract. WFS 3PT
2001	Cobblers Lane Primary School( <i>part of Pontefract Trust</i> )	Cobblers Lane,Pontefract.WF8 2HN
2060	Flushdyke J&I School( <i>Part of Ossett Community Trust</i> )	Wakefield Road, Flushdyke, Ossett. WF5 9AN
2095	Rookeries Carleton J&J School, <i>The (part of Pontefract Trust)</i>	Carleton Road, Carleton, Pontefract. WF8 3NP

DfE Ref	SchoolName	Address
2129	Towngate J&I School ( <i>Part of Ossett Community Trust</i> )	Whitley Spring Road, Ossett. WF5 OQA

#### VOLUNTARY AIDED SCHOOLS

##### C of E Infant Schools

3318	Normanton All Saints CE (VA) Infant School	High Street, Normanton.WF6 1NR
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##### C of E Junior Schools

3339	Sandal Endowed CE (VA) Junior School	Barnsley Road, Sandal, Wakefield.WF2 6AS
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##### C of E Primary/J&E Schools

3316	All Saints' (VA)CE J&I School	North Close, North Featherstone, Pontefract. WF7 680
3319	Holy Trinity CE (VA) J&I School	Church Street, Ossett.WF5 9DG
3337	St. Giles' CE (VA) J&I School	Skinner Lane, Pontefract. WFB 1HG

3305	St. John's CE (VA) J&I School	Belgravia Road, St. John's, Wakefield. WF1 3JP
3338	St. Mary's CE (VA) Primary (J&I) School	Charles Street, Wakefield WF1 4PS
3301	St. Paul's CE (VA) J&I School	St. Paul's Drive, Alverthorpe, Wakefield. WF2 OBT
Catholic Primary Schools		
3311	English Martyrs (VA) Catholic Primary School	Dewsbury Road, Wakefield. WF2 900
3336	Holy Family & St. Michael's Catholic Primary (VA) School	Cobblers Lane, Pontefract. WFB 2HN
3303	St. Austin's Catholic Primary (VA) School	Back Duke of York Street, Wakefield. WF1 3PF
3335	St. Joseph's Catholic Primary (VA) School (Moorthorpe)	Moorthorpe, Barnsley Road, South Elmsall. WF92BP
VOLUNTARY CONTROLLED SCHOOLS		
C of E Junior Schools		
3010	Southdale CE (VC) Junior School	Southdale Road Ossett WF5 BBA
3018	St. Thomas CE (VC) Junior School	George Street, Featherstone, Pontefract. WF7 5BG
C of E Primary/J&I Schools		
3023	Ackworth Howard CE (VC) J&I School	Station Road, Ackworth, Pontefract. WF7 7HH
3022	Badsworth CE (VC) J&I School	Main Street, Badsworth, Pontefract. WF91AJ
3003	Darrington CE (VC) J&I School	Denby Crest Darrington Pontefract. WF8 3SB
3343	St Peter's & Clifton CE (VC) Primary School	Shepstye Road, Horbury, Wakefield. WF4 5BE
3015	Stanley St. Peter's CE (VC) Primary & Nursery School	Lake Lock Road, Stanley, Wakefield. WF3 4HS
Methodist Primary/J&I Schools		
3021	Methodist (VC) J&I School	Field Lane, Thomes, Wakefield. WF2 7RU
COMMUNITY SECONDARY SCHOOLS		
4016	Hemsworth Arts & Community College	Station Road, Hemsworth, Pontefract. WF9 4HW
4006	Kettlethorpe High School, a Specialist Maths & Computing College	Standbridge Lane, Sandal, Wakefield. WF2 7EL
SPECIAL SCHOOLS		
7053	Wakefield Pathways School, Castleford	Poplar Avenue, Townville, Castleford. WF10 3QJ
7056	High Well School	High Well Hill Lane, South HiendleBamsley. S72 9DF
7002	Highfield School	Gawthorpe Lane Gawthorpe, Ossett. WF5 9BS
7054	Kingsland Primary School	Aberford Road, Stanley, Wakefield. WF3 4BA
7055	Oakfield Park School	Barnsley Road, Ackworth, Pontefract. WF7 7DT
7000	Pinderfields and Pontefract Hospital School	Aberford Road, Wakefield. WF1 4DG

ACADEMY SCHOOLS NOT COVERED BY SCHEME AT JULY 2012

Former DfE No	Academy Name	Address
3019	Criggleshstone St. James CE (VC) Primary Academy	St. James Way, Criggleshstone, Wakefield. WF4 3HY
3006	Horbury Bridge CE (VC) JJ Academy	Bridge Road, Horbury, Wakefield. WF4 5PS
2178	Park Junior School	Medley Street Castleford. WF10 488
2142	Jerry Clay Academy	Jerry Clay Lane. Wrenthorpe Wakefield. WF2 ONP
2131	Rooks Nest Academy	Rooks Nest Road, Outwood, Wakefield. WF1 3DX
2116	South Ossett Infants' Academy	Vicar Lane, Ossett. WF5 OBE
2061	Gawthorpe Community Academy	High Street, Gawthorpe, Ossett. WF5 9QP
2100	The Vale Primary Academy	Ferrybridge Road, Knottingley. WF11BJF
4026	Airedale Academy	Crewe Road, Airedale CasUeford. WF10 3JU
4015	Castleford Academy	Ferrybridge Road, Castleford. WF10 4JQ
4023	Ossett Academy & Sixth Form College	Storrs Hill Road, Ossett. WF5 ODG
4024	Outwood Grange Academy	Potovens Lane, Outwood, Wakefield WF1 2PF
4009	Wakefield City Academy	Warmfield View Wakefield. WF1 4SF
4029	Crofton Academy	High Street Crofton, Wakefield. WF4 1NF
4504	The Freeston Academy	Favell Avenue, Norrnanton. WF6 1HZ
4506	Cathedral Academy	Thomes Road, Wakefield. WF2 8QF
4031	De Lacy Academy	Middle Lane, Knottingley. WF11 OBZ
4030	Minsthorpe Community College	Minsthorpe Lane, South Elmsall, Pontefract. WF9 2UJ
2147	Halfpenny Lane J&I School	Halfpenny Lane, Pontefract. WF8 4BW
2210	Willow Green Academy	Hampden Close, Ferrybridge, Knottingley. WF11 8PT
2115	Larks Hill J&I School	Larks Hill Pontefract. WF8 4RJ
2080	Ledger Lane J&I School	Ledger Lane, Outwood, Wakefield. WF12PH
2094	Orchard Head J&I School	Orchard Head Lane Pontefract. WF8 2NJ
2095	Rookeries Carleton J&I School The	Carleton Road Carleton, Pontefract. WF8 3NP
2158	Sandal Magna J&I School	Belle Vue Road, Wakefield. WF1 5NF
2101	Simpsons Lane J&I School	Sycamore Avenue Knottinglev. WF11OPL
3329	Sacred Heart Catholic Primary (VA)	Highfield Road, Hemsworth, Pontefract. WF9 4LJ
3332	St. Ignatius Catholic Primary (VA) School	Storrs Hill Road, Ossett. WF5 ODO
3330	St. John The Baptist Catholic Primary	Beckbridge Lane, Normanton. WF6 2HZ
3327	St. Joseph's Roman Catholic Primary	Pontefract Road, Castleford. WF10 4JB
3333	St. Joseph's Catholic Primary (VA) School	Newgate, Pontefract. WFB 4AA
3104	Knottingley St Botolphs CE (VC) J&I	Primrose Vale, Knottingley. WF11 9BT
3020	St. Michael's CE (VC) Primary (NIJ)	Flanshaw Lane, Wakefield WF2 9JA
4042	Featherstone High (Purston eAct)	Pontefract Road, Purston, Featherstone. WF7 5AJ
4027	Carleton Community High School (part of	Green Lane, Carleton, Pontefract. WF8 3NW
4020	King's High School, The, Specialising in	Mill Hill Lane, Pontefract. WF8 4JF
4028	Horbury School, A Specialist Language	Wakefield Road, Horbury, Wakefield. WF4 5HE
4604	St. Wilfrid's Catholic High School, 6th	Cutsyke Road, North Featherstone, Pontefract. WF7
4800	St. Thomas a Becket Catholic College	Barnsley Road, Sandal, Wakefield. WF2 6EQ
2122	Kirkhamgate Primary School	Brandy Carr Road, Kirkhamgate, Wakefield. WF2 0RS
3340	St. Helen's CE (VA) J&I School	Highfield Road, Hemsworth, Pontefract. WF9 4EG

## 11 THE CAPITAL / REVENUE EXPENDITURE SPLIT

Capital spending by Local Authorities and schools is mainly for the buying, constructing or enhancing of physical assets such as:

- buildings
- land (eg. Roads, playing grounds)
- vehicles, plant & machinery
- ICT (hardware & installation)

To assist schools in determining the difference between what is deemed enhancing a building (capital spend) to what is deemed routine repairs and maintenance (school budget spend), the following guide should be used. This guide is in line with proper accounting practice and should be followed alongside guidance on the local Authority minimum capital spend threshold in Section 2 of the Capital Expenditure Guidance for Schools.

BUILDING ELEMENT	CAPITAL SPEND ABOVE £2,000	REPAIRS & MAINTENANCE (SCHOOL BUDGET)
<b>ROOFS</b>		
<b>FLAT</b>	Structure New structure	Repair of small parts of an existing structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace small areas of rotten or defective timber; make good minor areas of spalling concrete where reinforcing bars exposed.
	Screed /insulation in a new building / extension	Repair / replacement of existing screed / insulation where defective
	Screed / insulation. Replacement of all. Improve effectiveness of insulation	Work to improve insulation standards during work to repair small areas of the roof.
	Finish on new build. Replacement of all on existing roof	Re-coating chippings to improve life expectancy.
	Edge trim / fascia on new build	Repairs / Replacement. (UPVC) repairing.
	Edge trim / fascia, replacement of all on existing roof.	Repairs. (UPVC) repainting.
	Drainage on new build	Clearing out gutters and downpipes. Replacement / repair / repainting of individual gutters / pipes.
	Other eg. Flashings, roof lights on new build replacement of all on existing roof.	Repair / cleaning of individual items.
<b>PITCHED</b>	Structure. New structure	Repair of small parts of an existing structure
	Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	Replace / repair small areas of rotten / defective joists, rafters, purlins etc. Not complete trusses.

<b>BUILDING ELEMENT</b>	<b>CAPITAL SPEND ABOVE £2,000</b>	<b>REPAIRS &amp; MAINTENANCE (SCHOOL BUDGET)</b>
	Insulation in a new building / extension	Repair
	Insulation. Replacement. Improve insulation to current standards.	
	Roof finish in a new building / extension, replacement of all on existing roof.	Replace missing / damaged small parts.
	Bargeboards / fascias in a new building / extension replacement of all on existing roof.	Repairs / repainting
	Drainage in a new building / extension	Clearing out gutters and down pipes. Repairs of individual pipes / gutters.
	Drainage. Replacement of all on existing roof.	
<b>BUILDING ELEMENT</b>	<b>CAPITAL SPEND ABOVE £2,000</b>	<b>REPAIRS &amp; MAINTENANCE (SCHOOL BUDGET)</b>
	Other e.g. Flashings, roof windows in a new building / extension, replacement of all on existing roof.	Repair / cleaning.
<b>OTHER</b>	Provide new covered link etc between existing buildings	Minor repairs, maintenance to existing covered link.
	Rebuild covered link. Add porch etc. to existing building	Minor repairs, maintenance to existing covered link.
	Add porch etc. to existing building	Minor repairs, maintenance to existing building
	Rebuild structure of existing porch.	
<b>FLOORS</b>		
<b>GROUND FLOOR</b>	Structure and Damp Proof Course in new building	Repair of small parts of an existing structure
	Structure and Damp Proof Course – replacement of all of an existing structure to prevent imminent or correct actual major failure of the structure	
	Screed and finish in new build, replacement of all on existing floor- eg. Replacement of all carpets / tiles in a room	Repair of screed and finishes. Replacement of mats / matwells. Maintenance eg re-varnishing wooden floors.
<b>UPPER FLOOR</b>	Structure – as ground floor. Screed and finish- as ground floor	As ground floor. Repairs or finishes.
<b>BUILDING ELEMENT</b>	<b>CAPITAL SPEND ABOVE £2,000</b>	<b>REPAIRS &amp; MAINTENANCE (SCHOOL BUDGET)</b>
<b>CEILINGS</b>		
<b>TOP / ONLY STOREY</b>	Suspension	Repair / replacement including from

<b>BUILDING ELEMENT</b>	<b>CAPITAL SPEND ABOVE £2,000</b>	<b>REPAIRS &amp; MAINTENANCE (SCHOOL BUDGET)</b>
		water damage and necessary
	Membrane	
	Fixed	Repair /replacement inc from water damage
	Access Panels	Repair /replacement
<b>LOWER STOREYS</b>	Suspension	Repair /replacement
	Membrane	
	Fixed	Repair /replacement
<b>ALL</b>	Specialist removal/ replacement of damaged / disturbed asbestos based materials, planned or emergency	Inspection / air testing. Applying sealant coats to asbestos surfaces for protection.
<b>EXTERNAL WALLS</b>		
<b>MASONRY / CLADDING</b>	Structure, underpinning / Propping for new build.	Repairs, preventive measures eg. Tree removal.
	External finish on new build.	Repair of small parts of an existing structure eg. Repainting / recladding a proportion of a wall where failure has occurred.
	External finish on existing building where needed to prevent imminent or correct actual major failure of the structure. EG repainting / recladding work affecting most of a building / replacement build.	
<b>WINDOWS / DOORS</b>	Framing-new build	Repair / replacement of individual frames. Repaint frames.
	Framing-structural replacement programme	Repair / replacement of individual windows. Repaint frames.
	Glazing new build	Replacing broken glass.
	Glazing upgrading existing glazing.	
	Ironmongery. Improved security	Repair /replacement, upgrading locks etc.
	Jointing including mastic joints	
	Internal and external decorations to new build	Internal and external decoration to include cleaning down and preparation.
<b>MASONRY CHIMNEYS</b>	Structure	
<b>INTERNAL WALLS</b>		
<b>SOLID</b>	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster /linings tiles, pin boards etc.
	Refurbishment and alterations	Minor alterations
<b>PARTITIONS</b>	Complete structure including linings, framing, glazing, decoration etc.	Repairs & redecoration
	Refurbishment and alterations	Minor alterations
<b>DOORS &amp; SCREENS</b>	Framing / screens / doors	Internal maintenance and

BUILDING ELEMENT	CAPITAL SPEND ABOVE £2,000	REPAIRS & MAINTENANCE (SCHOOL BUDGET)
	to new buildings including glazing, ironmongery, jointing and internal decorations	re-decoration. Repair / replacement of defective doors and screens.
ALL	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass
SANITARY SERVICES		
LAVATORIES	In new buildings provision of all toilet fittings, waste plumbing and internal drainage.	Repair / replacement of damaged sanitaryware, fittings, waste plumbing etc.
	Large scale toilet refurbishment	Small areas of refurbishment below capital threshold.
	Provision of disabled facilities and specialist facilities related to pupils with statements.	Repair / replacement of damaged fittings, waste plumbing etc.
BUILDING ELEMENT	CAPITAL SPEND ABOVE £2,000	REPAIRS & MAINTENANCE (SCHOOL BUDGET)
KITCHENS	Kitchens in new buildings complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.	Maintain kitchen to requirements of Local Authority. Cleaning out drainage systems. Re-decoration.
	General refurbishment	Repairs
	Large and costly items of equipment	Repairs / replacement parts.
MECHANICAL SERVICES		
HEATING / HOT WATER	Complete heating and hot water systems to new projects, including fuel, storage, controls, distribution, flues etc.	General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects
	Safe removal of old / damaged asbestos boiler and pipework insulation, where risk to health & safety.	
	Planned replacement of old boiler / controls systems past the end of their useful life.	Monitoring systems
		Health & Safety-issues
	Planned replacement of old boiler / controls systems past the end of their useful life	Replacement of defective parts
	Emergency replacement of boiler plant / systems.	
COLDWATER	Provision of cold water services, storage tanks, distribution, boosters, hose reels etc.in major projects.	Maintenance and repair / replacement of defective parts such as servicing pipes. Annual services of cold water tanks.
GAS	Distribution on new and major refurbishment's,	Repairs, maintenance & gas safety. All servicing

BUILDING ELEMENT	CAPITAL SPEND ABOVE £2,000	REPAIRS & MAINTENANCE (SCHOOL BUDGET)
	Terminal units.	
<b>VENTILATION</b>	Mechanical ventilation / air conditioning to major projects	Provision of local ventilation. Repair / replacement of defective systems and units.
<b>OTHER</b>	Swimming pool plant and its complete installation including heat recovery systems.	Repair / replacement of parts to plant, pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment.
<b>ELECTRICAL SERVICES</b>		
<b>GENERAL</b>	Main switchgear and distribution in major projects	Testing / repair of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings.
	Replacement of obsolete and dangerous wiring systems, including distribution boards.	All testing, earthing and bonding to meet Health & Safety. All servicing.
<b>POWER</b>	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment.
<b>LIGHTING</b>	Provision of luminaries and emergency	Replacement of luminaries, all testing, adjustments and improvements to emergency.
<b>OTHER</b>	Lighting protection in new build.	Repair / replacement
	Alarm systems, CCTV, lifts / hoists etc.	Repair and maintenance
	New installation of communication systems, radio / TV, call, telephone, data transmission, IT etc and provision in new build	Repair / replacement / maintenance including all door access systems.
<b>EXTERNAL WORKS</b>		
<b>PAVINGS</b>	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of a major project, including disabled access	Maintenance and repair car park and playground markings.
<b>MISCELLANEOUS</b>	Provision of walls, fencing, gates and ancillary buildings as part of major project.	Maintenance and repair of all perimeter boundary (if agreed to be funded from school budget not by LA) / retaining walls, fencing and gates.
<b>DRAINAGE</b>	Drains, soakaways, inspection chambers and sewage plant as part of new projects.	Maintenance and repair of drains, gullies grease traps and manholes between buildings and main sewers. Cleaning of the above and unblocking as necessary
<b>OPEN AIR POOLS</b>	Structure, hygiene / safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems
<b>SERVICES</b>	Heating mains, Gas	Annual servicing.

BUILDING ELEMENT	CAPITAL SPEND ABOVE £2,000	REPAIRS & MAINTENANCE (SCHOOL BUDGET)
DISTRIBUTION	mains, water mains, electricity mains, renewal of any above.	

## APPENDIX C

### DEVOLVED FORMULA CAPITAL GRANT FOR SCHOOLS

1. Devolved Formula Capital Grant (DFC) has been allocated to schools from 1 April 2000 through the standards fund (except for VA schools where separate arrangements exist). This purpose of this grant is primarily to be used to fund:
  - Small capital projects
  - More substantial projects through accumulation over periods of up to 3 years
  - For ICT equipment

Schools will, subject to agreement, be allowed to accumulate DFC over a maximum of 3 years (ie entitlement for one year can be carried forward into the following year and/or year after – to pay for a more substantial project than would otherwise be affordable). If an allocation is not used within 3 years or if it is the end august following a spending review period it is lost. For example for spending review period 2008-11 any unspent DFC at 31 August 2011 will be lost.

Before a school commences on any DFC scheme it should submit a Capital Expenditure Form in line with the LA Capital Expenditure Guidance.

2. New Schools

Under the Wakefield local agreement schools that open in, or move into, completely new buildings will receive no grant in the first three years (or one part and two full years, if opening other than at the start of a new financial year).

- 3 Closing Schools

The LA will agree with any school that is to close during the year whether DFC is to be provided. It may, for example be appropriate to remedy defects in order to facilitate disposal of the site. If not needed, the LA may use the capital elsewhere for schools capital priorities.

- 4 Use of DFC

Expenditure must be of a capital nature. Grant cannot be used for general maintenance, redecoration or day-to-day repairs.

- Operating leases in respect of equipment or facilities
- the hire of temporary accommodations unless it is part of a larger project, which has a short term requirement to re-house classes
- periodic PFI charge

Further definitions of capital spending are set out in Appendix B and reflect Wakefield's minimum spending level of £2,000 before a project item can be considered as Capital, below this level the schools revenue allocations should be used.

## APPENDIX D

### Setting up School companies

1. The Education Act 2002 Section 11 & 12- School Companies Regulations 2002 enable schools to form companies on their own, with other schools, or with certain other education bodies. Schools companies will be private companies limited either by shares or by guarantee.

Schools will be able to set up companies to undertake three types of activity:

- Purchasing goods and services for schools in the company
- Providing services or facilities to other schools either directly or facilitating that provision by a third party
- Exercising functions which a LA is able to contract out.

2. Types of Company

A company limited by shares is a more appropriate structure where the company is seeking to make a profit and to divide that profit between the members.

A company limited by guarantee is more appropriate when the company is not seeking to make a profit eg. When the company is merely purchasing goods and services on behalf of the member schools.

- 3 Forming a Company

A governing body interested in setting up a company under the Regulations must have the consent of the LA and must also have a delegated budget within the meaning of Part 2 of the SSFA 1998. Schools companies are also required to register under the Companies Act 2006.

- 4 Membership

Any governing body of a maintained school with a delegated budget can form a company. Schools wanting to form a company together need not be within the same LA boundary nor need they be engaged in teaching the same age range.

Individuals are permitted to be members of school companies. However, certain categories of people are not allowed to be members of a school company-eg bankrupts, individuals with criminal convictions, disqualified directors, those prohibited or restricted from teaching or working with children.

Employees of maintained schools' governing bodies and of LAs are excluded from being members of the company as private individuals.

5. LA Consent

A school's governing body requires permission from the LA before it can become a member of a school company. In considering applications from governing bodies to join or form a company the LA will take account of the financial and managerial capability of the schools concerned.

The LA can refuse to give permission if the school

- Is subject to special measures or has serious weaknesses
- Has weak management or finances and joining a company may prevent the school from addressing these weaknesses
- Has been at fault for a previous insolvency of a school company
- Has belonged to a school company which failed to act in accordance with

- the regulations within the last 3 years
- Has had its delegated budget suspended

A school that has been refused permission and thinks this decision is unfair can complain to the Secretary of State by using the right of complaint schools process which is already in place to use where LAs are considered to be acting unreasonably.

## 6. Supervision of a School Company

All school companies will have supervising authorities. The supervising authority has the following functions:

- Monitoring the management and finances of the school company, including scrutiny of the audited annual company accounts:
- Considering requests from school companies to borrow
- Notifying the Secretary of State of company membership, name or registered number and any changes to these details within 28 days; and
- Directing governing bodies to withdraw from a school company in certain circumstances.

The supervising LA will normally be the LA within which the member schools are based. Where member schools are from more than one LA area, the LAs will be expected to agree amongst themselves, which will become the supervising authority.

When a LA is a member of the school company, and is the only LA which maintains schools whose governing bodies are members of the company it will become the supervising authority. If there is another LA whose schools are involved and which is not a member then that LA will be the supervising authority.

The supervising authority has defined powers over companies, some of which can only be exercised in certain circumstances:

- It may direct the company to provide such information about the company's finances, management and contracts to which the company is a party, as the supervising authority think necessary
- It may direct the company to take certain specified steps in order to comply with the Regulations
- It may direct a governing body of a maintained school, which is a member of the company, to reduce its involvement in the management of the company; and
- It may direct a governing body of a maintained school, which is a member of the company, to resign as a member of the company.

The supervising authority will need to have evidence for its decisions, and will be bound by the general duty on LAs to act reasonably. Before directing a school to resign from or reduce involvement in a school company the LA must give 28 days notice in writing to the governing body and the company. A company that is dissatisfied with a supervising authority's decision can make representations to the supervising authority and if it is still dissatisfied it can complain to the Secretary of State.

The supervising authority will not intervene in the day-to-day running of a company and will only exercise its direction making powers over the company if there is evidence that a company is approaching or is in financial trouble. The authority is entitled to receive annual audit accounts, which companies will produce for themselves and Companies House anyway. In the first year of the company's operation it will provide two sets of six monthly accounts to enable closer supervision and faster action by the supervising authority in the initial set up period when the company has a higher risk of financial difficulties. The additional element of supervision ie requesting further information and directing governing bodies only becomes significant if the company is in financial difficulties, is acting illegally or if

the schools of the governing bodies are in difficulties.

## 7 Appointment of Directors and Interests

The Articles of Association of the company will set out the process for appointing a Board of Directors to run the company.

The members of the company will need to bear in mind that:

- Directors can bind the company contractually by acting as the company's agent and that they act effectively as trustees of the company's assets
- At least 40% of the directors of a school company must be non-executive directors, that is directors who are not employed by or contracted to the company to provide services for payment
- Companies must limit the circumstances in which they may enter contracts where directors have an interest and
- Companies would be expected to ensure that appropriate background checks are conducted on directors, members and employees of the company bearing in mind their possible access to school premises. Advice on such procedure can be sought from the supervising authority.

## 8 Profit

Any profit made by school companies may either be retained by companies to pursue objectives or distributed amongst members or a combination of both. If profits are to be distributed among members, it is imperative that the members agree at the outset, when they are establishing the company, how a distribution of profits is to be decided upon and how profit is to be divided between the members.

Regulation 10(c) of The School Companies Regulations 2002 provides that the company's constitution must set out either the proportions of profit to be distributed among the members or a procedure to determine how the profit should be distributed.

## 9 Power to Borrow Money

Companies can only borrow money with permission of the supervising authority, whether that borrowing is secured or unsecured. It is possible for a company to borrow against its own assets (with permission), but not against assets that belong to the school members of the company. The property of the members of the school company remains separate from that owned by the company itself.

## 10 Debt

Directors of the school company are obliged under company law not to trade whilst insolvent and if they need to borrow funds to see the company through a period of financial instability they are required to seek permission from the supervising authority.

If the supervising authority becomes aware that a company has an excessive debt position, it should then notify the school members and the LA of the member schools of that position. The supervising authority could use its powers to direct the company to provide further information for the assessment of the company's position and could further direct the school governing body members to reduce involvement in or resign from the company.

## 11 Limited Liability Status

In the event of a school company failing financially, the liability of each company member would either be limited either:

- In the case of a company limited by guarantee to the size of the guarantee (usually a nominal figure of around £10), or
- In the case of a company limited by shares, to the unpaid amount

outstanding on the shares

Company members would determine the value of shares and the amount, if any, outstanding on shares, so would always have taken an informed decision at the outset about their potential liability.

In the unlikely circumstance of a school company becoming insolvent, there will be no risk to a school's assets or the employment of the staff at member schools, as the company does not own the member school's assets or employ its staff. Where a school company does become insolvent, the staff employed directly by the company are likely to be made redundant and the company's assets would be sold.

## 12 Withdrawing from the company

If the delegated budget of a member school is suspended, the supervising authority would direct that the school become dormant within a company until the delegation is returned, or resign from the company if that were the more appropriate course. If a budget were only suspended for a short period, leaving the company may not be necessary. The intention here is to cause as little disruption as possible, whilst freeing the school to concentrate on rectifying the problems leading to the suspension of its delegated powers.

Should a member wish to leave the company, it will be required to provide 12 weeks notice.

## 13 Takeovers

School companies will be private companies and so shares in them will not be readily available. A takeover could only happen if school company members holding the majority of the shares agreed to sell their shares to a third party. Any member selling all of their shares would then leave the company.

Although the risk of private sector takeover is remote, schools need to be aware of the risk and ensure that restrictions are placed on the sale of company shares through shareholder agreement or that the constitution of the company provides for doing so only after unanimous decision.

Schools will be free – with the necessary agreement – to sell their interest since a school may want to leave the company at a later stage and take any profits for the benefit of the school. On a more positive note, a number of school companies could group together to operate across a network of schools, perhaps in a federation. Alternatively, the company of which a particularly successful school is a member could, by mutual agreement, take over a company whose members are less successful schools, as part of a package of support to them.

## 14 Provision of Services

School companies will be limited to providing education services or supplying goods and services to other schools including their own members.

It is also possible that services could be supplied to schools on behalf of a Local Authority. School companies will want to assure themselves of the nature of the undertaking they are contracting to provide by ascertaining key facts such as staffing, liabilities and intellectual property rights.

## 15 Schools Staff

School staff would not automatically transfer to a company upon its formation. Staff may transfer to a company if they wished and terms and conditions were agreed.

Schools joining the company are able to provide staff to the company. Schools may wish to negotiate with staff to change the duties of school employees partly to carry

out duties for the company.

Schools may wish to second staff to companies for a period of time. Alternatively, schools may consider transferring the employment of staff fully over to the company if the member of staff agrees and appropriate protections for their terms and conditions of employment are in place.

Bearing in mind that the school's governing body can be directed to ensure that its staff are no longer engaged on company business, the school should make clear in its terms of employment that where staff are working on company business their duties may be changed if the governing body is directed to reduce its involvement in the management of the company or is directed to resign from the company.

A school company may take over activities from the school's governing body which result in staff employed by the governing body or Local Authority transferring to the company by operation of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006 No.246). If this is likely to be the case, the governing body or the Local Authority and the school company should seek specialist legal advice to ensure that they comply with their duties under employment law.

In the case of staff seconded to a school company, the need may arise to appoint replacement or temporary cover. Responsibility for this will fall to the governing body or the Local Authority, depending on who is the employer.

## 16 **VAT**

School Companies formed to purchase goods and services for their members will be acting as agents of the LA by operation of section 49(5) of the SSAF 1998. Therefore the formation of a company to purchase on behalf of the schools will not lead to an increase in the amount of VAT payable. Because the company will be acting as an agent of the LA, the LA will continue to be liable for any unpaid debts arising out of the spending of that budget, as is the case for individual schools spending their budget.

School Companies formed for service delivery will not be acting as agents of the LA because they will be spending income from fees paid for provision of services rather than purely money from the schools delegated budgets. Normal trading VAT rules apply in these instances which may mean registering for VAT and VAT should be included in their fees. If maintained schools are the recipients of these services, they will be able to reclaim VAT as above.

School Companies may be liable to Corporation Tax, PAYE and CIS, where applicable. The members should take advice on these issues.

## APPENDIX E

### EXTENDED SCHOOLS FINANCIAL FRAMEWORK

1. The Education Act 2002 gave school governing bodies the powers to provide community facilities that would benefit the school and local community.

Governing bodies cannot provide services that might interfere with their main duty to educate pupils or their responsibility to promote high standards of educational achievement at the school.

Extended school activities are carried out under the governing body's community facilities powers; the Wakefield Scheme for Financing Schools (section 13) sets out the statutory requirements placed on schools wishing to exercise these powers.

2. Accounting for Extended Activities

Schools must account for all income and expenditure relating to community focused extended school activities separately from the school's delegated Budget Share.

The Education Act 2002 required extended school activities to be self financing; expenditure incurred in providing extended facilities cannot be met from the school Budget Share except where the activity benefits the education of the pupil (e.g. study support, before and after school clubs, evening English language classes for pupils, parents and guardians).

From April 2006, schools are allowed to use the Schools Standard grant to support extended school activities including those that benefit the wider community as well as those benefiting the education of the pupil.

Extended Activities can be provided directly by the school or as commissioned provision through a third party. Where a third party is the provider they will have responsibility for the financial management of the activity.

It is recommended that directly provided extended school activities are accounted for within the on a separate cost centre for the school.

3. Commissioned Activities

Where schools commission extended school activities from a third party provider, the provider will be responsible for the financial management and viability of the project. Charges made by the school to the provider must at least cover any extra costs incurred by the school in running the extended facilities. Schools should account for any costs incurred and charges made separately from the school Budget Share.

4. Financial Returns

The Wakefield Scheme for Financing Schools requires schools to provide the Local Authority with financial information about community facility and service activities. The information should be in the form of an annual planned budget by 31st May each year signed by the Chair of Governors and then a six month review position.

5. Accounting for VAT on Extended School Activities

If the Governing Body of a school provides community facilities as an extended school activity in its own right and the income generated is retained by the Governing Body, then input VAT (VAT on purchases) is now recoverable on non

staffing items where those purchases are made by the school and recharged plus VAT to the Governing Body. Please note VAT cannot be recovered where the Governing Body itself places orders and receives invoices for the goods or services.

If the Local Authority operates the community facility and retains the income or the Governing Body takes on the community facility on behalf of the Local Authority (under the Local Authorities "powers of well being and with a Service Agreement), then input VAT would be recoverable under the Local Authority VAT scheme. In addition if the community facility is for childcare, input VAT is recoverable as following the Chancellors 2005 Budget Statement Local Authorities may now treat this as a non business activity and recover VAT under the Local Authority refund provisions.

## 6 VAT on the Supply of Staff

In Voluntary and Community Schools the law requires that all staff are employed by the Local Authority. Where the Governing Body is operating extended school facilities they may use existing staff or new staff to run the facilities. Recharges to the extended facility for the cost of these staff are not subject to VAT because HMRC regards the Local Authority as acting in its statutory role as employer of the staff.

In Voluntary Aided and Foundation Schools the Governing Body is generally the employer, so staff deployed on extended schools activities run by the Governing Body will be provided from its own resources. If the school requires additional staff to run the extended facility and the Local Authority provides them HMRC policy is to regard the supply of staff as being a part of its statutory duty to ensure childcare is available.

In summary, all resources for extended schools activities can be provided without an irrecoverable VAT cost so long as they are initially purchased by the school in its official capacity (or the Local Authority) and either used directly by the school to run extended school activities or recharged to the Governing Body or other organisations that run the extended schools activities but the justification for this treatment varies. If a Governing Body or other organisation makes the purchase of VATable goods or services directly, ie. places the order and receives an invoice addressed to it (not the school) VAT cannot be recovered.

Schools should seek the advice of the Local Authority Taxation Officer on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities.

## APPENDIX F

### APPROVED BANKS

To assist Schools in the selection of an appropriate bank to deposit funds with, and to safeguard the Local Authority's legal requirements under Section 151 of the Local Government Act 1972.

Funds should only be deposited with a UK bank or building society (with UK Parentage) which has a credit rating of A or above with all three of the major credit rating companies – Fitch, Moody's and Standard and Poors. In addition, funds should not be deposited for fixed periods in excess of 364 days.

Credit ratings can change on a daily basis. As at 6 July 2012, the banks and building societies who meet this criteria are :

- Bank of Scotland Pic
- Lloyds TSB Bank
- Barclays Bank
- Nationwide Building Society

In recognition of the prevailing volatility of financial markets, Schools are advised to contact the Group Finance Manager (Schools) before making any changes to their banking arrangements.

TABLE OF REVISIONS TO SCHEME REVISIONS

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<p>2.10 Best value</p> <p>2.10.1 Schools should seek to achieve value for money and efficiencies, taking into account the purchasing, tendering and contracting requirements outlined in Section 2.17. To assist schools in doing this the principles are listed in Appendix B.</p> <p>2.10.2 Schools may find it useful to refer to the publication Best Value in School, obtainable at <a href="http://www.dfes.gov.uk/valueformoney">http://www.dfes.gov.uk/valueformoney</a>.</p>	<p>2.10 Value For Money</p> <p>2.10.1 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.</p> <p>2.10.2 It is for heads and governors to determine at school level how to secure better value for money.</p>
<p>6.3 General Teaching Council</p> <p>6.3.1 This scheme must contain provisions that require schools to deduct, or arrange for the deduction of the General Teaching Council (GTC) registration fee from the salaries of teachers who are registered, or who are required to register, with the GTC and have not paid the fee by other means.</p> <p>6.3.2 The GTC (Deduction of Fees) Regulations 2001 ("the Regulations", S.I. 2001 No. 3993) came into force on 10 January 2002. The Regulations apply to teachers at maintained schools registered with the GTC or required to be so registered by the Teachers (Compulsory Registration) (England) Regulations 2001 (S.I. 2001 No.1266). The Regulations place a duty on the employer of such teachers to deduct and remit the GTC fee in respect of a teacher who has not already paid the fee to the GTC where the GTC has notified the employer to deduct and remit the fee of that</p>	<p>REMOVED</p>

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<p>teacher. This includes teachers who have indicated to the GTC that they wish to pay the fee by a salary deduction as well as teachers who have not indicated how they wish to pay the fee.</p> <p>6.3.3 In order to ensure the performance of the duties to deduct and remit the fee imposed on employers by the Regulations 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.</p> <p>6.3.4 By virtue of Section 46 of the SSAF Act 1998 and the regulations made under that section (at present the Financing of Maintained Schools (England) Regulations 2001 (S.I. 2001 No.475, Part II and Schedule 1) the costs of payroll administration for teachers in an Authority's maintained schools fall to be met from the budget shares which are allocated to governing bodies pursuant to section 47 of the Act, and which are delegated to them pursuant to sections 49-50. Accordingly, by virtue of Chapter IV of Part II of that Act and this scheme, governing bodies of maintained schools are responsible for making suitable arrangements (or ensuring that such arrangements are made) for the administration of payroll services in respect of teachers.</p> <p>6.3.5 A governing body of a community school, community special school or a voluntary controlled school, though not the employer of the teachers at such a school, shall:-</p> <p>a ensure that any arrangement or agreement it has entered into with the Authority for the provision of payroll services is amended to allow for the deduction and remittance of fees by</p>	

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<p>the Authority to the GTC. The governing body shall meet any consequential costs from the school's budget share;</p> <p>b ensure that any arrangement or agreement it has entered into with a person other than the Authority to provide payroll services is amended to allow for the deduction and remittance of fees by that person to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget; and</p> <p>c where the governing body administers the payroll it must deduct and remit the fees to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share.</p> <p>6.3.6 A governing body of a foundation, a foundation special school or a voluntary aided school, as the employer of its teachers, is under a duty to deduct (or arrange for the deduction of) the fee and to remit the fee to the GTC. Accordingly, a governing body shall: -</p> <p>a ensure that any arrangement or agreement it has entered into with the Authority to provide payroll services is amended to allow for the deduction and remittance of the fees by the Authority to the GTC on the governing body's behalf. The Authority shall agree to any such amendment. The governing body shall meet any consequential costs from the school's budget share;</p> <p>b ensure that any arrangement or agreement with a person other than</p>	

<p><b>Scheme Version July 2011</b></p> <p>the Authority for the provision of payroll services is amended to allow for the deduction and remittance of the fees by that person to the GTC or to the governing body for onward transmission to the GTC. The governing body shall meet any consequential costs from the school's budget share; and</p> <p>c where the governing body directly administers the payroll, it must deduct and remit the fees to the GTC. The governing body shall meet any consequential costs from the school's budget share.</p> <p>6.3.7 All of the procedures for the GTC fees shall be done whether the funding for the salary payments is paid to the Authority by the school from budget share instalments which have been held by the school in an independent bank account or the salary costs are directly charged by the Authority to the school's budget share.</p>	<p><b>Scheme Version August 2012</b></p>
	<p><b>2.22 Schools Financial Value Standard</b></p> <p>All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs)) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form.</p> <p>Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form</p>

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	<p>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.</p> <p>Maintained schools that did not achieve the Financial Management Standard in Schools (FMSiS) must submit the form to the local authority before 31 March 2012, and annually thereafter.</p> <p>All other maintained schools with a delegated budget must submit the form to the local authority before 31 March 2013 and annually thereafter.</p>
	<p>11.12 Fraud</p> <p>All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.</p> <p>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.</p>
<p>13.13 Premature Retirement / Redundancy Costs</p> <p>13.13.1 For staff employed under the community facilities power, Section 37 of the Education Act 2002 states that:</p>	<p>13.13 Premature Retirement / Redundancy Costs</p> <p>13.13.1 For staff employed under the community facilities power, the default position is that any costs must be met by the</p>

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<p>Where a LA incur costs –</p> <p>(a) In respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or</p> <p>(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 these costs from the governing body except in so far as the LA agree with the governing body in writing (whether before of after the retirement, dismissal or resignation occurs that they shall not be so recoverable.</p> <p>Any amount payable by virtue of the above by the governing body of a maintained school to the local education authority shall not be met by the governing body out of the school's budget share for any financial year.</p> <p>Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.</p>	<p>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:</p> <p>Where a local education authority incur costs-</p> <p>(a)in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or</p> <p>(b)in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school wo is employed for those purposes, they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.</p> <p>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 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.</p>

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	Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.
<p><b>APPENDIX B</b></p> <p><b>BEST VALUE AND SCHOOLS</b></p> <p>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. When submitting annual budget plans, schools are required to say how best value principles are being followed.</p> <p>2. Best value will be a statutory duty to deliver services to clear standards, covering both cost and quality by the most effective, economic and efficient means available. Legislation is to place a duty on local authorities to secure best value in respect of the way in which they exercise their functions. The new duty is not intended to apply to those functions which are exercised by the governing bodies of LA maintained schools. However, schools will be encouraged to adopt the best value performance management framework.</p> <p>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:</p> <p>(a) the existence of a programme of performance review which will aim for continual</p>	<p><b>REMOVED</b></p>

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<p>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:</p> <ul style="list-style-type: none"> <li>• challenging how and why a service is provided (including consideration of alternative providers);</li> <li>• comparison of performance against other schools taking into account the view of parents and pupils;</li> <li>• mechanisms to consult stakeholders, especially parents and pupils;</li> <li>• embracing competition as a means of securing efficient and effective services.</li> </ul> <p>(b) in 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.</p> <p>(c) that the following are included in school development plans:</p> <ul style="list-style-type: none"> <li>• a summary of objectives and strategy for the future;</li> <li>• forward targets on an annual and longer term basis;</li> <li>• description of the means by which performance targets will be achieved;</li> <li>• a report on current performance.</li> </ul> <p>(d) that internal and external audit takes place ensuring that performance information is scrutinised. LA oversight of school finances provides external review.</p> <p>4. The independent inspections and intervention elements of the best value framework will be the</p>	

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responsibility of other bodies and therefore not relevant to demonstration by a governing body of adherence to best value principles.	
<p><b>APPENDIX G</b></p> <p style="text-align: center;"><b>APPROVED BANKS</b></p> <p>To assist schools in the selection of an appropriate bank and to safeguard the Local Authority's legal requirements under Section 151 of the Local Government Act 1972, an approved list of banks is given below. This is selected on the basis of U.K high street banks and building societies with a long term credit rating of AA- or above. This list also includes banks which the Local Authority has contracts with:</p> <p>Bank of Scotland Pic Co-operative Bank HSBC Bank pic Lloyds TSB Bank National Westminster Bank Royal Bank of Scotland Barclays Bank Nationwide Building Society</p> <p>Applications can be made to the Director of Finance for additions to this list, however, before doing this the school should consider the suitability of the organisation and its credit rating. The above list will be reviewed on an annual basis.</p>	<p><b>APPENDIX F</b></p> <p style="text-align: center;"><b>APPROVED BANKS</b></p> <p>This guidance is provided to assist Schools in the selection of an appropriate bank to deposit funds with and to safeguard the Local Authority's legal requirements under Section 151 of the Local Government Act 1972.</p> <p>Funds should only be deposited with a UK bank or building society (with UK Parentage) which has a credit rating of A or above with all three of the major credit rating companies – Fitch, Moody's and Standard and Poors. In addition, funds should not be deposited for fixed periods in excess of 364 days.</p> <p>Credit ratings can change on a daily basis. As at 6 July 2012, the banks and building societies who meet this criteria are:</p> <p style="text-align: center;">Bank of Scotland Pic Lloyds TSB Bank Barclays Bank Nationwide Building Society</p> <p>In recognition of the prevailing volatility of financial markets, Schools are advised to contact the Group Finance Manager (Schools) before making any changes to their banking arrangements.</p>