Scheme for the

Financing of Schools

effective from

1st April 1999

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THE OUTLINE SCHEME

References throughout this statutory guidance to:

"the Act" are to the School Standards and Framework Act 1998;

"the authority" means the local authority; and

"the Regulations" are to the School Finance (England) Regulations 2023 made under the Act.

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

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools' budget shares.

2. Amounts which may be charged against schools' budget shares.

3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.

4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.

5. Terms on which services and facilities are provided by the authority for schools maintained by them.

6. The payment of interest by or to the authority.

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15. The keeping of a register of any business interests of the governors and the head teacher.

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SECTION 1: INTRODUCTION

1.1 The Funding Framework

Annex A describes the main features of the current funding framework.

1.2 The role of the scheme

Following from the above the scheme has the function of setting out the financial relationship between the Authority and the schools which it funds. The scheme contains requirements relating to financial management and associated issues that are binding on both the Authority and schools.

1.2.1 Application of the scheme to the Authority and maintained schools

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

1.3 Publication of the scheme

A copy of the scheme will be available on the Shropshire Council website. Any approved revisions to the scheme will be published by the date the revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.4 Revision of the scheme

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

1.5 Delegation of powers to the head teacher

The governing body of any school covered by the scheme is required to consider the extent to which it wishes to delegate its financial powers to the head teacher. These decisions and any revisions must be recorded in the minutes of the governing body. The Authority suggests that a suitable level of delegation would be £30,000.

Within these decisions on delegated powers, the first formal budget plan of each financial year must be drawn up. This plan must then be approved by the whole governing body, normally after full consideration by the Finance Committee.

1.6 Maintenance of schools

The Local Authority is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the governing body). Part of the way an authority maintains schools is through the funding

system put in place under sections 45 and 53 of the School Standards and Framework Act 1998.

SECTION 2: FINANCIAL CONTROLS

2.1.1. Application of financial controls to schools

In the process of the management of their delegated budget, schools must abide by the Authority's requirements on financial controls and monitoring, not only those in the scheme but also those requirements to be contained in more detailed publications referred to in the scheme.

2.1.2 Provision of financial information and reports

Schools are required to provide the Authority with details of both planned and actual expenditure and income, in a form and at times determined by the Authority. These specific requirements will vary for schools that choose to operate within the LA financial reporting system for its schools and those that choose to operate alternative systems.

The Authority may not normally require this information to be submitted more often than once every three months except for submissions connected with tax or banking reconciliation. Exceptions to this clause can be required if the LA has notified the school in writing that in its view the schools financial position requires more frequent submission, or the school is in the first year of operation. Additionally, the restriction to a minimum 3-month interval does not apply to schools which are part of an on-line financial accounting system operated by the LA.

The form submitted should so far as possible take account of the consistent financial reporting framework.

2.1.3 Payment of salaries; payment of bills

The specific requirements will vary depending on schools decisions relating to buyback of services. The specific requirements will be detailed in separately published administrative procedures.

2.1.4 Control of assets

Each school is required to maintain an inventory of its movable non-capital assets. The authority has issued guidance to schools as to an appropriate format. For assets worth less than £1,000 the school must keep a register but it may be in any form it considers fit for the purpose. Any assets that are portable and/or attractive should also be registered.

2.1.5 Accounting Policies (including year end procedures)

Schools are required to abide by the procedures issued by the LA and published separately to schools.

2.1.6 Writing off of debts

Governing bodies may write off debts up to £1,000 and procedures will be issued by the LA on the writing off of larger debts. Any cost and loss of income incurred in writing off debts will be a cost to the individual schools' budget.

2.2 Basis of accounting

Reports and accounts furnished to the LA should be on an accruals basis. Schools are free to determine how they keep their own accounts but will be responsible for meeting any costs involved in producing outputs to meet the LA requirement.

2.3 Submission of Budget Plans

Each school is required to submit a plan to the Authority, not earlier than 1 May or later than 30 June, showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. Revised plans may be required throughout the year, but no more than four times in a financial year.

The LA must supply to schools all relevant income and expenditure data which is necessary to allow efficient planning by schools. Schools will be notified as to when this information will be made available.

A school may take full account of estimated deficits or surpluses at the previous 31 March within their Budget Plan.

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

2.3.1 Submission of Financial Forecasts

From the 2021 to 2022 funding year each school must submit a three-year budget forecast by the 30 June.

Financial forecasts will be used for confirming schools are undertaking effective financial planning, evidence to support the local authority's assessment of schools financial value standards and used in support of the authority's balance control.

2.4 School resource management

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

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

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

2.5 Virement

Schools may vire freely between budget heads. Guidance, if required, can be obtained from the LA on procedures for virement authorisation and any delegation of such powers to either a Governors Committee or the Headteacher.

2.6 Audit: General

Schools will be placed within an audit regime determined by the LA as regards internal audit, and the LA's external audit regime as determined by the Local Audit and Accountability Act 2014 and are required to co-operate with it. Schools must give access to relevant records to both internal and external auditors.

2.7 Separate external audits

Governing bodies may if they so wish spend funds from their budget share to obtain external audit certification of their accounts, separate from any LA internal or external audit process, where such accounts are based upon the school's own bank account.

2.8 Audit of voluntary and private funds

Schools are required to provide audit certificates in respect of voluntary and private funds held by schools and of the accounts of any trading organisations controlled by the school and to report such audits to the full Governing Body.

A school refusing to provide audit certificates to the local authority as required by the scheme is in breach of the scheme and the authority can act on that basis. Access to the accounts of such funds by other agencies is a matter for them. Any other requirement as to audit of such funds is a matter for those making the funds available, and any Charity Commission requirements.

2.9 Register of business interests

The governing body of each school is required to have a register which lists for each member of the governing body and the head teacher:

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

The Authority has issued guidance to governing bodies as to a suitable format and what would be considered as good practice in relation to the operation of such a register.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by the Authority's financial regulations and standing orders in purchasing, tendering and contracting matters. This includes the requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures. These regulations do not apply where any section of those financial regulations and standing orders would require schools:

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

b. to seek LA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;

c. to select suppliers only from an approved list;

d. to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

There will remain a requirement on schools to demonstrate compliance with Best Value principles at all times. Where the value of goods or services does not require a tendering process, alternative evidence as to how Best Value is being achieved is required.

2.11 Application of contracts to schools

Schools have the right to opt out of LA-arranged contracts.

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. Examples would be contracts made by aided or foundation schools for the employment of staff.

2.12 Central funds and earmarking

The LA will 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 will be 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 where the funding is supported by a specific grant which the LA itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

Such earmarked funding from centrally retained funds is required to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given and is not to be vired into the budget share. Schools will need to be able to demonstrate that this requirement has been complied with.

Earmarked funding must be returned to the LA if not spent in-year, or within the period over which schools are allowed to use the funding if different from the financial year.

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

2.13 Spending for the purposes of the school

Although section 50(3) of the School Standards and Framework Act allows governing bodies to spend budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme.

By virtue of section 50(3A) (which came 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.

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

2.14 Capital spending from budget shares

Governing bodies may use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the School Standards and Framework Act 1998. If the expected capital expenditure from the budget share in any one year exceeds £15,000 the governing body must notify the LA and take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure. If the premises are owned by the LA, or the school has voluntary controlled status the governing body should seek the consent of the LA to the proposed works**.** Such consent can only be withheld on health and safety grounds.

The reason for these provisions is to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

2.15 Notice of Concern

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

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

These may include:

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

- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

2.16 Schools Financial Value Standard (SFVS)

All local authority maintained schools (including nursery schools and Pupil Referral Units (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.

All maintained schools with a delegated budget must submit the form to the local authority before 31 March annually. The LA are required to submit their assurance statement to DfE within 6 weeks, no later than 31 May annually.

2.17 Fraud

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

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

SECTION 3: INSTALMENTS OF THE BUDGET SHARE AND BANKING ARRANGEMENTS

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

3.1 Frequency of instalments

A school that does not operate a bank account can draw on all its budget share from the start of the financial year. For schools that opt to operate their own bank account, the budget share instalments will be made available on a monthly basis. Top up payments for pupils with high needs should be made monthly unless alternative arrangements have been agreed with the provider.

3.2 Proportion of budget share payable at each instalment

For schools not operating a separate bank account their budget share will be allocated to them in full at the start of the year.

For schools with their own bank accounts a standard profile of one twelfth per month will apply for all months other than April and March. In April there will be an additional payment at the start of the month to recognise non-payroll spending requirements, inclusive of Value Added Tax. There will be a corresponding reduction to the payment made in March.

Schools will be able to opt for instalments of their total budget share to be made available to them by payment into a school bank account, although budget shares net of estimated pay costs can also be applied for. The initial estimate of pay costs upon which to base net budget instalments will be calculated according to average payroll costs during the previous financial year, updated by in-year information as to pay award increases and personnel changes.

The precise dates of monthly instalments will be based on the LA's current month-end payment of salaries, and will attempt to replicate existing cash flow in order to minimise the need for interest claw-back.

3.3 Interest clawback

There will be two options made available to schools:

Option 1: Schools operating separate bank accounts within the Council's current banking arrangements:

> These will be "umbrella bank accounts" which form sub-accounts within the Council's overall banking arrangements. Current accounts would enable schools to operate all normal bank account facilities with agreed branches, but without interest earning or claw-back arrangements unless payroll payments are made from this account earlier than the date upon which the LA would pay through its own arrangement. This is on the basis that under this option there would be no loss of interest earned by the Council.

Option 2: External bank accounts outside the Council's current banking arrangements.

On the assumption that an instalment schedule is drawn up replicating current spending profiles in schools, particularly payroll dates, there would be minimal interest claw-back necessary. If schools wished to vary from the standard schedule, interest at the Base Rate applicable at the time of the transaction would be charged for the number of days each month that the instalment was made in advance of the standard schedule. Any standard bank and overdraft charges incurred on external bank accounts would be met from the individual school's budget share.

3.3.1 Interest on late budget share payments

In the event of an error by the LA resulting in a late payment of budget share instalments, interest will be added on the basis described in 3.3 above.

3.4 Budget shares for closing schools

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

3.5 Bank and building society accounts

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

New bank account arrangements may only be made with effect from the start of the financial year. Schools without bank accounts at the start of the scheme cannot have one until any deficit balance is cleared. Any school requesting a bank account at a later date shall not be able to have one until any deficit is cleared.

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

3.5.1 Restrictions on accounts

Accounts may be held in any of those banks or building societies specified in the Authority's guidance on Cheque Book Accounts. Schools having bank accounts with other banks prior to 1 April 2001 are allowed to retain those accounts.

Any school closing an account used to receive its budget share and opening another must select the new bank or building society from the list below even if the closed account was not with an institution on that list.

Schools may have accounts for budget share purposes that are in the name of the school rather than the LA but the LA will also offer accounts in the name of the LA but specific to each school.

Where a school has an account in the name of the school the account mandate must provide that the LA is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the LA.

To help schools and trusts explore different banking options, the Department for Education (DfE) asked banks and building societies to submit information about the services they offer. The banks listed below offer both current and savings accounts. Deposits are protected by the Financial Services Compensation Scheme. Note: DfE does not yet recommend specific banks or building societies. The banks listed here are those that replied to DfE's request for information. Other banking options are available. Seek independent financial advice to find the best option for your organisation.

Current account options
Barclays Bank
Lloyds Bank
NatWest
Progressive Building Society
Reliance Bank Limited
Santander
Unity Trust Bank

Current accounts for schools - Get help buying for schools

Schools wishing to open an external account must confirm with the LA that the financial institution continues to be on the approved list before the account is opened.

3.6 Borrowing by schools

Governing bodies may borrow money only with the written permission of the Secretary of State for Education. **Schools are allowed to use any scheme that the Secretary of State has said is available to schools without specific approval.** Schools may not use credit cards as this involves borrowing, but are encouraged to use procurement cards as these cards can be a useful means of facilitating electronic purchases.

3.7 Other provisions

The LA publishes separate detailed rules and guidance in respect of aspects of banking arrangements. These shall apply to bank accounts operated by schools under the provisions of the scheme.

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

4.1 The right to carry forward surplus balances

Schools may carry forward from one financial year to the next, any shortfall in expenditure relative to the school's budget share for the year, plus / minus any balance brought forward from the previous year.

For a school requesting an external bank account from 1 April, the level of balance transferred to that account would be based on a projected end of year position agreed between the LA and school. The LA will take full notice of any evidence of committed expenditure in reaching such an agreed position. Transfer would occur at the time of the first monthly payment into the new account. A final reconciliation would occur at the payment date following the publication of actual outturn statements.

4.2 Controls on surplus balances

The local authority may apply a control on excessive school balances. The LA requires all maintained schools to annually identify the purpose for which surplus balances are being held by statutory completion of data template.

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

4.3 Interest on surplus balances

Interest will not be payable on balances held by the Authority on behalf of individual schools.

However, schools can apply to transfer surplus balances into the LA Investment Fund. If a sum is identified within the budget year (not already approved on original budget plan) this will need to be approved formally by the governors and then an application to invest can be submitted to the LA's Schools Finance Team Leader. The application must outline the future purpose and time scale for which the Investment is being made. Following receipt of application the request will be considered and if approved then interest will be applied on the 1st day of the preceding month following the deposit. Interest would be payable at the LA rate as advised by Treasury Services and this rate will be confirmed by the Schools Finance Team to the school.

4.4 Obligation to carry forward deficit balances

A deficit balance, existing at the end of a financial year, will be carried forward by the deduction of that deficit from the following year's budget share. (section 4.9 of the scheme may apply)

4.5 Planning for deficit budgets

A governing body may only plan for a deficit budget under the conditions of 4.9 Licensed deficits of the scheme. *The DFE states that Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. In Shropshire a License is required for all deficit budgets.*

4.6 Charging of interest on deficit balances

There will be no interest charged on deficit balances agreed under section 4.9 of the scheme. The LA may charge interest on any unauthorised deficit balance, except for schools operating their own bank accounts. Interest will be determined in accordance with the Local Authority seven-day rate and be calculated on the deficit balance accruing at the end of the financial year.

4.7 Writing off deficits

The Authority cannot write off the deficit of any school which it maintains. The Authority may wish to give assistance towards elimination of a deficit balance, and this will be through the allocation of a cash sum, from the authority's schools budget (from a centrally held budget specific for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum.

4.8 Balances of closing and replacement schools

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

4.9 Licensed deficits

The scheme makes provision for schools to plan for a deficit budget subject to the conditions set out below. Such arrangements are funded by the collective surplus of school balances held by the Authority on behalf of schools. The Authority publishes full guidance on the operating of such deficit arrangements that build on the following;

a) The maximum length over which schools may repay the deficit shall be **3** years. A school operating a licensed deficit will be required to submit a recovery plan and report to the Authority on an annual basis as to the position in relation to the agreed staging for repaying the deficit. Failure to keep to the agreed plan, or negotiate variations to it with the Authority, may lead to the withdrawal of delegation.
b) Deficit arrangements may be agreed to allow a school to plan for an uneven pattern of pupil numbers, to spread a purchase of major items across more than one year, or to fund building projects across more than one year

c) A licensed deficit may be up to a maximum of 10% of the budget share of the school for the first year of the agreement.
d) The LA will agree licensed deficits within an overall level that shall not exceed 35% of the collective school balances that are available to back the arrangements.
e) Any school wishing to operate a licensed deficit shall notify the Authority of its intent during the Autumn and Spring terms preceding the start of the first financial year to which the deficit would apply. The current Service Manager or their representative will meet with the finance committee of the governing body, to agree the basis of the licensed deficit.

Where a school holds balances in an external bank account the LA will extend the arrangements by inviting such schools to use some or all of those balances to back the arrangements. Equally should a school operating a separate bank account request a licensed deficit it would be in the form of an advance of future budget shares to avoid an overdraft in relation to its actual bank account.

4.10 Loan schemes

Loans must only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans must not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school in individual cases.

The LA does not include within its scheme arrangements for loans other than through licensed deficits as detailed in 4.9.

4.10.1 Credit Union Approach

Considering the availability of Licensed Deficits the LA does not consider such an approach necessary.

SECTION 5: INCOME

5.1 Income from lettings

Schools may retain income from lettings of the school premises, which would otherwise accrue to the LA, except where there are alternative arrangements under joint use or PFI agreements. Schools may cross subsidise lettings for community and voluntary use with income from other lettings. Schools must have regard to directions issued by the LA as to the use of school premises, as permitted under the Schools Standards and Framework Act 1998 for various categories of schools.

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

5.2 Income from fees and charges

Schools may retain income from fees and charges except where a service is provided by the LA from centrally held funds. Schools must however have regard to the law and the LA policy statement on charging for curriculum provision.

5.3 Income from fund raising events

Schools may retain any income from fund raising activities.

5.4 Income from the sale of assets

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

5.5 Administrative procedures for the collection of income

For income which accrues to the LA (e.g. where a school has contracted with the council meals services) schools must have regard to the separate rules, published by the Authority and sent to all schools, relating to these procedures.

The school may wish to take advice from its LA VAT adviser as to whether schools should charge VAT on lettings and on the services which lead to fees and charges, and on the VAT implications of fund-raising activities and sale of assets.

5.6 Purposes for which income may be used

Income from the sale of assets purchased with delegated funds (5.4 of the scheme) may only be spent for the purposes of the school.

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

The budget share of a school may be charged by the LA, without the consent of the governing body, only in those circumstances expressly permitted by the scheme and laid out below. The LA must consult schools as to the intention to so charge, and notify schools when it has been done.

The LA will only impose charges where it can be shown that the Authority has incurred expenditure now charged to the school budget share. This means that where the Authority cannot incur a liability because the statutory responsibility lies elsewhere, no charging is possible.

The LA shall make arrangements for a disputes procedure where such charges are questioned.

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

6.1.1 Charging of salaries at actual cost

The authority will charge salaries of school-based staff to school budget shares at actual costs.

6.2 Circumstances in which charges may be made

Where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA)

Other expenditure incurred in securing resignations where the school has not followed LA advice

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.

Expenditure by the LA in carrying out health and safety work or capital expenditure for which the LA is liable where funds have been delegated to the governing body for such work' but the governing body has failed to carry out the work required.

Expenditure by the LA in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has voluntary controlled status

Expenditure incurred by the LA in insuring its own interests (insurance cover) 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

See also 10.1

Recovery of money due from a school for services provided to the school, where a dispute over the moneys due has been referred to a disputes procedure set out in a service level agreement, and the result is that moneys are owed by the school to the LA.

Recovery of penalties imposed on the LA by the His Majesty's Revenue and Customs (HMRC), Teachers Pensions, the Environment Agency or regulatory authorities as a result of school negligence.

Correction of LA errors in calculating charges to a budget share (e.g. pension deductions), if the LA deems it reasonable to do so.

Additional transport costs incurred by the LA arising from decisions by the governing body on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs

Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA (see also section 11)

Costs of necessary health and safety training for staff employed by the LA, where the funding for training has been delegated but the necessary training has not been carried out

Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect

Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge will be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations

Costs incurred by the LA in securing provision specified in an Education, Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/or specific funding for a pupil with High Needs.

Costs incurred by the LA due to submission by the school of incorrect data.

Recovery of amounts spent from specific grants on ineligible purposes

Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract

Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

SECTION 7: TAXATION

7.1 Value Added Tax (VAT)

The Authority offers guidance to schools on the procedures to be followed to utilise the Authority's ability to reclaim VAT. The standard pro-forma contained in the guidance should be used ensuring that the submission dates, also specified on the form, are met. Amounts reclaimed through this procedure will be reimbursed to the school making the claim by the end of the following month

7.2 CIS (Construction Industry Scheme)

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

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

8.1 Provision of services from centrally retained budgets

It is for the LA to determine on what basis services from centrally retained funds will be provided to schools. This provision also relates to existing Premature Retirement Costs and Redundancy payments.

The Authority may not discriminate in its provision of services on the basis of categories of schools except where this would be permitted under the School and Early Years Finance Regulations or the dedicated schools grant conditions of grant

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

The term of any agreement with a school starting on or after 1 April 1999, to buy services or facilities from the LA, shall be limited to a maximum of 3 years from the inception of the scheme or the date of the agreement, whichever is the later. Subsequent agreements relating to the same services shall not exceed 5 years. This period is extended to 7 years for contracts for the supply of catering services.

When a service is provided for which expenditure is not retainable centrally by the LA under the regulations made under section 45A of the Act, it must be offered at a price which will generate income which is no less than the cost of providing those services. The total cost of the service must be met by total income, even though schools may be charged differentially.

8.2.1 Packaging

Any service that the LA provides on a buyback basis will be offered in a way which does not reasonably restrict schools freedom of choice among the services available, and where practicable, will include provision on a service by service basis as well as in packages of services

8.3 Service level agreements

Service Level Agreements must be in place by March 1st to be effective for the following financial year. Prior to that schools must have a minimum period of a month to consider the terms of agreement.

If services or facilities are provided under a service level agreement, whether free or on a buy back basis, the terms of any such agreement starting on or after the inception of the scheme, will be reviewed at least every 3 years if the agreement lasts longer than that.

Services offered by the LA will be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements. This condition shall not apply to centrally arranged premises and liability insurance.

8.4 Teachers' Pensions

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.

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

A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pension data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

A governing body of any maintained school that 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. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

SECTION 9: PFI/PPP CLAUSES

The LA shall have the power to issue regulations from time to time relating to PFI/PPP projects. Amongst other issues these may deal with the reaching of agreements with the Governing Bodies of schools as to the basis of charges relating to such schemes; and the treatment of monies withheld from contractors due to poor performance.

SECTION 10: INSURANCE

10.1 Insurance cover

Where funds for insurance are delegated to any school, the LA may require the school to demonstrate that cover relevant to an LA's insurable interests, under a policy arranged by the governing body, is at least as good as the minimum cover arranged by the LA, either paid for from central funds or from contributions from schools' delegated budgets.

In operating this requirement, the LA must have regard to the actual risks that may reasonably be expected to arise at the school in question.

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

SECTION 11: MISCELLANEOUS

11.1 Right of access to information

As well as specific requirements listed in the scheme, governing bodies are required to supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (e.g. earmarked funds) on the school.

11.2 Liability of governors

The governing body of a school is a corporate body and therefore because of the terms of section 50(7) of the School Standards and Framework Act, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith. An example of behaviour which is not in good faith is the carrying out of fraudulent acts. Breaches of the scheme are not in themselves failures to act in good faith; neither is rejection of local authority advice as to financial management.

11.3 Governors' allowances

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

Under section 50(5) of the act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share.

11.4 Responsibility for legal costs

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

Where there is a conflict of interest between a school and the LA, the school may seek advice from independent bodies such as the National Governors Council, or even local solicitors. When buying in advice, other than from the LA, governing bodies may have to pay from their budget share.

11.5 Health and safety

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

11.6 Right of attendance for the Chief Finance Officer

The governing body of a school must permit the Chief Finance Officer of the Authority, or any officer of the Authority nominated by the Chief Finance Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his

responsibilities. The LA will give prior notice of such attendance unless it is impracticable to do so.

11.7 Special Educational Needs

Governing bodies are required to use their best endeavours, when spending the budget share, to secure appropriate provision for SEND within the school.

11.8 Interest on late payments

The terms of the scheme cannot affect statutory requirements now introduced on this matter. Schools are reminded of the statutory requirements relating to the timely payment of goods and services.

11.9 "Whistleblowing"

The scheme is required to set out the procedure to be followed by any person working at a school, or a school governor who wish to complain about financial management or financial propriety at the school. All schools have adopted the policy statement "Speaking up about Wrongdoing" as part of the School Personnel Handbook. Copies of this are available in schools.

Any person who is unable to access the policy statement or is uncertain how to proceed should contact;

whistleblowing@shropshire.gov.uk or 01743 252627 who will offer full advice on how to proceed.

Beyond that, the complaint will be dealt with following the process laid down in the policy statement in annex E.

11.10 Child protection

Schools must be aware of the need to release staff to attend child protection case conferences and other related events. As this is not part of any agreement with schools on centrally retained funding, the cost of such release falls to the school budget.

11.11 Redundancy/early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance will be made available in Annex B,

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

The full description of categories of work which are the responsibility of a governing body from their delegated budget are detailed in Annex C. For information, a schedule of costs deemed to be Capital and costs deemed to be Revenue is detailed in Annex D.

All funding for repair and maintenance is delegated to schools. Only capital expenditure is to be retained by the local authority.

For Voluntary Aided Schools there is no distinction from other schools in relation to the LA responsibility, albeit this is met by delegation of funds through the budget share. VA governors are eligible for grant from the DfE in respect of their statutory responsibilities.

SECTION 13: COMMUNITY FACILITIES

13.1 Introduction

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

However, under Section 28 (1), the main limitations and restrictions on the power will be those contained in the maintaining Authority's scheme for financing schools made under Section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

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

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.

Schools should be aware that mismanagement of community facilities funds can be grounds for the suspension of a right to a delegated budget.

13.2 Consultation with the LA – Financial Aspects

Changes made by the Children and Families Act 2014 mean that schools no longer need to consult the local authority when establishing community facilities under Section 27 of the Education Act 2002. Nor do they have to have regard to advice given to them by their local authority. However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions that they make.

13.3 Funding Agreements – LA Powers

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

Where any such funding agreement will exist, it must be submitted to the LA for its comments. If this is supplied at the same time as the information required in 2.2, then the same minimum time will apply. If it is to be supplied following receipt of advice back from the LA (2.3) then a further 4 week period must be allowed for comments to be made. The LA has no power of veto on such agreements. Should a third party require LA consent to the agreement for it to proceed, the requirement and the method by which LA consent is to be signified is a matter for that third party. Schools are reminded that if an agreement has been or is concluded without informing the LA or against the wishes of the LA, and

that in the view of the LA is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

13.4 Other Prohibitions, Restrictions and Limitations

Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The local authority may, if it wishes, propose other scheme provisions of that nature which they believe necessary. The restrictions should only be in existence if they are necessary to safeguard the financial position of the local authority or school, or to protect pupil welfare or education; such provisions should be as few in number as possible.

13.5 Supply of Financial Information

Schools exercising the community facilities power will need to provide financial information to the Authority. While consistent financial reporting (CFR) framework will provide the main source of this information, interim summary reports may be required. The Authority may provide a format for the return of information at 6 monthly periods. This will show income and expenditure arising from the community facility for the previous six months and an estimated position for the next 6 months.

The Authority may, on giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, require interim financial statements to be provided every three months. Further, if the Authority sees fit, it may require the submission of a recovery plan for the activity in question.

13.6 Audit

A school is required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

A school must, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, ensure that such agreements contain adequate provision for access by the Authority. This will apply to records and other property of those persons held on the school premises or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of Income and Surpluses

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

Schools are able to carry over any such retained net income from one financial year to the next as a separate community facilities surplus. Alternatively, and subject to the agreement of the Authority at the end of each financial year, they may transfer all or part of it to the budget share balance.

Where a school is a community or community special school, and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the

community facilities power reverts to the Authority, unless otherwise agreed with a funding provider.

13.8 Health and Safety Matters

All provisions relating to Health and Safety within the main scheme are extended to cover the community facilities power.

Governing bodies are responsible for meeting the cost of securing Disclosure and Barring Service clearance for all adults involved in community activities taking place in the school day. Governing bodies may pass these costs to a funding partner as part of an agreement with that partner.

13.9 Insurance

Governing bodies must ensure that adequate arrangements are made for insurance risks arising from the exercise of community facilities powers, taking professional advice as necessary. Such insurance may not be funded from the school budget share. A school must seek the Authority's advice before finalising any insurance arrangement for community facilities.

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

Instead of taking out insurance, a school may join the RPA for risks that are covered by the RPA when any insurance contract of which they are part expires.

13.10 Taxation

Schools should seek the advice of the LA and the local VAT office on any issues relating to the possible imposition of VAT on expenditure in connection with community facilities, including the use of the Local Authority VAT reclaim facility.

Schools must be aware that if any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not – see Section 11), the school is likely to be held liable for payment of income tax and national insurance, in line with HMRC rules.

Schools must follow LA advice in relation to the Construction Industry Scheme (CIS) where this is relevant to the community facilities power.

13.11 Banking

Schools must be able to ensure that they can fully account for income and expenditure on community powers facilities separate from the school budget share. This requirement can be met by a school using the LA accounting and banking system which would ensure adequate separation of such funds from school budget share and other LA funds. Schools not wishing to use the LA facility must either maintain separate bank accounts

for budget share and community facilities or have one account with adequate internal accounting controls to maintain separation of funds.

Section 3.5 of the main scheme is also applied to the exercise of community facilities powers.

Schools are reminded that they may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining LA.

ANNEX A - THE FUNDING FRAMEWORK: MAIN FEATURES

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

Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget, although at a minimum a local authority must appropriate its entire dedicated schools grant to its schools budget.

The categories of expenditure which fall within the 2 budgets are prescribed under regulations made by the Secretary of State, but included within the 2, taken together, is all expenditure, direct and indirect, on a local authority's maintained schools except for capital and certain miscellaneous items.

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

The amounts to be deducted for these purposes are decided by the local authority concerned, subject to any limits or conditions, including gaining the approval of their schools forum or the Secretary of State in certain instances, as prescribed by the Secretary of State.

The balance of the schools budget left after deduction of the centrally retained expenditure is termed the individual schools budget (ISB). Expenditure items in the non-schools education budget must be retained centrally, although earmarked allocations may be made to schools.

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

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

The financial controls within which delegation works are set out in a scheme made by the local authority in accordance with section 48 of the act and regulations made under that section.

All proposals to revise the scheme must be approved by the schools forum, though the local authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

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

Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are

treated as if they were amounts spent for the purposes of the school (section 50(3A) of the act).

A local authority may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme, or rules applied by the scheme, have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

A school's right to a delegated budget share may also be suspended for other reasons, under schedule 17 to the act.

Each local authority is obliged to publish each year a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools; after each financial year the authority must publish a statement showing outturn expenditure.

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

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

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

ANNEX B - RESPONSIBILITY OF REDUNDANCY AND EARLY RETIREMENT COSTS

This section summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools budget.

Section 37 of the 2002 Education Act says:

> (4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met.
>
> (5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.
>
> (6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget:

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

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

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

Costs of early retirements or redundancies may only be charged to the central schools services block of the schools budget, as a historic commitment, where the expenditure is to be incurred as a result of decisions made before 1 April 2013. Costs may not exceed the amount budgeted in the previous financial year.

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

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

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

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

> (7) Where a local education authority incur costs—
>
> (a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or
>
> (b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

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

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

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

ANNEX C - REPAIR AND MAINTENANCE RESPONSIBILITIES

Governing Body Responsibility (Revenue): Day-to-day repairs, routine servicing, statutory testing, preventative maintenance, and minor replacements.

Local Authority Responsibility (Capital): Large-scale renewals, structural replacements, and major improvements that extend the operational life of the asset or enhance its capacity.

Building Element	Revenue Maintenance (School Budget)	Capital Expenditure (Local Authority)
Roofs	Patch repairs, clearing gutters/downpipes, replacing individual tiles/slates, minor flashing fixes.	Complete re-roofing, replacing major structural roof timbers, full renewal of flat roof coverings.
Structure & Walls	Pointing, minor brickwork repairs, damp-proofing treatments, internal/external redecoration.	Rebuilding load-bearing walls, underpinning structural foundations, structural steel replacement.
Windows & Doors	Repairing frames, replacing broken panes, replacing locks/ironmongery, painting external trim.	Full replacement of window suites or external door units across a block/whole school.
Heating & Hot Water	Annual boiler servicing, flue cleaning, replacing pumps/valves, radiator repairs, statutory checks.	Complete boiler plant replacement, full replacement of the school's primary heating distribution network.
Electrical Systems	Replacing light fittings/bulbs, repairing sockets/switches, statutory five-year fixed wire testing.	Full rewiring of a building block, replacement of the main distribution boards or incoming sub-stations.
Plumbing & Drainage	Clearing blocked drains/toilets, repairing leaks, replacing individual taps or sanitary ware.	Complete replacement of main underground drainage runs or large internal soil stacks.
Flooring & Finishes	Patch repairs to carpets or vinyl, replacing individual ceiling tiles, cyclical room painting.	Complete floor screeding and resurfacing of whole corridors/halls; wholesale

		suspended ceiling replacement.
External Works	Filling potholes in playgrounds, repairing boundary fences, grounds maintenance and tree safety.	Full resurfacing of playgrounds/car parks; complete replacement of major boundary security fencing.

ANNEX D – CAPITAL/REVENUE SPLIT

ILLUSTRATIVE EXAMPLES IN LINE WITH DfE INTERPRETATION OF THE CIPFA CODE OF PRACTICE

NB ACTUAL INTERPRETATION OF CIPFA CODE OF PRACTICE FOR THESE PURPOSES WILL BE FOR EACH LOCAL AUTHORITY

ELEMENT	CAPITAL: AS CIPFA CODE OF PRACTICE	REVENUE: REPAIRS & MAINTENANCE
Roofs		
Flat	Structure. New (not replacement) structure	Repair/replacement 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 screed/ insulation where defective.
	Screed / insulation. Replacement/repair of substantially all. Improve effectiveness of insulation	Work to improve insulation standards, during work to repair/ replace small areas of roof.
	Finish on new build. Replacement of all/substantially all on existing roof	Replacement of roof finish on existing building. Re-coating chippings to improve life expectancy
	Edge Trim/ Fascia on new build	Repairs/ replacement. (uPVC) Repainting.
	Edge Trim/ Fascia, Replacement of all/substantially all on existing roof	Repairs/ replacement. (uPVC) Repainting.
	Drainage on new build	Clearing out gutters and downpipes. Replacement/repair/ repainting of/ individual gutters/pipes

	Other e.g. Flashings, Rooflights on new build Replacement of all/substantially all on existing roof	Repair/ Replacement/ cleaning of individual items
Pitched	Structure. New (not replacement) structure	Repair/replacement 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
	Insulation in a new building/extension	Repair/replacement/ increasing thickness of insulation in an existing roof
	Insulation. Replacement /repair of substantially all. Improve insulation to current standards	
	Roof finish in a new building/extension, replacement of all/substantially all on existing roof	Replace missing/ damaged small parts

	Bargeboards/ Fascias in a new building/extension, replacement of all/substantially all on existing roof	Repairs/ replacement/ Repainting
	Drainage in a new building/extension	Clearing out gutters and downpipes. Replacement/repairs of individual pipes/gutters
	Drainage. Replacement of all/substantially all on existing roof	
	Other e.g. Flashings, Roof windows in a new building/extension, replacement of all/substantially all on existing roof	Repair/ Replacement /cleaning
Other	Provide new covered link etc. between existing buildings	Minor repairs, maintenance to existing covered link
	Rebuild or substantially repair structure of existing covered link	
	Add porch etc. to existing building	Minor repairs, maintenance to existing structure
	Rebuild or substantially repair structure of existing porch	

Floors

Ground Floor	Structure and dpc in new building	Repair/replacement of small parts of an existing structure

	Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure	
	Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/ tiles in a room	Replacement and repair of screed and finishes/ Replacement of mats/ matwells. Maintenance e.g. revarnishing wooden floors.
Upper Floor	Structure - as ground floor	As ground floor
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor
Ceilings		
Top/ only storey	Suspension	Repair/ replacement incl. From water damage, & necessary decoration
	Membrane	
	Fixed	Repair/ replacement inc. from water damage
	Access panels	Repair/ replacement
Lower storeys	Suspension	Repair/ replacement
	Membrane Fixed	Repair/ replacement

All	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection
External walls		
Masonry/ cladding	Structure Underpinning/ propping for new build External Finish on new build	Repairs Preventive measures e.g. tree removal Repair/replacement of small parts of an existing structure. e.g. repointing/ recladding a proportion of a wall where failure has occurred.
	External Finish on existing build where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building /replacement build	
Windows and Doors	Framing - new build	Repair/ replacement of individual frames. Repainting frames
	Framing - structural replacement programme	Repair/ replacement of individual windows. Repainting 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.
Masonry chimneys	Structure	
	Jointing including expansion and mortar joints/ pointing/ DPC	Repair/ re-pointing
Internal walls		
Solid	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
	Refurbishment and alterations	Minor alterations
Partitions	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
	Refurbishment and alterations	Minor alterations
Doors & Screens	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. 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 sanitary ware, fittings, waste plumbing etc.
	Large scale toilet refurbishment	Small areas of refurbishment
	Provision of disabled facilities, and specialist facilities related to pupils with statements	Repair/ replacement of damaged fittings, waste plumbing etc.
Kitchens		
	Kitchens in new buildings, complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations.	Maintain kitchen to requirements of LA Cleaning out drainage systems Redecoration
	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.	Monitoring systems Health & safety issues
	Planned replacement of old boiler/ controls systems past the end of	Replacement of defective parts

	their useful life	
	Emergency replacement of boiler plant/ systems	
Cold water	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 servicing of cold water tanks.
Gas	Distribution on new and major refurbishment's, terminal units	Repairs, maintenance and gas safety All servicing
Ventilation	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units
Other	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.
Electrical services		
General	Main switchgear and distribution in major projects.	Testing/ replacement 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.
Power	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
Lighting	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency

Other	Lightning 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
External Works		
Pavings	Provision of new roads, car parks, paths, court, terraces, play pitches, steps and handrails, as part of major project, including disabled access	Maintenance and repair Car park and playground markings.
Miscellaneous	Provision of walls, fencing, gates and ancillary buildings as part of major project	Maintenance and repair of all perimeter/ boundary/ retaining walls, fencing and gates.
Drainage	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.
Open air pools	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.
Services distribution	Heating mains gas mains water mains electricity mains, renewal of any above.	Annual servicing

Notes

This illustrative list is the DCSF interpretation of the CIPFA Code of Practice and Local Authorities should refer to the Code when defining capital and revenue.

Where Local Authorities use de minimis limits for defining capital and revenue in their financial accounts, the same de minimis limits must be used in defining what is delegated. The application of a de minimis limit may change the examples given in the first two columns of the illustrative list.

ANNEX E – STAFF WHISTLEBLOWING: 'SPEAKING UP ABOUT WRONGDOING'

How do I raise a concern?

Ring the Whistleblowing Hotline 01743 252627

Or

Write to whistleblowing@shropshire.gov.uk or to the Head of Audit, Guildhall, Frankwell Quay, Shrewsbury, Shropshire, SY3 8HQ, or email audit@shropshire.gov.uk.

Or

Contact a senior officer directly. Specific contact details for officers can be found on our website http://www.shropshire.gov.uk or by telephoning Customer Services on 0345 678 9000.

What information should I provide?

- Background and history of the concern.
- Names, dates and places where possible.
- The reason why you are particularly concerned about the situation.

You are not expected to prove the truth of your raised concern. You will need to demonstrate to the person contacted that there are sufficient grounds for your concern. **The earlier you express the concern the easier it will be to take appropriate action.**

Whistleblowing: 'Speaking up about wrongdoing, arrangements for staff'

Introduction

1. Shropshire Council is committed to the highest possible standards of openness, honesty, integrity and accountability. Part of meeting that commitment is to encourage staff and others who have serious concerns about its activities to speak up. This may need to be on a confidential basis and the Council wishes to emphasise that if someone does "speak up" they can do so without fear of reprisals. This process is termed "blowing the whistle". The phrase is used throughout this statement, and should be viewed as a positive action of speaking up.
2. Staff, elected members, contractors and their staff may be the first to see that something is wrong within the Council. Such wrongdoings may relate to:
   - fraud and corruption;
   - discrimination;
   - abuse of children;
   - abuse of vulnerable adults;
   - damage to the environment.
3. Staff may feel unable to express their concerns, because they believe this to be disloyal or they are afraid of being victimised as a result of speaking up. Staff may feel that it would be easier to ignore their concerns, rather than report what may be just a suspicion. This policy is designed to overcome these reservations or fears.
4. It is the duty of staff to speak up when they have serious concerns about the Council's activities. It is the duty of the Council to act on those concerns and protect and support staff when they do. A failure to report a serious concern could be construed as collusion. Difficult as it may be to speak up, staff should be aware of their special position and of their duty to make their concerns known.

5. This policy statement makes clear what staff should do and what will happen as a result. The policy has been discussed with all the relevant trade unions and professional organisations and has their support.

Scope and objectives

Scope

6. This policy is provided for use by staff of the Council. Schools and the public, including elected members, have their own policy.
7. It is not intended that this policy, and its associated procedures, be used to raise concerns which fall within the scope of other more appropriate council procedures where these are available, for example the grievance procedure (where you complain about your own treatment as an employee) or the complaints procedure (where the public can complain about the Council's services).
8. If you are unable to access the information from the intranet, please contact Human Resources and Development on 01743 252817 or ask.hr@shropshire.gov.uk who will send an electronic copy.

Serious concerns

9. There are existing procedures in place to enable you to lodge a grievance about your own employment. This policy is intended to cover concerns outside the scope of those procedures. The concern may be that something:

- is unlawful;
- is against the Council's Standing Orders, Financial Rules or other policies;
- does not meet established standards or working practices;
- amounts to improper conduct;
- is an abuse of vulnerable adults;
- relates to the abuse of children;
- is damaging the environment.

10. Theft, fraud, bribery, corruption, discrimination and environmental misuses are all types of things which would fall into these categories.

Protecting those who speak up about wrongdoing

Harassment or victimisation

11. The Council recognises that deciding to report a concern can be difficult, not least because of the fear of possible reprisals. The Council will not tolerate harassment or victimisation and will take action to prevent this when you raise a concern.
12. This does not mean that, if you are already the subject of disciplinary or redundancy procedures, those procedures will be halted as a result of your whistleblowing.

Confidentiality

13. The Council will do its best to protect your identity when you raise a concern and do not want your name to be disclosed. It must, however, be appreciated that the investigation process may reveal the source of the information and a statement by you may be required as part of the evidence.

Anonymous allegations

14. This policy encourages you to put your name to your allegation. Concerns expressed anonymously are much less powerful and are more difficult to act upon, but they will be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account would include:

- the seriousness of the issues raised;
- the credibility of the concern;

- the likelihood of confirming the allegation from attributable sources.

Untrue allegations

15. If you make an allegation, but it is confirmed by the investigation that there is no wrongdoing, no action will be taken against you. If, however, you make malicious or vexatious allegations, disciplinary action may be taken against you, but the matter would be referred to the appropriate Chief Officer before any action is taken.

Support to you

16. Throughout and after this process, you will be given full support from Senior Management, your concerns will be taken seriously, and the Council will do all it can to help you throughout any investigation.

How to raise a concern

17. As a first step, you should normally raise concerns with your immediate Supervisor or Line Manager. This will depend, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the wrongdoing. If management is involved, you should approach:

- the Head of Paid Service – if the wrongdoing is about standards of behaviour;
- the Head of Legal and Democratic Services, Monitoring Officer – if the wrongdoing is thought to be illegal;
- the Section 151 Officer – if the wrongdoing is about improper payments;
- the Head of Audit – if the wrongdoing is a fraud;
- the Director of Public Health – if the wrongdoing is an environmental issue;
- the Director of Children's Services – if the wrongdoing is a children's safeguarding issue;
- the Director of Adult Services – if the wrongdoing is an adult safeguarding issue.

18. Alternatively, you can call the Whistleblowing Hotline, 01743 252627 or invite your trade union or professional association to raise the matter on your behalf.
19. Concerns can be raised in writing. If you choose to do this, email whistleblowing@shropshire.gov.uk or write to the Head of Audit, Guildhall, Frankwell Quay, Shrewsbury, Shropshire, SY3 8HQ.
20. The earlier you express concern, the better and the easier it will be to take action. Concerns are better raised in writing. You should try to set out:

- the background and history to your concern;
- dates and places where possible;
- the reasons for your concern.

21. Further advice and guidance on what to do can be found in:

- guidance notes on environmental information requests;
- the Harassment and Bullying Policy;
- Shropshire Safeguarding Children's Board Service;
- Adult Social Care web pages on reporting abuse.

22. The above policies can be found on the shropshire.gov.uk website. Or you can telephone the Council on the numbers set out in this leaflet to discuss your concern.

How will the council respond?

23. The action taken will depend on the nature of the concern. The matters raised may:

- be investigated internally within the Council but independently of those directly involved;
- be referred to the police;
- be referred to the external auditor;
- form the subject of an independent inquiry.

24. In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. These will be

made confidentially. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures. Some concerns may be resolved by agreed action without the need for investigation.

25. Within ten working days of receipt we will write to you:

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

The standards of conduct

26. Below are some guidelines to help you adhere to the standards Shropshire Council expects of all its staff:

- Whenever you have to make a decision, do so for valid business, commercial or public interest reasons, not for private and personal reasons;
- Do not under any circumstances accept money or gifts or hospitality from any individual or organisation that might influence your decisions or actions at work;
- If you are involved in appointing people to jobs or public positions, awarding contracts, or recommending people for awards or other benefits of any kind, follow defined guidelines and make your choice on merit alone;
- Whatever decisions or activities you are involved in, be open about them; be prepared to account for them to the public and open them up to whatever scrutiny is appropriate. This means giving meaningful reasons for your decisions and only restricting information when to do so is clearly in the wider public interest;
- Declare any private or personal interest which is, or may be seen by the public, as relevant to your public duties. “Private interest” includes financial and non-financial interests, whether it would be to your advantage or disadvantage;
- Take action to resolve any conflicts of interest in a way which protects the public interest and maintains public confidence. Take advice if in any doubt from the Monitoring Officer.

27. Promote these standards at all times, by leadership and by example.

Follow proper procedures

28. One of the best ways of guarding against corruption is to ensure that proper procedures are followed – in the way decisions are taken, in the way contracts are awarded and the way that staff conduct themselves.

29. The most important of these procedures are described within the Constitution and elsewhere as follows:

- Financial Rules;
- Contract Rules;
- Members’ and Staff Codes of Conduct;
- Acceptable Use of Electronic Services;
- Delegations (or decision-making powers);
- Recruitment Policy;
- Gifts and Hospitality;
- Harassment and Bullying Policy and Procedures.

30. Actions which breach these procedures are not only unauthorised, but can lead to loss of public confidence and can be corrupt and require legal action to be taken.

31. As with any other concerns on standards, you should report breaches of these procedures. Contact the Monitoring Officer on 01743 252763 or the Head of Audit on 01743 257739.

Remember – if you have serious concerns it is your duty to tell us and our duty to protect and support you, if you do.

Operations and Director Contacts

Chief Executive	01743 258675
Section 151 Officer	01743 258915
Head of Legal and Democratic Services	01743 252763

Review of Policy

The policy will be reviewed at regular intervals in conjunction with changes to legislation that may impact upon it.
July 2026

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