



SCHEME FOR FINANCING SCHOOLS

November 2020

**Department for Children,
Families and Education**

**Approved by Schools Forum
24th November 2020**

SCHEME FOR FINANCING SCHOOLS

Index

	Page
Section 1 Introduction	3
1.1 The Funding Framework	4
1.2 The Role of the scheme	4
1.3 Publication of the Scheme	4
1.4 Revisions to the Scheme	4
1.5 Delegation of Powers to the Headteacher	4
1.6 Maintenance of Schools	4
Section 2 Financial Requirements and Audit	5
2.1 Application of Financial Controls to Schools	5
2.2 Basis of Accounting	5
2.3 Submission of Budget Plans	6
2.4 Efficiency and Value for Money	6
2.5 Virement	6
2.6 Audit	6
2.7 Separate External Audits	7
2.8 Audit of Voluntary and Private Funds	8
2.9 Register of Business Interests	8
2.10 Purchasing, Tendering and Contracting Requirements	8
2.11 Application of Contracts to Schools	8
2.12 Central Funds and Earmarking	9
2.13 Spending for the Purposes of the School	9
2.14 Capital Spending from Budget Shares	9
2.15 Notice of Concern	9
2.16 Schools Financial Value Standard	10
Section 3 Instalments of the Budget Share; Banking Arrangements	11
3.1 Frequency of Instalments	11
3.2 Proportion of Budget Share Payable at Each Instalment	11
3.3 Interest Clawback	11
3.4 Budget Shares for Closing Schools	11
3.5 Bank and Building Society Accounts	11
3.6 Borrowing by Schools	12
Section 4 The Treatment of Surplus and Deficit Balances Arising in Relation to Budget Shares	12
4.1 Carrying Forward of Surplus Balances	12
4.2 Restrictions on Surplus Balances	13
4.3 Interest on Surplus Balances	13
4.4 Obligation to Carry Forward Deficit Balances	13
4.5 Planning for Deficit Budgets	13
4.6 Charges of Interest on Deficit Balances	13
4.7 Writing off Debts	13
4.8 Balances of Closing and Replacement Schools	14
4.9 Licensed Deficits	14
4.10 Loan Scheme	15
Section 5 Income	15
5.1 Income from Lettings	15

5.2	Income from Fees and Charges	15
5.3	Income from Fund Raising Activities	15
5.4	Income from the Sale of Assets	15
5.5	Administrative Procedures for the Collection of Income	16
5.6	Purposes for which Income may be used	16
Section 6	The Charging of School Budget Shares	16
6.1	General Provisions	16
6.2	Circumstances in which Charges may be Made	16
Section 7	Taxation	18
7.1	Value Added Tax	18
7.2	Construction Industry Taxation Scheme	18
Section 8	The Provision of Services and Facilities by the Authority	18
8.1	Provision of Services from Centrally Retained Budgets	18
8.2	Timescales for the Provision of Services Bought Back from the LA using Delegated Budgets	18
8.3	Service Level Agreements	19
8.4	Teachers' Pensions	19
Section 9	PFI/PPP	20
Section 10	Insurance	20
Section 11	Miscellaneous	20
11.1	Right to Access to Information	20
11.2	Liability of Governors	20
11.3	Governor's Expenses	21
11.4	Responsibility of Legal Costs	21
11.5	Health and Safety	21
11.6	Right of Attendance of LA's Section 151 Officer	21
11.7	Delegation to New Schools	21
11.8	Special Education Needs	21
11.9	Whistleblowing	22
11.10	Child Protection	22
11.11	School Redundancy Costs	22
Section 12	Responsibility for Repairs and Maintenance	22
Section 13	Community Facilities	22
13.1	Introduction	22
13.2	Consultation with the LA – Financial Aspects	23
13.3	Funding Agreements – LA Powers	23
13.4	Other Prohibitions, Restrictions and Limitations	24
13.5	Supply of Financial Information	24
13.6	Audit	25
13.7	Treatment of Income and Surpluses	25
13.8	Health and Safety Matters	25
13.9	Insurance	25
13.10	Taxation	26
13.11	Banking	26
Annex A	Wirral Maintained Schools	27
Annex B	Responsibility for Redundancy and Early Retirement Costs	30

SECTION 1 - INTRODUCTION

1.1.0 **The Funding Framework**

- 1.1.1 This scheme is based on legislative provisions in Sections 45 - 53 of The Schools Standards and Framework Act 1998.
- 1.1.2 Wirral LA will each year, determine the Schools Budget and the Department for Children, Families and Education Budget - although at a minimum this must appropriate the entire Dedicated Schools Grant to the Schools Budget. It will include all expenditure, direct and indirect on all maintained schools in Wirral except for capital and certain miscellaneous items. The Schools Budget will contain funds held centrally under Section 45a of the Act. The amounts to be retained centrally are decided by the Authority subject to any limits or conditions (including giving the approval of the 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 the deduction of centrally held funds will form the Individual Schools Budgets (ISB). Expenditure items in the LA budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.3 The ISB will be distributed among all maintained schools in Wirral using a formula which accords with regulations made by the Secretary of State. This formula will enable the calculation of the 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 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 this scheme in accordance with Section 48 of the Act.
- 1.1.4 Subject to the provisions of this scheme, Governing Bodies of schools may spend their budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under Section 50.
- 1.1.5 The LA may suspend a school's right to a delegated budget if the provisions of this scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily in the judgement of the Director for Children, Families and Education. There is a right of appeal to the Secretary of State where a decision has been made by the Director for Children, Families and Education to suspend the delegated budget share. It may also be suspended for other reasons (Section 17 of the Schools Standards and Framework Act 1998) but in that case there is no right of appeal.
- 1.1.6 Wirral LA will publish each year, under Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009, a statement which sets out details of its planned Schools Budget and LA Budget, showing the amounts to be centrally retained and funding delegated to schools. The Authority will publish after each financial year, a statement showing outturn expenditure at both central level and for each school and the balances held in respect of each school. The information in them may be collated and published by the Secretary of State.

1.1.7 Copies of financial statements will be made available to each school annually and will be available for inspection by the public at the LA's offices. Further copies will be provided as prescribed by regulations.

1.2.0 **The Role of the Scheme**

1.2.1 This scheme establishes and describes the financial relationship between the Authority and the maintained schools which it funds. The scheme contains requirements relating to financial management and associated issues which are binding on both the Authority and its schools. The DfE and LA have also provided guidance which is advisory and although not binding, represents, good practice which will satisfy the requirements of the scheme. The Scheme indicates in a number of places where additional guidance is provided.

1.2.2 **Application of the Scheme to the Authority and Maintained Schools**

The scheme will apply to all maintained schools, community, voluntary, foundation, nursery, community special or foundation special schools and Pupil Referral Units (PRUs). All schools affected are listed in *Annex A* of the scheme. The scheme does not apply to academy schools. New schools will be covered by the provisions of the scheme.

1.3.0 **Publication of the Scheme**

1.3.1 The current Scheme for Financing Schools is publically available on the Wirral Website. Schools will be sent a new version of the scheme electronically whenever it is updated. Paper Copies will be made available upon request.

1.4.0 **Revisions to the Scheme**

1.4.1 Revisions to the scheme will be subject to consultation with the governing body and head teacher of every maintained school before submission to the Schools' Forum for approval by members of the forum representing maintained schools. Where the Schools' Forum does not approve them the authority may apply to the Secretary of State for approval.

1.5.0 **Delegation of Powers to the Headteacher**

1.5.1 All Governing Bodies are required to consider the extent to which they wish to delegate their financial powers to the Headteacher. Such decisions are subject to requirements of regulations under Section 38 of the Schools Standards and Framework Act and Schedule 11 of that Act. Where a decision has been made by a Governing Body, such a decision should be recorded in the Minutes of the Governing Body. Any amendment to the delegated authority of the Headteacher, should similarly be recorded. The Authority will provide good practice advice on a desirable level of delegation. Decisions on this, however, are a matter for the Governing Body. The first formal budget plan of each financial year must be approved by the Governing Body or a Committee of the Governing Body.

1.6.0 **Maintenance of Schools**

1.6.1 The LA is responsible for maintaining schools covered by the Scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the

case of the 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 – 53 of the Schools Standards and Framework Act 1998.

SECTION 2 - FINANCIAL REQUIREMENTS AND AUDIT

2.1.0 Application of Financial Controls to Schools

2.1.1 All schools covered by the scheme are subject in the management of their delegated budgets to the Authority's requirement on financial controls and monitoring.

2.1.2 Provision of Financial Information and Reports

All schools covered by the scheme shall provide to the Authority, details of anticipated and actual expenditure and income in a form and at times determined by the Authority. These details will not be required more often than once every three months except for those connected with tax or banking reconciliation or unless the LA has notified the school in writing that in its view, the school's financial position requires more frequent submission or the school is in its first year of operation. This restriction to a minimum 3 month interval does not apply to schools which are part of an on-line financial accounting system operated by the LA.

2.1.3 Payment of Salaries and Bills

Schools must have agreed procedures for payment of salaries and the payment of bills.

2.1.4 Control of Assets

All schools covered by the scheme are required to maintain an inventory of their moveable non-capital assets in a form determined by the Authority. The form for this and the procedures for disposal are set out in separate guidance. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000. They must keep a register in some form.

2.1.5 Accounting Policies (Including Year End Procedures)

All schools covered by the scheme are required to abide by procedures issued by the LA from time to time.

2.1.6 Writing Off Debts

Where a Governing Body deems that a debt to it is irrecoverable, it shall follow the procedures set out by the Authority.

2.2.0 Basis of Accounting

2.2.1 Schools covered by the scheme shall furnish accounts to the LA on an accruals basis. Schools are, however, free to use whatever internal systems and financial software they wish, providing they meet any cost of modification to provide output required by the LA.

2.3.0 **Submission of Budget Plans**

2.3.1 Each school covered by the scheme shall submit a plan to the Authority each year, not later than the 30th June, setting out its expenditure plans for the current financial year and the assumptions underpinning the budget plan. This plan must be signed by the Headteacher and the Chair of Governors and should have been approved by the Governing Body or a Committee of the Governing Body. Revised plans reflecting any known changes in circumstances and adjustments should be provided to the Authority by 30th November and 28th February.

2.3.2 The LA will supply schools with all relevant school income and expenditure data which it holds and which would assist schools in efficient planning and supply schools with an annual statement showing when this information will be available at times through the year.

2.3.3 When submitting their budget plans, schools must take full account of estimated deficits/surpluses at the previous 31st March.

2.3.4 **3-Year Budget Forecasts**

Schools must submit a 3-year budget forecast each year to ensure schools are undertaking effective financial planning. They must be provided to the LA no later than 30th June. The LA will use these forecasts to identify schools moving towards financial difficulties and to review overall school balances and projections.

2.4.0 **Efficiency and Value For Money**

2.4.1 Schools must seek to achieve efficiencies and value for money, to maximise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure value for money.

2.5.0 **Virement**

2.5.1 All schools covered by the scheme are free to vire between Budget Heads in the expenditure of their budget shares.

2.6.0 **Audit**

2.6.1 All schools covered by the scheme are subject to both internal and external audit as determined by the LA's Section 151 Officer and the External Auditor. All schools are required to co-operate and to provide full access to school records.

2.6.2 **Internal Audit**

The role of internal audit is to assess the effectiveness of financial controls within the school environment and, where appropriate, to make recommendations for improvement. This is set out in more detail in the Internal Audit manual. In order to fulfil its role, internal audit has the right of access to all records, finance, assets, personnel and premises, and to require such information and explanations as are considered necessary.

The outcome of each internal audit is a report which is sent to the Head teacher, Chair of Governors and Director for Children, Families and Education. An action plan is also agreed and the Headteacher is responsible for ensuring that agreed actions are implemented. Follow-up audits are conducted within 6 months.

Internal audit will refer key concerns and the non-implementation of recommendations to senior officers of the Council and, as appropriate, to the Audit & Risk Management Committee.

2.6.3 External Audit

The role of external audit is to audit the accounting statements of the authority (including schools). An audit involves obtaining evidence to give reasonable assurance that the accounting statements are free from material mis-statement, whether caused by error or fraud. The audit will give an opinion as to whether the accounting statements give a true and fair view of the state of the authority's financial position at the year end.

2.6.4 Financial Irregularities and Fraud

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

The responsibility for the prevention and detection of fraud rests with the Governors who should institute an adequate system of internal control to discharge their responsibility and take steps to provide reasonable assurance that activities are conducted honestly and assets are safeguarded.

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.

If fraud, corruption or other financial irregularities occur, or are suspected, the Governing Body must report the matter immediately to Internal Audit. Any evidence should be secured and preserved.

If a criminal offence has been committed or is suspected to have been committed, the matter will be reported to the police following discussion with the LA's Section 151 Officer with the Director for Children, Families and Education.

2.7.0 Separate External Audits

2.7.1 Governing Bodies of schools covered by the scheme are free, if they so wish to spend funds from their budget share to obtain external audit certification of their accounts separate from any LA internal or external audit process. This would not substitute or replace the LA audit or the requirement of the school to co-operate with it. It could, however, provide schools with additional guidance. Any such external audit will have to take into account the status of the school as a spender of LA funds.

2.8.0 **Audit of Voluntary and Private Funds**

2.8.1 All schools covered by the scheme are required to provide audit certificates in respect of voluntary and private funds held by schools. These provisions do not extend to a requirement that the LA audits such funds themselves. Similarly, the accounts of any trading organisations controlled by the schools, including Community Use (see section 13), shall be provided to the LA. Schools should make provision to disclose financial information in their accounts where this is required as part of Consistent Financial Reporting (CFR) or as part of a return to the Charity Commission.

2.9.0 **Register of Business Interests**

2.9.1 The Governing Body of each school covered by the scheme must establish a register which lists for each member of the Governing Body, the Headteacher and any staff with financial responsibility or duties

- any business interest they, or any member of their immediate family have.
- Details of any other educational establishments they govern.
- Any relationships between school staff and members of the governing body.

This register must be kept up to date with notification of changes and through annual review of entries. The register should be available for inspection by officers of the Authority, Governors, Staff and Parents and to publish the register on a publicly accessible website. More detailed guidance on this is provided separately.

2.10.0 **Purchasing, Tendering and Contracting Requirements**

2.10.1 All schools covered by the scheme must abide by the Authority's Constitution (the Financial and Contract Procedure Rules) as they apply to schools in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures. These procedure rules require schools:

- a) to comply with any statutory provision, or any EU procurement directive;
- b) to seek LA officer counter signature for any contracts for goods or services in excess of £60,000 in any one year;
- c) to seek a minimum of three quotations in respect of any contract between the values of £10,000 to £49,999.99 in any one year.
- d) to seek a minimum of five quotations in respect of any contract with a value exceeding £50,000 in any one year.

2.11.0 **Application of Contracts to Schools**

2.11.1 Subject to 2.11.2 below, schools covered by the scheme are not bound by, and are free to opt out of LA arranged contracts other than where through agreed and written procedures, they have chosen to be bound into the contract for its length.

- 2.11.2 Governing Bodies are empowered under Paragraph 3 of Schedule 10 to the Schools Standard and Framework Act 1998 to enter into contracts. However, in most cases they do so, on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the Governing Body when the Governing Body has clear statutory obligations – for example contracts made by aided or foundation schools for the employment of staff.
- 2.12.0 **Central Funds and Earmarking**
- 2.12.1 The LA may from time to time make sums available to schools from central funds in the form of allocations additional to and separate from schools' budget shares. Such allocations may be subject to conditions setting out the purpose or purposes for which the funds may be used. The LA may require earmarked funds to be returned if not spent within the period which schools are allowed to use the funding.
- 2.13.0 **Spending for the Purposes of the School**
- 2.13.1 Governing Bodies are free to spend budget shares for the purpose of the school subject to the provisions of this scheme. The Secretary of State, under Section 50 (3b) of the Standards and Framework Act may prescribe additional purposes for which expenditure of the budget share may occur. The school Budget Shares (Prescribed Purposes)(England) Regulations 2010 allows schools to spend their budget on pupils who are on the role of other maintained schools or Academies. The LA may offer guidance from time to time as to what expenditure may suitably be regarded as for the purposes of the school. Governing Bodies should have regard to this guidance.
- 2.14.0 **Capital Spending from Budget Shares**
- 2.14.1 Governing Bodies are free to use funds from within their budget shares and formula capital allocations to meet the cost of capital expenditure on school premises. The decision to incur capital expenditure should take into account condition and suitability surveys carried out as part of the Authority's Asset Management Plan. In addition if the expected capital expenditure from the budget share in any one year will exceed £15,000, the Governing Body must notify the LA and take into account any advice from the Director for Children, Families and Education as to the merits of the proposed expenditure. If the premises are owned by the LA or the school has voluntary controlled status, then 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.
- 2.15.0 **Notice of Concern**
- 2.15.1 The LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the LA's Section 151 Officer and the Director for Children, Families and Education, the school has failed to comply with any provisions of the scheme, or where action needs 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 any 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.

2.16.0 **Schools Financial Value Standard**

2.16.1 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 an annual assessment form. It is for the school to determine at what time in the year they wish to complete the form.

The SFVS assessment submitted must be signed by the Chair of Governors. The form must include a summary of any remedial action to be taken 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 they are completed within specified deadlines.

All maintained schools with a delegated budget must submit the SFVS form annually to the local authority before 31 March each year.

SECTION 3 - INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

3.1.0 Frequency of Instalments

3.1.1 Where schools have chosen to have their budget shares provided to them in cash, the instalment will be provided on a monthly basis. Top up payments for pupils with high needs should be made on a monthly basis unless alternative arrangements have been agreed with the provider.

3.2.0 Proportion of Budget Share Payable at each Instalment

3.2.1 Budget shares will be paid in twelve equal monthly instalments preceded by an instalment paid on the first working day of the financial year of 1/36th of the budget share. This amount will be deducted from the final budget instalment paid in March.

Schools may opt for payment of the total budget share or budget shares net of estimated pay costs. Estimated pay costs will take account of budget information supplied by individual schools.

3.3.0 Interest Clawback

3.3.1 The LA will deduct from budget share instalments an amount equal to the estimated interest lost by the LA in making available the budget share in advance. The calculation for interest clawback will take account of budget share payments and the payment of salaries, wages and statutory deductions. The interest rate charged will be Base Rate +1%.

3.3.2 The LA will add interest to late payments of budget share instalments where such late payment is a result of LA error. The interest rate used will be the same as for interest clawback described in 3.3.1 above.

3.4.0 Budget Shares for Closing Schools

3.4.1 Where approval for the discontinuation of a school has been secured, the LA may provide budget shares on a monthly basis net of estimated pay costs.

3.5.0 Bank and Building Society Accounts

3.5.1 All schools covered by the scheme may nominate an external bank account into which their budget share instalments are paid. The account may be either in the name of the school or in the Authority's name but specific to each school. Schools may retain all interest payable on the bank account unless they choose to have an account with an LA contract which makes other provision.

3.5.2 Schools wishing to opt for a bank account for the first time must give notice in writing to the Director for Children, Families and Education and the LA's Section 151 Officer of their intention to do so at least four months before the commencement of such an arrangement. When the account opens the LA will, if the school desires, transfer immediately to the account an amount agreed by the school and the LA as the estimated surplus balance held by the LA in respect of

the schools budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.

- 3.5.3 Schools will be required to demonstrate that staff have the skills and experience to undertake those responsibilities.
- 3.5.4 The bank accounts referred to in this paragraph do not include imprest accounts.
- 3.5.5 The Authority will maintain a list of banks or building societies where accounts may be held for the purpose of receiving budget share payments. The Approved Investment Counterparty List will be provided by the LA from time to time.
- 3.5.6 While schools may have accounts for budget share purposes which are in the name of the school rather than the LA, where a school has such an account, the account mandate should 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.
- 3.6.0 **Borrowing by Schools**
- 3.6.1 Governing Bodies may not borrow money, this includes any bank overdraft facilities or finance lease agreements. Any borrowing requires the written permission of the Secretary of State currently only Salix energy loans have such approval. (This clause does not refer to internal loan schemes operated by the LA. See para. 4.10 below).
- 3.6.2 Credit Cards/Procurement Cards should be used in accordance with agreed procedures. Balances must be paid in full after each month/statement.

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

4.1.0 Carrying Forward of Surplus Balances

- 4.1.1 Schools will carry forward from one financial year to the next any difference in expenditure relative to the school's budget share, plus/minus any balance brought forward from the previous year.

Schools will carry forward from one financial year to the next any difference in formula capital expenditure relative to the schools allocation plus any balance brought forward from the previous year (subject to any limitations stated by the DfE).

Any balance transferring to a school's bank account in accordance with para. 3.5 will be based initially on an assessment of the school's financial position by the LA's Section 151 Officer and later adjusted if necessary, following reconciliation at the end of that financial year. The date of transfer will be within one month from the date of notification to the LA by the school that the bank account was to be opened.

At the same time as issuing its budget statement as required by Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009, the Authority will inform each maintained school of its estimate of the school's budget share and central government grant income paid via the LA for the two financial years following the year for which the statement is being issued. The estimate will be provided in a format determined by the Authority and this format may include provision of information within an electronic budget modelling system. The estimate will use information available to the Authority at the date of preparation and will necessarily be provisional in nature, implying no commitment on the part of the Authority to fund the school at the level shown in the estimate. The Authority may issue additional budget estimates from time to time.

4.2.0 **Restrictions on Surplus Balances**

4.2.1 There is currently no clawback mechanism for excess surplus balances. The LA, however, through Wirral Schools Forum, may reconsider this where schools have consistently high balances.

4.3.0 **Interest on Surplus Balances**

4.3.1 Balances held by the Authority on behalf of schools will attract interest as determined by the LA's Section 151 Officer.

4.4.0 **Obligation to Carry Forward Deficit Balances**

4.4.1 Any deficit balance at a school will be carried forward to the following financial year. Such a deficit will be deducted from the following year's budget share and can not be written off by the LA.

4.5.0 **Planning for Deficit Budgets**

4.5.1 Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31st March of any year. (See "Licensed Deficits" para 4.9 below where schools cannot submit a recovery plan with a balanced budget the following year). The Authority cannot write off the deficit of any school.

4.6.0 **Charges of Interest on Deficit Balances**

4.6.1 There is no proposal to introduce a charge on deficit balances. The Authority reserves the right, following appropriate consultation, to introduce such charges in the future.

4.7.0 **Writing off Debts**

4.7.1 Where the LA wishes to provide assistance to schools to reduce or eliminate a deficit balance this should be through the allocation of a cash sum, from the authority's school budget. (From a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools' Forum.)

4.8.0 **Balances of Closing and Replacement Schools**

4.8.1 When a school closes, any balance (whether surplus or deficit) reverts to the central schools budget. It cannot be transferred as a balance to any other school, even where the school is a successor to the closing school. Closing schools should not enter into contracts or agree commitments in excess of £1,000 unless prior approval is given by the Authority.

4.9.0 **Licensed Deficits**

4.9.1 In certain circumstances, a school may plan a deficit budget. Such a plan may only be made with the express written approval of the Director for Children, Families and Education and agreed through a set of procedures approved by the Director for Children, Families and Education and the LA's Section 151 Officer.

- a) The maximum length over which schools must repay the deficit (that is to balance the budget) will normally be 3 years. An additional year may be agreed in exceptional circumstances where a school is funding redundancy/severance costs.
- b) Deficit budgets will only be agreed where plans demonstrating how the budget position will be resolved are accepted by the Director for Children, Families and Education as satisfactory.
- c) The school must work closely with the Authority's staffing officers to manage any staff redeployment or redundancy processes.
- d) The school must provide evidence at specified times during the financial year that demonstrates that the targets set within the Plan are being achieved. The school should not exceed the target expenditure as outlined within the Plan without the express agreement of a designated LA officer.
- e) Schools will be required to obtain financial support either from the LA or an approved provider.
- f) Costs associated with the monitoring of the deficit may be charged to the school. This will be made clear at the commencement of the agreement.
- g) Deficit budgets should not be sought for minor predicted shortfalls which could be managed in-year. Neither should they be allowed to become too large to be practicably manageable within the three year timescale. The minimum amount for which a licensed deficit may be sought is for 0.5% of a school's budget share. The maximum licensed deficit which may be considered is 10% of a school's budget share.
- h) The total sum of deficit budgets agreed at schools covered by the scheme in any one year may not exceed 40% of the collective balances held by the LA on behalf of schools.

4.10.0 **Loan Scheme**

- 4.10.1 The LA will operate a loan scheme whereby funds may be advanced to schools to pay for specific projects. Separate guidance to the scheme will be provided but the same parameters governing licensed deficits set out in para. 4.9.1 above will apply.

SECTION 5 - INCOME

5.1.0 **Income from Lettings**

- 5.1.1 Schools may retain all income from lettings of the school premises. The only exception to this is where a PFI agreement or some other such agreement is in operation and the provisions of that agreement make other arrangements for the use of lettings income. It is permissible for schools to cross subsidise lettings for community and voluntary use with income from other services. The LA may from time to time issue directions as to the use of school premises, as permitted under the Schools Standards and Framework Act 1998 for various categories of schools. Schools should have regard to these directions. Lettings of school premises not owned by the LA are not affected by this provision. Income from Lettings should be paid into the schools budget not into private or voluntary funds held by the school. There are separate requirements in respect of Community Facilities (Section 13).

- 5.1.2 Where the LA requires the use of school premises (e.g. for use as Polling Stations) schools will be reimbursed for the costs according to arrangements made by the LA from time to time.

5.2.0 **Income from Fees and Charges**

- 5.2.1 Schools may retain income from fees and charges except where a service is provided by the LA from centrally retained funds. Schools must have regard to any policy statements on charging produced by the LA from time to time.

5.3.0 **Income from Fund Raising Activities**

- 5.3.1 Schools may retain any income generated from fund raising activities on behalf of the school.

5.4.0 **Income from the Sale of Assets**

- 5.4.1 Schools may retain the proceeds of sale of assets held at the school except in cases where the asset was purchased with non-delegated funds. Where the asset has been purchased with non-delegated funds, the LA will decide whether the school will retain part or the whole of the proceeds involved. Where the asset concerned is land or buildings forming part of the school premises, and is owned by the LA, the proceeds will be retained by the LA.

5.5.0 **Administrative Procedures for the Collection of Income**

5.5.1 Schools must follow guidance on the procedures for the collection of income accruing to the LA (for example, income in respect of the centrally provided meals service).

5.6.0 **Purposes for which Income may be used**

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

SECTION 6 – THE CHARGING OF SCHOOL BUDGET SHARES

6.0 **General Provisions**

6.1 The LA may charge the budget share of a school without the consent of the Governing Body of that school only in the circumstances set out below. The LA will consult any school prior to making a decision to charge a school's budget share other than with the consent of the school and following any such decision the school will be notified of the decision and the reasons for it. Any such action will be reported and the Governing Body would have an opportunity to appeal to the Authority against such a decision.

For the avoidance of doubt, LAs 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.

6.1.2 All salary costs of school based staff will be charged to school budget shares at actual cost.

6.2.0 **Circumstances in which Charges may be Made**

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

6.2.2 Other expenditure incurred to secure resignations where the school has not followed LA advice.

6.2.3 Judgements and awards by Courts and Employment Tribunals against the Council or out of court settlements arising from action or inaction of the governing body or its staff or agents which was either contrary to the Council's advice or where the governing body or its staff or agents did not seek the Council's advice when it was open to them to do so.

6.2.4 Expenditure by the LA in carrying out health and safety work or capital expenditure for which the LA is liable where funds have been delegated to the Governing Body for such work, and the Governing Body has failed to carry out the required work.

- 6.2.5 Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has Voluntary Controlled status.
- 6.2.6 Expenditure incurred by the LA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the LA.
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the LA.
- 6.2.8 Recovery of penalties imposed on the LA by the Boards of Inland Revenue, the Contributions Agency or HM Customs and Excise, Teachers' Pensions or the Environment Agency as a result of school negligence.
- 6.2.9 Correction of LA errors in calculating charges to a budget share (e.g. pension deductions). Such charging would only be applied where the LA considered it reasonable to do so.
- 6.2.10 Additional transport costs incurred by the LA arising from decisions by the Governing Body on the length of the school day, and failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
- 6.2.11 Legal costs which are incurred by the LA because the Governing Body did not accept the advice of the LA.
- 6.2.12 Costs of necessary health and safety training for staff employed by the LA where funding for training has been delegated but the necessary training has not been carried out.
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
- 6.2.15 Costs incurred by the LA in securing provisions specified in a Statement of SEN where the Governing Body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and or specific funding for a pupil with High Needs.
- 6.2.16 Costs incurred by the LA due to submission by the school of incorrect data.
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes.
- 6.2.18 Costs incurred by the LA as a result of the Governing Body being in breach of the terms of a contract.

- 6.2.19 Costs incurred by school clusters resulting from the withdrawal of a school without an agreed period of notice.

SECTION 7 - TAXATION

7.1.0 Value Added Tax

- 7.1.1 Schools will be able to reclaim VAT on expenditure (and must account for VAT on income) relating to their non-business activity via the LA's Section 151 Officer under the Council's VAT Registration. Reclaimed tax for schools using delegated cash management will be passed back to them. More detailed guidance and procedures will be provided separately.

7.2.0 Construction Industry Taxation Scheme

- 7.2.1 Payments for building construction or repairs may be subject to deductions in respect of Income Tax. The responsible person should administer the rules and regulations which relate to these payments. More detailed guidance and procedures are available separately.

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

8.1.0 Provision of Services from Centrally Retained Budgets

- 8.1.1 The LA will determine the basis on which services from centrally retained funds in the Schools and LA Budget will be provided to schools.

- 8.1.2 The Authority will treat all schools covered by the Scheme on the same basis irrespective of the category of school except where a) funding has been delegated to some schools only or b) such discrimination is justified by differences in statutory duties.

- 8.1.3 Where a service is provided for which expenditure is not retainable centrally by the LA under the Regulations made under Section 46 of the Act, the prices charged for the service must be intended to generate income no less than the cost of providing the service. The total cost of the service must be met by the total income even if the schools are charged differentially.

8.2.0 Timescales for the Provision of Services Bought Back from the LA using Delegated Budgets

- 8.2.1 Terms of any arrangement with a school to buy services or facilities from the LA will be described within each service agreement. However the length of such agreements will not exceed 3-years from the inception of the Scheme or the date of the agreement, whichever is the later and subsequent agreements will not exceed 5-years. Contracts for supply of catering services may be extended to 5 years at inception and 7 years for subsequent contracts.

8.2.2 Services which the LA is providing on a buy back basis will be offered in such a way as not to unreasonably restrict schools' freedom of choice among services available. Within the constraints of practicability and sound financial management, service agreements will seek to maximise choice available to schools.

The LA may offer discounts to schools which purchase packages of services.

8.3.0 **Service Level Agreements**

8.3.1 The terms of any service level agreement starting on or after the inception of the Scheme will be reviewed at least every 3-years if the agreement lasts for longer than 3-years.

8.3.2 All services offered by the LA through service level agreements will be available to schools for the term of the agreement irrespective of whether extended agreements are offered. The LA may offer extended agreements and where it does so, may charge at a different rate. Schools wishing to end an agreement must give one year's notice. Academy conversions may be treated outside this process.

8.4.0 **Teachers' Pensions**

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

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

8.4.3 A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional

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

SECTION 9 – PFI/PPP

- 9.1 Where a school forms part of PFI/PPP arrangements and the Governing Body of the school has formally agreed to participate in that arrangement, the Authority will make appropriate provision for the charging of a school's budget share according to the agreed arrangement and the treatment of monies withheld from contractors due to poor performance.
- 9.2 Other arrangements regarding the use of premises may arise through the establishment of a PFI/PPP scheme. Where the Governing Body of a school has formally agreed to such arrangements, these should not be impeded or constrained by any part of this Scheme.

SECTION 10 - INSURANCE

- 10.1 Where funds for insurance are delegated to schools, the LA will require the school to demonstrate that the cover relevant to the LA's insurable interest, under the policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the LA and paid for from schools' delegated budgets. The LA will have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such a requirement.

SECTION 11 - MISCELLANEOUS

- 11.1.0 **Right of Access to Information**
- 11.1.1 Governing Bodies are required to supply all financial and other information which is required to enable the Authority to satisfy itself as to the school's management of its budget share, or the use made of any central expenditure by the Authority (e.g. Earmarked Funds) at the school.
- 11.2.0 **Liability of Governors**
- 11.2.1 The Governing Body of each school is a corporate body. Because of this and the terms of Section 50(7) of the Schools 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.

11.3.0 **Governors' Expenses**

11.3.1 Where a school has yet to receive a delegated budget, the LA may delegate to a Governing Body of such a school, funds to meet Governors' expenses.

11.3.2 Schedule 11 of the Schools Standard and Framework Act 1998 provides that only allowances in respect of purposes specified in regulations may be paid to Governors from a school's delegated budget share. No other payment of any allowance may be made from a school's budget share to Governors. No additional payment of expenses may be made from the budget share to additional Governors appointed by the Secretary of State to schools under special measures beyond those expenses paid by the Secretary of State.

11.4.0 **Responsibility for Legal Costs**

11.4.1 Legal costs incurred by a Governing Body where these are the responsibility of the LA as part of the cost of maintaining the school, may be charged to the school's budget share, unless the Governing Body acts in accordance with the advice of the Authority (see also Section 6).

Head of Legal Services will advise on procedure for schools obtaining legal advice where there is a conflict of interest between the LA and the Governing Body.

11.5.0 **Health and Safety**

11.5.1 Governing Bodies should have due regard to duties placed on the LA in relation to health and safety. Governing Bodies, in expending the school's budget share, should also have regard to the Authority's policy on health and safety matters in the management of the budget share.

11.6.0 **Right of Attendance of the LA's Section 151 Officer**

11.6.1 The Section 151 Officer of the Authority or any officer of the Authority nominated by the Section 151 Officer is entitled to attend any meeting of a school's Governing Body at which any agenda items are relevant to the exercise of the responsibilities of the Section 151 Officer. Prior notice of such attendance will normally be given unless it is impractical to do so.

11.7.0 **Delegation to New Schools**

11.7.1 The Authority may delegate selectively and optionally to Governing Bodies of schools which have yet to receive delegated budgets.

11.8.0 **Special Education Needs**

11.8.1 Governing Bodies should use their best endeavours in spending the budget share to secure appropriate provision for children with special educational needs.

11.9.0 **Whistleblowing**

11.9.1 Schools should have a written whistleblowing procedure. This sets out the procedures to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school and how such complaints will be dealt with.

11.10.0 **Child Protection**

11.10.1 Schools are expected to co-operate in releasing staff to attend Child Protection Case Conferences and other related events. The Authority may help to meet costs.

11.11.0 **School Redundancy Costs**

11.11.1 Schools will pay the full redundancy costs from September 2016. Where a school is managing falling rolls some provision will continue to be made centrally for the redundancy costs incurred based on specific criteria. Schools will also be responsible for the 'pension strain' where staff in the Local Government Pension scheme are entitled to access their pension as part of the redundancy process.

11.11.2 A voluntary staff redeployment scheme is available.

SECTION 12 – RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 All revenue funding for repairs and maintenance has been delegated to schools. Capital expenditure, other than formula capital will be retained by the Local Authority. The definition of what expenditure may be treated as capital will be that used by the Local Authority for financial accounting purposes. This may change from time to time. At present, the Authority will treat individual items of repair and maintenance expenditure at schools costing in excess of £6,000 as capital expenditure (£2,000 Formula Capital). Individual items costing below that level will be met from schools' delegated budget shares. Governors of Voluntary Aided schools will continue to be eligible for capital funds from the DfE in respect of their statutory responsibilities and in addition they will have responsibility for other repair and maintenance items on the same basis as community and foundation schools. The "Voluntary Aided and Special Agreement Schools Financial Liabilities" list will be used to formally establish responsibility for payment of liabilities.

SECTION 13 – COMMUNITY FACILITIES

13.1.0 **Introduction**

13.1.1 Schools which choose to exercise the power conferred by s.27(1) of the Education Act 2002 to provide community facilities will be subject to a range of controls.

First, regulations made under s.28(2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA 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.

13.1.2 However, under s.28(1) the main limitations and restrictions on the power will be (a) those contained in schools' own instruments of government if any, and (b) in the maintaining LA'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.

13.1.3 Schools are therefore subject to prohibitions, restrictions and limitations as set out in this section.

13.1.4 This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Authority and Schools to secure the provision of adult and community learning.

13.2.0 **Consultation with the LA – Financial Aspects**

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

13.2.2 When consulting the LA, governors will need to provide in writing:-

- Details of the proposal and all parties to it.
- An outline business plan.
- Income and expenditure projections for at least three years.
- Proposals for accounting and audit arrangements.
- A draft funding agreement.

13.2.3 The LA will respond to the consultation in less than six weeks from the date of receipt, providing written comments or advice.

13.2.4 Schools must inform the LA, before proceeding, what action has been taken following the LA advice.

13.3.0 **Funding Agreements – LA Powers**

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

13.3.2 As part of the consultation (in 13.2) any funding agreement must be submitted to the LA before it is accepted.

13.3.3 It should be pointed out that the LA has no power to veto funding arrangements. However if an agreement has been or is to be conducted against the wishes of the

LA, or has been concluded without informing the LA, and in the view of the Authority 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.

13.4.0 **Other Prohibitions, Restrictions and Limitations**

13.4.1 The scheme does not give the LA a right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power.

However, the Authority may, in a specific instance of the use of the community facilities power by a governing body seek to protect the financial interests of the Authority. They may do this by

- a) requiring the governing body to carry out the activity through the vehicle of a limited company formed for the purpose, or
- b) by requiring the governing body to obtain and pay for indemnity insurance for risks associated with the project in question. Specification to be agreed with the LA.

13.4.2 Section 26 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The Authority may if it wishes propose other scheme provisions of that nature which they believe necessary. In considering whether to approve any such provisions for inclusion in the Authority's scheme, the Secretary of State will adopt as the principal criterion that restrictions should only be in existence if they are necessary to safeguard the financial position of the Authority or school, or to protect pupil welfare or education.

13.5.0 **Supply of Financial Information**

13.5.1 Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting Framework. These will be the main source of information. Separate accounts must be kept by the school.

13.5.2 However, the LA may require schools which exercise the community facilities power to provide the Authority every six months with a summary statement, in a form to be determined by the Authority, showing income and expenditure for the school arising from the facilities in question for the previous six months and, on an estimated basis, for the next six months.

13.5.3 On giving notice to the school that it believes there to be a cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, the Authority, may require such financial statements to be supplied every three months. In addition, if the Authority sees fit, it may require the submission of a recovery plan for the activity in question.

13.5.4 Mismanagement of funds received for community facilities is a basis for suspension of the right to delegation of the budget share.

13.6.0 **Audit**

13.6.1 The school must give access to the school's records connected with the exercise of the community facilities power to facilitate internal and external audit requirements.

13.6.2 The LA requires schools, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, to ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7.0 **Treatment of Income and Surpluses**

13.7.1 Schools may retain all income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person. Schools may carry such net retained income over from one financial year to the next as a separate community facilities surplus. With the agreement of the Authority it may be transferred in part or in whole to the budget share balance.

13.7.2 If the 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.

13.7.3 If there is a deficit on community facilities and the LA needs to recover funds to meet third party liabilities it may do so from any accumulated community facilities surplus.

13.8.0 **Health and Safety Matters**

13.8.1 The Health and Safety provisions contained in 11.6 of the Scheme extend to cover activity in this section as well.

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

13.9.0 **Insurance**

13.9.1 It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power. The school must seek the Authority's advice before finalising any insurance arrangement for community facilities.

13.9.2 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 arrangements to be inadequate, may make arrangements itself and charge the resultant cost to the school.

13.10.0 **Taxation**

13.10.1 Schools may only make use of the LA's VAT reclaim facility for expenditure on community facilities when this is from LA funds and not expenditure from other funds. Schools should account for VAT on income arising from community facilities as appropriate.

13.10.2 If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in the school's own bank account, the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules. A declaration must be made to the Payroll Section in the Finance Department.

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

13.11.0 **Banking**

13.11.1 Monies from budget shares and community facilities must be kept separate. Separate bank accounts must be maintained. Where a bank account is set up specifically for community facilities, the account mandate should not imply that the LA is the owner of the funds in the account except insofar as those funds have been provided through the LA itself.

13.11.2 Schools are reminded that they may not borrow money (except from the LA) without the written consent of the Secretary of State.

WIRRAL MAINTAINED SCHOOLS

DfE No.	Secondary Schools
4066	Mosslands School
4058	Pensby High School
4018	Ridgeway High School
4071	South Wirral High School

DfE No.	Special Schools
7001	Clare Mount School
7005	Elleray Park School
7004	Foxfield School
7010	Gilbrook School
7000	Hayfield School
7003	Kilgarth School
7007	Meadowside School
7020	Orrets Meadow School
7017	Stanley School
7019	Wirral Hospitals' School
7215	Observatory School

DfE No.	Nursery Schools
1001	Leasowe Nursery School
1000	Somerville Nursery School
1002	Ganneys Meadow Nursery School

DfE No.	Primary Schools
2229	Barnston Primary School
2000	Bedford Drive Primary School
2275	Bidston Av Primary School
2001	Bidston Village CE Primary School
2226	Black Horse Infants School
2232	Black Horse Junior School
2218	Brackenwood Infants School
2210	Brackenwood Junior School
2227	Brookdale Primary School
2215	Brookhurst Primary School
2115	Castleway Primary School
2261	Cathcart Street Primary School
2048	Devonshire Park Primary School
2112	Eastway Primary School
2252	Fender Primary School
2238	Gayton Primary School
2220	Greasby Infant School
2225	Greasby Junior School
2117	Greenleas Primary School
2205	Grove Street Primary School
2250	Heswall Primary School

2274	Heygarth Primary School
2203	Higher Beb Junior School
2279	Hillside Primary School
2224	Irby Primary School
2108	Kingsway Primary School
2268	Leasowe Primary School
2118	Lingham Primary School
2102	Liscard Primary School
2254	Manor Primary School
2214	Mendell Primary School
2255	Mersey Park Primary School
3375	Millfields C of E Primary School
2101	Mount Primary School
2100	New Brighton Primary School
2270	Overchurch Junior School
2256	Overchurch Infant School
2110	Park Primary School
3376	Pensby Primary School
3374	Prenton Primary School
2217	Raeburn Primary School
2107	Riverside Primary School
2258	Rock Ferry Primary School
2116	Sandbrook Primary School
2111	Somerville Primary School
2104	St George's Primary School
2021	Woodlands Primary School
2264	Thingwall Primary School
2212	Thornton Hough Primary School
2263	Well Lane Primary School
2221	West Kirby Primary School
2260	Woodchurch Rd Primary School
3011	Christchurch CE Primary School Birkenhead
3361	Christ the King Primary School
3351	Dawpool Primary School
3368	Holy Cross Primary School
3363	Holy Spirit Catholic and C of E Primary School
3010	Holy Trinity Primary School
3365	Ladymount Primary School
3367	Our Lady & St Edward's Primary School
3335	Sacred Heart Primary School
3331	St Alban's Primary School
3350	St Andrew's Primary School

3369	St Anne's Primary School
3009	St Bridget's Primary School
3362	St John's Infant School
3360	St John's Junior School
3321	St Joseph's Primary School Upton
3333	St Joseph's Primary School Wallasey
3371	St Michael & All Angels Primary School
3324	St Paul's Primary School
3352	St Peter's CE Primary School
3322	St Peter's RC Primary School
3330	Ss Peter & Paul Primary School
3300	St Saviour's Primary School
3372	St Werburgh's Primary School
3366	The Priory Primary School
3304	Woodchurch CE Primary School

ANNEX B:

RESPONSIBILITY FOR REDUNDANCY AND EARLY RETIREMENT COSTS

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation.

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 authority's "good reason" for charging redundancy costs to schools centres around the need for all schools to secure significant and timely cost reductions. In many cases this will be through staffing reviews and reductions in other spending decisions, in order to offset increased costs. Where this is not the case it may then be necessary to consider redundancy / severance

From September 2016 all premature retirement (pension strain) and redundancy costs will be charged to the school's delegated budget, with one exception. Where a school is managing falling rolls some provision will continue to be made centrally for the redundancy costs incurred and is based on school's meeting the following criteria:

- A reduction in pupil numbers over a 3 year period, the current year, the previous year and anticipated in the next year.
- Falling rolls in excess of 15 for a Primary School and 30 for a Secondary school and a pupil teacher ratio of 1 : 30
- Estimated costs of an M6 teacher entitled to 10 weeks redundancy
- Or estimated costs of 2 x TA2 or similar with 10 weeks redundancy
- No central provision will be made for pension strain.

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

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 (7B) is met.*

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

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