



GATESHEAD SCHOOLS FORUM AGENDA

Thursday, 10 December 2015 at 2.00 pm at the Dryden Centre

From the Chief Executive, Jane Robinson

Item Business

1. **Apologies**

2. **Minutes** (Pages 1 - 4)

The Forum is asked to approve as a correct record the minutes of the last meeting held on 15 October 2015

3. **De-Delegation Options** (Pages 5 - 10)

Ann Muxworthy, Care Wellbeing and Learning

4. **De-Delegation Options** (Pages 11 - 14)

Jeanne Pratt, Care Wellbeing and Learning

5. **Early Years Funding Early Implementation of 30 Hours** (Pages 15 - 26)

Carole Smith, Corporate Resources

6. **Autumn Statement Update** (Pages 27 - 30)

Carole Smith, Corporate Resources

7. **Growth Fund Application** (Pages 31 - 34)

Carole Smith, Corporate Resources

8. **Scheme for Financing Schools** (Pages 35 - 94)

Carole Smith, Corporate Resources

9. **Council Budget Consultation**

Carole Smith, Corporate Resources

10. **Date and Time of Next Meeting**

Thursday 14 January 2016 at 10.00am

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GATESHEAD SCHOOLS FORUM

15 October 2015

PRESENT:

- Ken Childs – Special School Governor
- Pater Lague – Teacher Unions
- Fraser Turnbull – Secondary Academies
- Sarah Diggle – Primary Governor
- Chris Richardson – Maintained Secondary Heads
- Mustafaa Malik – Primary Heads
- Ethel Mills – PVI Sector
- Julie Goodfellow – Primary Academies
- Elaine Pickering – Secondary Governor
- Denise Henry – Nursery Sector
- Linda Alder – Secondary Academies
- Steve Williamson – PRU

IN ATTENDANCE:

- Carole Smith – Corporate Resources
- Frank McDermott – Corporate Resources
- Alan Foster – Corporate Resources
- Rosalyn White – Corporate Services and Governance

1. APOLOGIES

Apologies for absence were received from Steve Haigh, Alan Symons, Jane Bryant, Jim Thomson, Matt Younger and Steve Horne.

2. MINUTES

The minutes of the meeting held on 15 October 2015 were agreed as a correct record.

3. DSG OUTTURN

The Forum received a report outlining the quarter two position of DSG for 2015/16. It was noted that there is a projected underspend of £132,000, with £29,000 of this for the High Needs budget. It was acknowledged that the quarter three position will provide a more accurate picture. It was noted that there was an overspend on CLA/MPA licences that were topsliced from DSG, Schools Forum had previously been advised of this.

RESOLVED - That the Schools Forum noted the contents of the report.

4. EDUCATION CONSULTATION RESPONSE

The Forum was provided with the result of the Gateshead Education Funding Consultation that went to all Headteachers and Chairs of Governors. It was reported that 23 responses were received, with an average 'yes' response of 76%, 'don't know' response of 21% and an average 'no' response of 3%.

Following the results of the consultation it was proposed that the Forum accept the proposals made and agree the draft Authority Proforma Tool be submitted.

It was acknowledged that this was a good response in comparison to previous consultations and that a lack of response has been taken as acceptance.

- RESOLVED - That the Schools Forum noted the content of the report and accepted the proposals for;
- Mainstream School Formula
 - 2 year old funding
 - 3 and 4 year old Early Years Single Funding Formula

5. DE-DELEGATION OPTIONS

The Forum received a report around options for de-delegation. There are a number of areas that can be de-delegated;

- Maternity credits
- Trade Union facility time
- Support to underperforming Ethnic Minority Groups (EMTAS)
- Behaviour Support
- Primary Fair Access Process

It was proposed that the Forum agree to de-delegate current areas; maternity and Trade Union cover, EMTAS, In School Support and Fair Access and then bring back to the next meeting further information around notional agreed items.

- RESOLVED -
- (i) That the Schools Forum consults with its respective phases on the areas of de-delegation.
 - (ii) That the Schools Forum consult with maintained colleagues for their views on the continuation of de-delegation and note that further reports will be brought to Schools Forum for consideration.

6. DRAFT AUTHORITY PROFORMA TOOL

The Forum received the draft school funding formula prior to it being uploaded to the DfE. It was noted that this will not be final until the Authority Proforma Tool (APT) is received in December, however this is indicative. It was noted that data will change so actual totals will change as well as possible funding units.

It was confirmed that the notional SEN has been left as it was, however there is the possibility of using this in a different way in the future if necessary.

RESOLVED - That the Schools Forum approved the draft APT.

7. EARLY YEARS FUNDING

A report was presented around early years funding following the report that went to Schools Forum in September around amending two year old funding to make it similar to three and four year old funding.

Data was looked at for late starters but there were none, therefore early leavers were looked at. It was felt that the impact on small settings was significant therefore it was proposed to leave two year old funding as it was.

RESOLVED - That the Schools Forum noted the proposals to fund on a participation basis and that this aspect of the current funding arrangements for two year olds will not change.

8. NOTIONAL SEN INFORMATION

The Forum received a report outlining the data on Notional SEN following comparisons made with regional and statistical neighbours. It was reported that the factors used in Gateshead are broadly in line with statistical neighbours.

In terms of Gateshead's statistical neighbours and their notional SEN calculations, Gateshead is ranked four out of 11. Therefore it would seem that the calculations are currently reasonable.

It was reported that two officer groups are currently looking at the way schools are recording SEN in the consensus. It was agreed that the findings of these groups would be fed back to the Schools Forum in due course.

RESOLVED - (i) That the Schools Forum noted the report and agreed that the officer groups feed back to the Forum its findings on how SEN is recorded.

- (ii) That the Schools Forum agreed that the current calculation method is used for the October submission of the APT.

9. SCHOOLS AND EARLY YEARS FINANCE REGULATIONS CONSULTATION 2015

The Forum received the proposed response to the School and Early Years School Finance Regulations consultation. It was noted that there was nothing particularly contentious in the consultation.

The Forum was asked to note the response and decide whether a response should be sent on behalf of the Forum.

RESOLVED - That the Schools Forum agreed a response to the current Schools and Early Years Finance Regulations consultation be sent on its behalf.

10. GROWTH FUND APPLICATION

The Forum was advised that an application for Growth Funding has been received from St Philip Neri RC Primary School. It was noted that this school has increased its planned admission number from 16 to 30, in September 23 pupils were admitted into reception. The school has seen general growth across the school due to the population growth in the area.

It was noted that the funding will support the expansion of the school as well as the increase in pupil numbers and the increased planned admission number.

The funding has been calculated as AWPU pupil number 7/12, this equals £39,000 however is capped at £35,000.

It was questioned whether the school had any carry forward. It was confirmed that the school did have a carry forward that was not over the threshold.

RESOLVED - That the Schools Forum noted that funding has been awarded to St Philip Neri RC Primary School for growth in pupil numbers.

11. DATE AND TIME OF NEXT MEETING

Thursday 10 December 2015 at 2.00pm.

Item 3

TITLE OF REPORT: EMTAS De – Delegation

Purpose of the Report

1. The purpose of the report is for Schools Forum to consider de-delegation the EMTAS for mainstream maintained schools.

Background

2. Revenue funding arrangements for schools have changed following the school funding review which started in 2013/14. It is now not permissible for LA's to hold budgets centrally for the provision of some services to schools. This previously centrally held funding has been delegated to schools on a per pupil basis.
3. However there are some areas that schools have the option for de-delegation.

These are:-

- a) Contingencies, (including support for schools in financial difficulties, new/closing/amalgamating schools, closing school deficits)
 - b) Behaviour Support Services
 - c) Support for minority ethnic minority pupils or underachieving groups
 - d) Free School Meals (FSM) eligibility
 - e) Insurance
 - f) Library and museum services
 - g) Licences/subscriptions
 - h) Staff costs – supply cover (long term sickness, maternity, trade union and public duties)
4. For each of these areas, it would be for the Schools Forum members in the relevant phase (primary or secondary) to decide whether that service should be retained centrally.
 5. The decision would apply to all maintained schools in that phase and would mean that the funding for these services was removed from the formula before school budgets were issued. There can be different decisions for each phase.
 6. Academies, special schools and nursery schools can buy back into these services if they wish too.

Support to Underperforming Ethnic Minority Groups - EMTAS

7. The Ethnic Minority and Traveller Achievement Service (EMTAS) aims to enhance the quality of educational opportunity and support the educational achievement of all ethnic minority and Traveller pupils by offering a range of services to Gateshead schools.

8. It works in partnership with schools and other partners in providing a challenging and exciting learning environment which celebrates cultural diversity, promotes equal opportunities and raises the level of achievement of pupils from all ethnic minority groups including travellers.
9. The number of languages in our schools has also increased to over 80.
10. Over the last year Gateshead has seen a continuous rise in the number of Ethnic Minority (EM) children joining our schools.
11. Many of these are EU migrants particularly from Poland and Romania however we have seen children arriving from other EU countries such as Portugal, Spain and Greece.
12. The percentage of ethnic minority children in our schools however has increased again this year to 8.00% in January 2015 as per graph in appendix 1, and is increasing.
13. The proportion of children with EAL is also higher in primary schools almost 10% whilst the average in secondary schools is 6%.
14. In Saltwell and Bridges wards in reception more than a third of the children are from the ethnic groups. In Dunston and Teams in Year 1, 27% are from the ethnic backgrounds. While the authority has for a number of years had percentages around 20% in the Saltwell area, this has now increased substantially to 33% and in the current Year 2 group 38%. If this trend continues there will be large cohorts coming through our schools in the future R and Y1 classes.
15. It is also worth noting that Felling, Deckham, High Fell have percentages over 11% in R and Y1, Felling has 16.1% in R this year.
16. We have also had a rise in the number of Gypsy Roma and Traveller (GRT) children attending our schools. The numbers have now almost doubled.

September 2014 – October 2015

17. The Ethnic Minority and Traveller Service (EMTAS) have provided advice, guidance and support to over **350 pupils** in **30 schools**. In addition to this EMTAS staff have assessed and monitored the progress of all EAL (English as an Additional Language) pupils (using the QCA 'A language in Common' with additional pre-steps A and B to reflect the early stages of acquiring English.). EMTAS staff also carries out initial assessments on all new EAL admissions in our schools prior to the allocation of support.
18. **87%** of pupils supported by EMTAS in primary schools have moved up at least one or more level (some of the pupils may have arrived mid-term).
19. **90%** of pupils supported by EMTAS in secondary schools/academies moved up at least one or more levels (some of the pupils may have arrived mid-term).
20. The core service supported by de-delegation will provide the following support:-

21. Teaching and learning

- Targeted teaching support to pupils with no English or at early stages of language acquisition.
- Targeted teaching support to Gypsy Roma and Traveller (GRT) pupils.
- Initial Assessment of all new arrivals to inform teaching, learning and any further support.
- Assessment of English as an Additional Language (EAL) /Ethnic Minority (EM)/ pupils with no English or at early stages of language acquisition
- Identify appropriate strategies for EAL pupils.
- Inform teachers about cultural differences for some pupils and impact on teaching.
- Targeted teaching support to EAL pupils who are not at the early stages of language acquisition but may be working considerably below the level of their peers.

22. Advice and Guidance

- Advice and guidance on English as an Additional Language (EAL)/Ethnic Minority (EM) / Refugee/Asylum seekers issues.
- Advice and guidance on Gypsy Roma and Traveller (GRT) issues.
- Support the transition of English as an Additional Language (EAL)/Ethnic Minority (EM) pupils across phase primary to secondary.
- Support the transition of Gypsy Roma and Traveller (GRT) cross phase primary to secondary. Support schools in preparation for and during OFSTED inspections.
- Co-ordinate traveller packs for pupils
- Support examinations for some pupils

23. Monitoring and Performance

- Support schools in collecting information and setting up an English as an Additional Language (EAL) file containing information on:-
 - Ethnicity
 - Country of origin
 - Languages spoken
 - Background information
 - Assessment levels
 - Strategies for EAL and GRT learners
 - List of resources for EAL and GRT learners
- Monitoring performance of English as an Additional Language (EAL)/Ethnic Minority (EM) pupils.
- Monitoring performance of Gypsy Roma and Traveller pupils.
- Monitor the attendance of Gypsy Roma and Traveller (GRT) groups.
- Assessment of English as an Additional Language (EAL) /Ethnic Minority (EM) pupils at risk of underachieving but not at the early stages of language acquisition.
- Develop an ethnicity/language/ English as an Additional Language (EAL) performance database.
- Analyse data and send annual report.

24. Multicultural and Anti-Racism work

- Advice and guidance and training on anti-racism, cultural and community integration issues.
- Identify external partners and agencies to work with the schools on cultural awareness and anti-racism.
- Deliver school assemblies and whole class activities to raise awareness on bullying /anti-racism and promote cultural awareness.

25. Home to School liaison

- Home-school liaison for English as an Additional Language (EAL) /Ethnic Minority (EM)/ Refugee/Asylum pupils.
- Outreach work/Home liaison with the Gypsy Roma and Traveller (GRT) community.
- Support schools and Gypsy Roma and Traveller (GRT) families in accessing strategies that promote the continuity of their education.
- Liaise with parents and organise /deliver parent workshops.

Proposal

26. It is proposed that Schools Forum de-delegate funding for 2016/17.

Proposed de-delegation value is £14.78 per pupil (primary only)

Recommendations

27. That School Forum provides feedback from mainstream maintained primary schools and makes a decision on the de-delegation of funds to continue with EMTAS service.

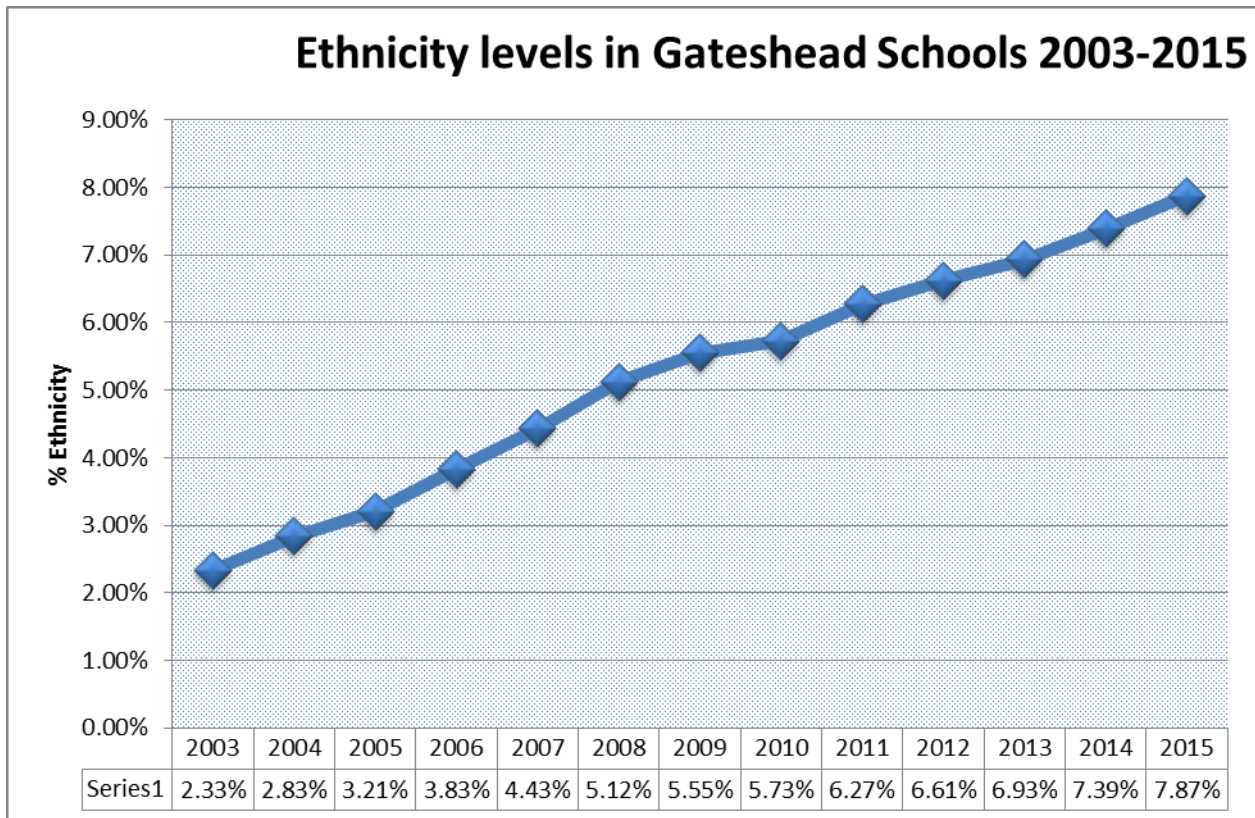
For the following reason(s):

To ensure that all children and young people in Gateshead can access education that is suitable and appropriate to their needs and abilities.

To enable schools to receive the support to accurately identify the needs of children and young people and implement support strategies as/when appropriate.

CONTACT: Ann Muxworthy

Appendix 1



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Item 4

TITLE OF REPORT: De – Delegation Options

Purpose of the Report

Over the past several years Schools Forum has agreed to the de-delegation of primary funding to support the existing Primary Behaviour Support Team (formally In School Support). Last year School Forum also agreed to the de-delegation of funds to create a post for an educational psychologist to work to the primary Fair Access process.

The purpose of this report is to bring to Schools Forum an update on existing services (FAP EP and Primary Behaviour Support) that they currently fund through de-delegation so that they can consider further de-delegation for the 2016/17 financial year.

Background

1. Revenue funding arrangements for schools have changed following the school funding review which started in 2013/14. It is now not permissible for LA's to hold budgets centrally for the provision of some services to schools. This previously centrally held funding has been delegated to schools on a per pupil basis.
2. However there are some areas that schools have the option for de-delegation.

These are:-

- a) Contingencies, (including support for schools in financial difficulties, new/closing/amalgamating schools, closing school deficits)
 - b) Behaviour Support Services
 - c) Support for ethnic minority pupils or underachieving groups
 - b) Free School Meals (FSM) eligibility
 - c) Insurance
 - d) Library and museum services
 - e) Licences/subscriptions
 - f) Staff costs – supply cover (long term sickness, maternity, trade union and public duties)
3. For each of these areas, it would be for the Schools Forum members in the relevant phase (primary or secondary) to decide whether that service should be retained centrally.
 4. The decision would apply to all maintained schools in that phase and would mean that the funding for these services was removed from individual school budgets before they are issued to schools. There can be different decisions for each phase.

5. Academies, special schools and nursery schools can buy back into these services if they wish too.

Primary Behaviour Support Team

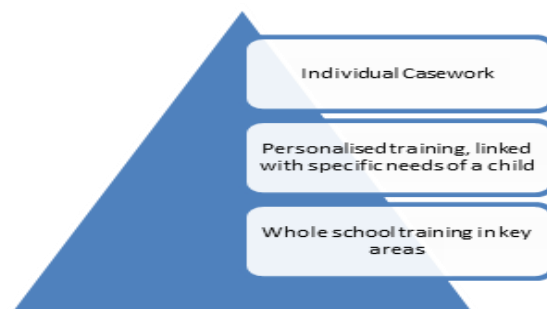
6. The Primary Behaviour Support Team work with primary schools, mainly on early intervention in the area of behaviour. The team consists of 4 special needs teaching assistants and two teachers. They work principally with primary aged children in their school setting offering 1:1 support alongside consultancy for primary heads. This work includes assessment of pupils' needs, strategies, whole class modelling, small group and individual support and training for staff where this is identified as a need.
7. The work of the team is non statutory and since April 2013, the special needs support assistants element of the team has been subject to a buy back arrangement.
8. The buy-back was calculated on the basis of a 100% uptake by the primary schools.
9. Since 2013 funding is also provided from the High Needs Block for the two teacher posts (to maintain consultancy and guidance for all primaries).
10. During the 2014/15 academic year over 50% of primary schools received input from the team in a number of areas including
 - a. Behaviour management, advice and assessment
 - b. Bereavement
 - c. Anger management
 - d. Self esteem, emotional support, friendship
 - e. ADHD
11. Of the 54 cases which were closed at the end of the 2015 academic year;
 - a. 46 children's behaviour had improved
 - b. 1 child was returned to school action following a managed move
 - c. 1 child received a single plan
 - d. 2 children were placed in Bede ARMS
 - e. 4 children were placed in specialist provision
12. Staff provide transition support in the summer term for Y6 children to aid in their successful transition to secondary school.
13. Staff have also delivered training to school staff on challenging behaviour, behaviour management and playground behaviour and to foster carers on anti-bullying and ADHD.

Primary Fair Access Educational Psychologist

1. Every local authority is required to have in place a Fair Access Protocol (Schools Admissions Code 2012 article 3.9), developed in partnership and agreed with the

majority of its schools, in which all schools (including Academies) must participate since it is binding on all schools.

2. The purpose of Fair Access Protocols is to ensure that, outside the normal admissions round, unplaced children/young people, especially the most vulnerable, are found and offered a place as quickly as possible to minimise the time they are kept out of school.
3. In 2014 Schools Forum agreed to de-delegate funds for an Educational Psychologist to work to the primary Fair Access Panel.
4. In 2014/15 academic year there were 60 children referred to the primary Fair Access Panel, of which 53 were appropriate referrals. Of these 53 children, 12 children (in 12 schools) have received support from the educational psychologist.
5. Types of support/intervention from the educational psychologist included:
 - a. Initial observations and assessment
 - b. Advice to schools and staff
 - i. SEN needs
 - ii. Behaviour
 - iii. Anxiety
 - c. Transition
 - d. Training
 - i. Behaviour
 - ii. Attachment
 - iii. Anger management
 - e. Problem solving workshops
 - f. Attending TAF/review meetings
 - g. Preparing resources to support children
6. Outcomes from educational psychologist support include:
 - a. Moving to a EHCP (3 children)
 - b. Training/problem solving workshops (2 children)
 - c. Settled children (2 children)
 - d. School decided that no input needed (following initial referral)
7. Proposals for further work include the development of a pyramid model of intervention to ensure that all schools benefit from input from the educational psychologist.



Proposal

8. It is proposed that Schools Forum de-delegate funding for 2016/17.
9. Proposed de-delegation values are:-
 - a. Fair Access Educational Psychologist £4.50 per pupil (primary only)
 - b. Primary Behaviour Support £ 7.50 per pupil (primary only)

Recommendations

10. That School Forum provides feedback from mainstream maintained primary schools and makes a decision on the de-delegation of funds to continue with the Primary Fair Access Educational Psychologist and the Primary Behaviour Support Team special needs assistants.

For the following reason(s):

11. To ensure that all children and young people in Gateshead receive an education that is suitable and appropriate to their needs and abilities.
12. To enable schools to receive the support to accurately identify the needs of children and young people and implement support strategies as/when appropriate

CONTACT: Jeanne Pratt

ext. 8644

Item 5

TITLE OF REPORT: 30 Hours Early Entitlement Application for Early Implementation

Purpose of the Report

The purpose of this report is to bring to Schools Forum attention that the Local Authority has submitted an application to be an early implementer for the 30 hours free entitlement.

Background

The DfE released documents and criteria for applying for Early Implementation status on the 28th October 2015. The DfE set very tight timescales and an application criterion for expressions of interest for LA's to be an early implementer.

LA's had until the 13th November to submit questions to the DfE for clarification or questions on the application process, and applications had to be submitted by 12 noon 20th November and all applications had to be signed by the Director of Children's Services (DCS).

Process

Early Years officers worked on the initial draft of the application form which was then reviewed by a small working group on the 11th November. The application form was sent to all settings on either 13th or 14th November to enable them to have chance to comment. A tight timescale of noon on Tuesday 17th November was set to enable the Early Years Team to pull together the final application and ensure it could be signed off by the DCS and hit the submission deadline of noon on 20th November.

Comments were received by both maintained and PVI settings, where applicable and possible changes to the application form were made. The very restrictive word count and assessment criteria restricted the amount and variation of information that was provided in the application form.

The final application form in appendix 1 was submitted within the timescale and all settings were sent a copy of the final application form on 20th November 2015.

The DfE have stated their intention to inform selected early implementers by late December 2015 to early January 2016.

Proposal

That Schools Forum notes the contents of this report and the application form in appendix 1.

Recommendations

It is recommended that Schools Forum notes the contents of the report and the information in the application form in appendix 1.

For the following reasons:

- To inform Schools Forum of Gateshead's application to be an early implementer of the increase to 30 hours free provision from September 2016.

CONTACT: Carole Smith



Early Implementation: 30 hours of free childcare

Expressions of Interest: Funding Application Form

October 2015

Making a proposal

All prospective bidders should read this form in conjunction with the supporting guidance, recently published policy statement and frequently asked questions document before completing the attached application form.

Deadline

All completed applications must be received by the Department for Education **by email by noon on Friday 20th November.**

Your local authority name and the words 'early implementers funding bid' should be included in the email "subject" header.

Completing your bid

A limit on the number of words is stated for each section in brackets next to the title. Any text that exceeds the stated limit will not be assessed.

All applications should be countersigned by the Director of Children's Services.

Submitting your application

Please email a single **Word** version of your completed proposal to:

Early.IMPLEMENTERS@education.gsi.gov.uk . To note, hard copy completed proposals will not be considered.

When you have sent the Department your application form, you will receive an automatic email response letting you know that your application has arrived with us.

Late proposals will not be considered

The Department will not be able to consider applications that miss this deadline as to do so would be to unfairly discriminate against those applicants who submitted their application within the allowed timescale.

Your Proposal

1) Summary of Your Proposal. (500 words max). Maximum scoring 20 (weighting x4)

The focus is to develop approaches to the following:-

Ensuring high quality education and childcare alongside flexibility of provision to meet the needs of parents and carers through:

- Partnership working across all sectors to ensure a consistency of approach.
- Recommended practice standards for transitions which focus on quality and developing a common understanding of quality through shared training and development.
- Development of admission policies for maintained provision.
- Exploring impact of various strategies to encourage non-working households to take up opportunities to train/gain employment.

We will build on successful current models where partnerships already exist between private, voluntary and independent (PVI) and school provision, using a practitioner led model which will feedback and share emerging effective practice. We will work with the 2 year old in schools champion, Bensham Grove Nursery School and their Early Years National Leader in Education.

Gateshead is geographically the largest of the five Tyne and Wear authorities with 200,500 residents, including a small but growing BME population around 7,500 and an orthodox Jewish community over 3,000. 66% of the borough is rural with many small settlements.

Gateshead has high levels of deprivation, with 25% of people living in the 20% most deprived areas in England. However, a third of people live within the least deprived 50% of areas in England.

Gateshead's diverse nature would allow us to trial a number of different aspects of the increased offer that can then be shared to benefit other authorities.

More workers in the North East want to work more hours compared to other regions. The number of people claiming JSA or health-related benefits is higher than the national average. The issue of high numbers of people claiming benefits and not in work continues to significantly impact economic performance in the region.

Gateshead has a proven track record in delivering the three and four-year old entitlement. We currently have 2,114 children accessing the entitlement (54% of children in school nurseries and 46% in PVI provision. Current take-up level is 98%.

Take-up of two-year old entitlement is 77%. All funded two-year olds are in good, outstanding or awaiting first inspection provision.

We deliver for diverse needs and areas. Deckham Day Care, situated in one of our most deprived wards, is an "Outstanding" provision, taking 75 funded two-year olds. In a rural area, we have worked with the school to set up two-year old provision, now with 20 funded twos. In the Jewish community, we worked closely with the rabbis to convert former residential accommodation to create 40 new places.

We work closely with colleagues from health and the 0 – 4 years Early Assessment Team to ensure children with SEND are able to access high-quality provision and receive appropriate

support. These teams also offer advice/support to providers around early identification and assessment of SEND.

Gateshead has already held initial consultation events with head teachers and PVI providers to establish their commitment to becoming Early Implementers, with the role of the Council being one of co-ordination, challenge, support, monitoring, recording and communication.

As part of the assessment for question 1, please include any key facts on:

- Why you want to be an early implementer – what do you hope to achieve and gain?
- Your track record of driving innovation and ensuring sufficiency in your LA area, in particular to make sure your local market meets the need of working parents.
- How all or part of the additional 15 hours could be provided to act as a work incentive and should parents choose, offered in more flexible ways.
- Your track record of delivering for diverse needs and areas e.g. deprivation, rurality, children with SEND, in working homeless families and BME communities.
- Your track record on two-year-old delivery, and;
- Evidence that this is a joint bid between an LA and providers

2) Project delivery and outcomes (800 words max) Maximum scoring 20 (weighting x4)

Our vision is to develop a flexible offer for parents in all localities, which we are confident of achieving by harnessing opportunities within our mixed economy, as follows:-

1. Demand analysis. Understand eligibility at a locality level, expected levels and patterns of take-up. A questionnaire has already been issued to all parents currently accessing the 3 and 4-year old entitlement, to-date we have received over 1,000 responses that we are analysing.
2. Supply analysis. From annual sufficiency assessments we have a comprehensive understanding of current places available and levels of occupancy. The Schools Organisation Team is identifying unused capacity within schools. In the PVI sector, we already know where further capacity could be developed (without jeopardising places for under-3s) as well as the numbers of children currently accessing more than 15 hours, therefore not requiring an additional space. We will contact after-school clubs to discuss expansion possibilities.
3. Sufficiency and flexibility issues. Bringing together the demand and supply side information will highlight the areas where further places need to be created, or where current places need to be offered more flexibly. If any such gaps are identified, we will undertake specific consultation with local stakeholders and, if necessary, we will undertake a procurement exercise to select a new provider. This process has been in force in Gateshead since 2009 and has worked successfully on a number of occasions.
4. Capital/revenue grants – Should grant funding be made available, sufficiency analysis and feasibility of proposals will allow us to allocate grant funding in a fair and transparent way. Weightings may need to take into account any identified unmet need for children with SEND and/or from the BME, including Jewish, communities.
5. Partnerships. We will identify opportunities to increase partnership working between providers, including nursery schools, nursery classes, academies, independent schools, day nurseries, pre-schools and childminders. We will support schools and their governing bodies to identify options for revising their admissions criteria and selecting the most appropriate option. By developing partnership working, we will craft a localised flexible offer for parents.
6. Transitions. It is likely that children will experience more transitions between providers, either on a daily, weekly or termly basis. In order to support high quality transitions, recommended practice standards (RPS) will be co-ordinated by officers and led by practitioners from all sectors in locality clusters and shared with all providers. Training will also be provided to any sessional provision that will be opening for longer hours to ensure that quality is maintained.
7. Quality. Focus will be on improving provision across all Early Years sectors which are not yet judged to be good or outstanding by Ofsted. Support will be provided in proportion to need through training opportunities and sharing best practice in locality clusters. Existing high quality provision will be further developed through current process of annual conversations and mutually-agreed support. There is currently only one group PVI provider and 3 primary schools with nursery classes graded as less than good by Ofsted.
8. Maximising Take-Up. We will enhance the information currently available on our website so that parents will be able to clearly see which options are available and where. As this additional entitlement is targeted at working parents, we will make maximum use of social media. We are exploring the production of a 5-minute film highlighting advantages of early education, giving parents information about the entitlement and promoting diversity of opportunity as well as emphasising the immediate financial benefits. Clips would be available on our Facebook page and plasma screens in schools and public buildings. Unemployment has dropped but remains above the national average. We will target non-working parents on the DWP list and, in conjunction with JCP, explain that the increased free entitlement removes the childcare cost barrier to training/work. Low-income parents who have not taken up their 2-year old entitlement will also be identified from DWP lists to ensure they are aware of the benefits of the 30-hour extension. PVI providers and schools also have a role to play in promoting the additional entitlement. We will therefore hold briefings for administrators within schools as they are likely to be making first contact with parents.
9. Efficiency and Innovation. We have developed a web-based eligibility checking system for the two-year old entitlement so that parents can check their own eligibility. This facility will also be available for parents to check their eligibility to 30 hours when HMRC has developed this part of the checking system. Our new provider portal allows providers to make funding claims in a more efficient, easy manner including the stretched entitlement and for 30 hours.

As part of the assessment for question 2, please set out how you intend to:

- Ensure sufficient childcare places are available, including your plans for mapping demand and supply; how you will fill supply gaps.
- Work with providers to develop additional places with the flexibility that working parents need, including those needing childcare during school holidays and in non-standard hours.
- Meet the needs of particular communities including those in deprived neighbourhoods; rural communities, children with SEND; homeless working families; BME communities; families on low incomes.
- Drive efficiency and innovation into a reformed LA delivery model
- Deliver 'high quality childcare' for all participating three- and four-year-olds;

3) Monitoring, evaluation, and shared learning (300 words max) Maximum scoring 15 (weighting x3).

We will monitor:

- The take-up of the offer from head count information supplied by providers.
- The number of enquiries (by FIS phone call or parent portal).
- Anyone eligible but not accessing to establish reasons and offer support to access.
- Unemployment rates and impact of the offer.

The evaluation of the data collected we have various strands:

- For those taking up the offer we will evaluate via questionnaires their views on the ease of process and suitability of provision in meeting their needs.
- The number of enquiries will be an indication of the success of our marketing messages. Analysed geographically, this will show any areas needing further/different marketing initiatives.
- For those eligible but not accessing, evaluation of provision in the locality and parental requirements will inform our sufficiency assessment and hence guide future work.
- We will evaluate geographical unemployment patterns for families with 2, 3 or 4-year olds.

Gateshead strengths include – staffing expertise and knowledge, current levels of sufficiency, robust, well-tested processes for grant allocation and monitoring, senior management and political buy-in, strong take-up of free entitlements and a diverse childcare market.

From our Early Implementer learning, we will share in a variety of ways; websites, briefings, mentoring links, one-to-one conversations:

- Questionnaire.
- Analysis of demand.
- Sufficiency analysis.
- Application forms, eligibility criteria and weightings for capital/revenue grants.
- Individual locality learning journey logs, including the analysis of options for partnership working, their pros and cons, options selected and why.
- Recommended Practice Standards for Transitions.
- Procurement paperwork.
- Film.
- Unemployment rates and impact of various strategies on reducing unemployment.
- Support any provider on the configuration of the Tribal system, including parent and provider portals and funding modules.

We confirm that we would be willing to participate in the national evaluation to share our learning.

As part of the assessment for question 3, please set out:

- How you plan to monitor take-up among working parents and how this will be carried out
- How you will work with others (e.g. health care professionals, practitioners, children's centres, schools, CMAs and providers) to share your learning and experiences from early implementation.
- Please also confirm that you would be willing to participate in a process of national evaluation with other areas to share your learning and experience from the early implementer trials. This is likely to include asking parents who receive a 30-hours funded place to, on a voluntary bases, provide information about how their working patterns changed (or not) when they access a place.

4) Staffing, Governance and Risks – (200 words max.) Maximum scoring 15 (weighting x3)

Most of the co-ordination work will be carried out by existing Early Years staff. We have a project board made up of senior officers from Early Years, Finance, Legal and School Organisation, who have many years' experience in implementing government's Early Years initiatives. The board will lead the implementation and consult with stakeholders (Schools Forum, schools, PVI and parents).

The board will report to strategic management within Care, Wellbeing and Learning, who in turn will report to councillors.

Main contacts: Jan Batchelor (janbatchelor@gateshead.gov.uk, 0191 433 5108) and Julie Robertshaw (juierobertshaw@gateshead.gov.uk, 0191 433 5128).

Our Provider and Parent portals will allow us to check eligibility and make increased payments to providers using existing staff.

Risk Table

Risk	RAG Rating	Mitigation
Insufficient capacity in sector		Effective use of grants, careful planning and monitoring, identifying innovative localised solutions.
Tight deadlines		Plan timelines and monitor. Experienced officers, many systems in place, consultation started.
2 Year places taken by 3s/4s as currently more viable		Locality cluster meetings to identify possible options available to parents.
Vulnerable children not safeguarded		Training provided, especially for transitions
No equality of opportunity/mixed market of provision confusing for parents		Fair and transparent admission policies for schools. Publicity explaining options available.

As part of the assessment for question 4, please set out how you plan to manage the trial, including:

- Management and governance arrangements, including who would be responsible for contact with the Department and shared learning activities.
- Key risks including your outline plans for managing and mitigating them. These should include arrangements to meet your equality duties and safeguarding vulnerable children (where this is applicable); and
- How you will involve local providers and/or partnerships in management and governance arrangements.

DECLARATION	
I confirm that the information given in this application is true and complete and that, if successful, the local authority will administer any grant in accordance with the letter supplied by the Department for Education.	
Name (block capitals):	JAN BATCHELOR & JULIE ROBERTSHAW
Position (Job Title):	Childcare Support Lead Officers
Date:	19 th November 2015
Contact details including email address:	Gateshead Council, Early Years and Childcare Service, Gateshead Civic Centre, Regent Street, Gateshead. NE8 1HH. (janbatchelor@gateshead.gov.uk). Tel 0191 433 5108 (julierobertshaw@gateshead.gov.uk). Tel 0191 433 5128
Signature:	Jan Batchelor & Julie Robertshaw
Countersigned (by the DCS):	David Bunce

Item 6

TITLE OF REPORT: Autumn Statement Update

Purpose of the Report

1. The purpose of this report is to bring to Schools Forum attention the updates in the Chancellors Autumn Statement that will impact on Early Years, Schools and High Needs Blocks of the DSG and possible changes in Education Services Grant.

Background

2. The Chancellor made his Autumn Statement on 25th November setting out spending plans for the Department of Education from 2017/18 to 2019/20.
3. Current understanding is that funding levels for 2016/17 will not be affected by the spending review, and the DfE will consult on a number of proposals that will affect early years, mainstream schools, special schools in all sectors and local authorities.

Early Years Block

4. There will be an additional £300 million from 2017/18 to increase the average hourly rate paid to childcare providers, and to fund the increase to 30 hours free entitlement for working parents. The definition of working parent seems to have changed from those working 8 hours or more to 16 hours and an income earning cap of £100,000.
5. There is no detail yet on what Gateshead's rates will be as only the national average rates have been announced. The new rates are based on information the DfE collected in the summer call for evidence on the cost of childcare, and below is a link to the summary report.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479662/151124_Exec_Summary_Analytical_review_FINAL_VERSION.pdf

6. The Government also announced their intention to consult on the introduction of a national funding formula for early years settings early in the New Year.

Schools Block

7. Core schools budget in England is to be protected in real terms (per pupil rate for the Dedicated Schools Grant to be protected in cash terms). The Government announced their intention to introduce a national funding formula in 2017/18 and consult on the implementation early in 2016. Transitional protection for changes was announced but there is no detail as to the timescales or protection rates.

The Chancellor announced the Government's intention to help all secondary schools to become an academy.

High Needs Block

8. We are not anticipating any change to the High Needs Block for 2016/17, but the Government announced its intention to introduce a national funding formula for the High Needs Block from 2017/18, again this will be consulted on during 2016/17. Again there will be some transitional protection, but the details are not known.

Post 16

9. The Autumn Statement announced a cash terms protection of the current national core funding rate per student for 16 to 19 year olds in school sixth forms, sixth form colleges and further education colleges in England for the rest of the Parliament.

Capital

10. The DfE have also pledged an additional £50 million capital funding to help increase capacity in early years settings.
11. The government is going to investing £23 billion in school buildings, opening 500 new free schools, creating 600,000 school places, rebuilding and refurbishing over 500 schools and addressing essential maintenance needs. The government is also investing in new school places for children with special educational needs and disabilities.

Other Grants

12. Funding rates for Pupil Premium and Universal Infant Free School Meals will be funded at the same rates.
13. There will be £600 million cuts to Education Services Grant (ESG) and a consultation on local authorities' statutory duties. The Government have announced that transitional protection for higher funded academies will be phased out.

Procurement

14. The government will help schools to make savings on procurement, including by exploiting economies of scale. In 2016 the government will publish a set of specific actions to support school leaders target over £1 billion a year in procurement savings by the end of the parliament through benchmarking, guidance and improved framework contracts.

Impact

15. The estimated impact on Gateshead schools and LA are as follows:-
 - The Early Years Block will see an increase in overall funding and hourly rates. However with the DfE suggesting that early education can be more efficient by always having places full, maximising ratios, i.e. all settings working on a 1:13 ratio and smaller providers sharing back office functions, together with the need to move the funding of Early Years SEN team from the High Needs Block and the administration of the grant into this block the full increase will not be able to be passed to providers.

- There is a high probability that the schools block will see a reduction in funding as Gateshead's current Schools Block Unit of Funding (SBUF) is £4559, and is the 61st best funded authority out of 151. However as it is not known how the new funding allocations will be calculated it is not known what the impact on Gateshead SBUF will be.
- The Autumn Statement said that Post 16 core funding would be protected, however there was no mention of additional elements such as Additional Learner Support (ALS) amounts.
- The announced cuts to ESG represent approximately 60% of this grant. It is anticipated that the cuts to ESG will be difficult for both LA's and academies, with academies expected to fund more of these statutory and regulatory duties from within their individual school budget.

Proposal

16. That Schools Forum notes the contents of this report and possible impacts of the Autumn Statement, and further reports will be brought to Schools Forum as further details are published.

Recommendations

17. It is recommended that Schools Forum notes the contents of the report.

For the following reasons:

- To inform Schools Forum of the contents and possible impacts of the announcements affecting Gateshead's schools and settings.

CONTACT: Carole Smith

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Item 7

TITLE OF REPORT: Growth Fund Allocation

Purpose of the Report

1. To inform Schools Forum that there has been an application for Growth Funding which does not satisfy all of the Growth Fund criteria approved by Schools Forum, and that there has been a request from the school for Schools Forum to consider a request for funding outside the criteria.

Background

2. In December 2014 Schools Forum approved the creation and the criteria of a Growth Fund for mainstream schools. Schools Forum agreed to centrally hold £100K of the Dedicated Schools Grant for a Growth Fund as a permitted centrally retained service in accordance with Schools and Early Years Finance Regulations and the Education Funding Agency Schools Revenue Funding 2015 -16 Operational Guide.
3. The criteria for the Growth Fund have been checked and passed for compliance by the Department for Education.

Ravensworth Terrace Primary School

4. Ravensworth Terrace Primary School has made an application to the Growth Fund for funding for pupil growth from September 2015.
5. In order to accommodate the number of pupils within the Birtley area requiring places Ravensworth Terrace School was identified for expansion.
6. In July 2013, the Government confirmed that Gateshead Council was successful in obtaining £1.76m of capital funding from the Targeted Basic Needs Programme to expand Ravensworth Terrace Primary School from 193 places to 420 places on its existing site.
7. In February 2014, Cabinet approved the consultation process in relation to the proposal to expand Ravensworth Terrace Primary School from September 2015. This involved a separate informal and statutory process in line with School Organisation legislation. However planning permission to be able to proceed with the proposal to expand Ravensworth Terrace Primary School on its existing site was refused by the Council's Planning and Development Committee on 4th June 2014.

8. In July 2014, Cabinet approved the development of a new proposal and consultation to expand Ravensworth Terrace Primary School on a new site. As a consequence the Education Funding Agency approved the transfer of the £1.76m to contribute to a new build Ravensworth Terrace Primary School.
9. Following Cabinet's decision, an informal consultation process took place from the 6th February 2015 to 6th March 2015 and subsequently a statutory notice and proposal were published on the 15th May 2015. The statutory publication process allows a four week period for representations to be made on the proposals, during which time any person may make comments on or objections to the proposal.
10. The response was very low with only 6 replies from residents who were broadly concerned about the impact the larger school on a different site would have on the area in relation to increased noise and traffic. There were also concerns raised around the lack of school places in the area. Both the governing bodies of Portobello Primary School and St Joseph's Infant School felt that the increase in numbers at Ravensworth Terrace Primary School, despite broadly acknowledging the need for additional places in the Birtley area, would potentially impact on the future viability of other schools in the Birtley.
11. The formal consultation to expand the school places at Ravensworth Terrace Primary School took place over a four week period from the 15th of May until the 15th of June 2015. As part of the formal consultation process information was provided to all Headteachers of neighbouring schools, notices were placed at and around Ravensworth Terrace Primary School and a notice was published in the local newspaper. There were no representations made during the statutory period.
12. The new school is now in construction phase, but due to site issues the original estimated completion date of September 2016 does not look achievable.
13. Early in 2015 it became apparent that there would not be enough reception places in Birtley to cope with demand. Several options were considered, including increasing places at Ravensworth Terrace before the completion of the new build and increasing numbers at Birtley East. The decision was taken to increase places at Birtley East as the school had capacity to take an extra year group, and the PAN for 1 year for reception was increased to 50. This increased number will follow the children through the school.
14. Due to all the circumstances outlined above, in the admissions booklet for September 2015, Ravensworth Terrace had a provisional PAN of 60 places, dependant on the creation of additional space at the school. Ravensworth Terrace School is a very popular, outstanding school with high demand for places. For September 2015 the school had applications over the 30 available places. The school made the decision to accept all applications and admit 41 pupils in September 2015, as the school stated that they had the space available and the PAN of 60 had been published.
15. The school does meet some of the criteria for growth funding. The school has been allocated basic need funding to increase places in the area, however the new school is not yet available.
16. The school had a published PAN of 60, although this increase was linked with the completion of the new school which has not yet completed.

17. The LA in conjunction with other schools in the area did increase capacity in another school for one year group to increase capacity in the area.
18. Numbers in the school have increased from 208 in October 2014 to 221 in October 2015, this is an increase of 13 pupils with a total of 41 pupils being in reception, however this is only an increase of 6% on October 2014 pupil numbers and is below the 10% threshold in the Growth Fund Procedure.
19. The school has a projected deficit at the end of the financial year.
20. If Schools Forum agreed that Growth Funding was applicable under these circumstances the below would be the calculation.

In accordance with the Growth Funding criteria, the allocation is calculated as
AWPU * pupil numbers * 7/12

£2,905 * 13 pupils * 7/12 = £22,030.

Proposal

21. That Schools Forum considers the application for Growth Funding by Ravensworth Terrace School and decides if Growth Funding is applicable in this situation.

Recommendations

22. That Schools Forum decides if Growth Funding is applicable in this situation.

For the following reasons:-

- The Growth Funding application does not meet all the criteria agreed by Schools Forum and as such any application for funding must be brought to Schools Forum for a decision.

CONTACT: Carole Smith

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REPORT TO SCHOOLS FORUM

10 December 2015

Item 8

TITLE OF REPORT: Directed Revisions to the Scheme for Financing Schools

Purpose of the Report

1. This report brings to Schools Forums attention the directed revisions to Gateshead's Scheme for Financing Schools and some additional amendments due to changes in procedures and school status for review before all maintained schools are consulted on the amendments to the Scheme.

Background

2. On the 19th August 2015 the DfE published new statutory guidance for local authorities on the Scheme for Financing Schools. The full guidance is available on the below link.

<https://www.gov.uk/government/publications/schemes-for-financing-schools>

3. Under sections 48 of the School Standards and Framework Act 1998 and schedule 14 to the Act, each local authority must publish a Scheme for Financing Schools. The Scheme sets out the financial relationship between the Authority and the maintained schools which it funds, it contains requirements relating to financial management and associated issues, binding on both the Authority and schools.
4. The directed revisions state that all maintained schools must be consulted on any updates to the Scheme, and receive approval of the members of Schools Forum representing maintained schools. The revised amendments must be published on a website accessible to the general public.
5. The Scheme covers all Community, Voluntary Aided and Foundation schools and covers all sectors- Nursery, Primary, Secondary, PRU's and Special Schools. Academies and Free Schools are not covered by the Scheme.

A copy of the draft Scheme is electronically available for review.

6. Directed Revisions to the Scheme

The main changes are summarised below:

Removal from the Scheme of the requirement of:

- All references to General Purpose Accounts under banking arrangements

Inclusions to the Scheme of:

2.9 Requirement for maintained schools to publish a register of the business interests of their governors, along with any relationships between staff.

9. PFI /PPP

An authority may wish to insert into its scheme other provisions relating to Private Finance Initiative (PFI) / Public Private Partnership (PPP) projects. Amongst other issues these might deal with the reaching of agreements with the governing bodies of schools as to the basis of such charge; and the treatment of monies withheld from contractors due to poor performance.

Among PFI/PPP provisions may be one which formally sets out the power of the authority to charge school's budget share amounts agreed under a PFI/PPP agreement entered into by the governing body of a school.

7. Other Revisions

- 3.6.1 School Payment Cards has been included
- The following Schools have been deleted from the Scheme following conversion to Academy Status:
 - Thomas Hepburn
 - Charles Thorpe
 - Sacred Heart
- Other Schools that convert will be deleted from the Scheme as they transfer.
- Post titles and references have been changed to reflect the changes in the Authorities internal structure.

- General updates to reflect any changes in legislation.
- The Scheme and the dates of any amendments have to be published on Gateshead Councils Webpage.

Proposal

8. That Schools Forum reviews the draft Scheme prior to all maintained schools being consulted on the revised Scheme.

Recommendations

9. Schools Forum is asked to review the changes to the Scheme for Financing Schools prior to the Scheme being sent out to all maintained schools.

For the following reason(s):

- To provide Schools Forum with an opportunity to comment on the Scheme prior to consultation with all maintained schools.
- To ensure compliance with the Schools standards and Framework Act 1998 and schedule 14 to the Act.

CONTACT: Carole Smith

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GATESHEAD COUNCIL
CORPORATE RESOURCES



SCHEME FOR FINANCING SCHOOLS

**CIVIC CENTRE
REGENT STREET
GATESHEAD
NE8 1HH**

November 2015

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Annexes

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- C - Division between Capital and Revenue for Repair and Maintenance of Buildings

References

References throughout this scheme to:

“the Act” are to the School Standards and Framework Act 1998

“the authority” means Gateshead Metropolitan District Council

“the Regulations” are to the Schools and Early Years Finance (England) Regulations 2014 made under the act

“the Scheme” means this scheme for financing schools in Gateshead

If there is any inconsistency between any of the provisions of the Scheme and the provisions of the Manual of Financial Procedures, the provisions of the Scheme shall prevail.

1 INTRODUCTION

1.1 The Funding Framework

- 1.1.1 This revised scheme for the financing of maintained schools within Gateshead Metropolitan Borough Council will come into operation on ~~XXXXXX~~ 2015. It replaces all previous versions of the scheme. The framework governing the arrangements for the financing of schools is in accordance with the legislative provisions set out in sections 45 to 53 of the School Standards and Framework Act 1998.
- 1.1.2 Under this legislation the authority (as the Local Education Authority) determines for itself the size of its Schools Block, Early Years Block and High Needs Block, although the Secretary of State has power to require an authority to change the levels of the blocks to a prescribed level.
- 1.1.3 The categories of expenditure which fall within the three blocks are prescribed under regulations made by the Secretary of State, but included within them, is all expenditure, direct and indirect, on an authority's schools. The authority may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under section 45A of the Act. The amounts to be retained centrally are decided by the authority, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB), and it is this amount that is delegated to the governing bodies of schools. Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.4 The authority may retain an unallocated reserve within the ISB but must otherwise distribute the ISB amongst its 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. The formulae adopted by the authority are circulated to all schools and is available separate to this scheme. This budget share is then delegated by the authority to the governing body of the maintained 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 this scheme in accordance with section 48 of the Act and approved by the Secretary of State. All schools must be consulted with on any proposals to revise the scheme, and all changes must be approved by the schools forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority. Furthermore, within the parameters set by this scheme, the governing body's powers and responsibilities for the management of their delegated budget are subject to the general direction of the Strategic Director, Corporate Resources as the statutory Section 151 Officer of the authority.
- 1.1.5 Subject to the provisions of this scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of

State in regulations made under section 50 of the School Standards and Framework Act 1998.

- 1.1.6 The authority 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. There is a right of appeal to the Secretary of State. A school's right to a delegated budget share may also be suspended for other reasons (Section 17 of the SSAF Act 1998).
- 1.1.7 The authority will publish each year a statement setting out details of its planned Schools Budget and authority budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. At the end of each financial year the authority will publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school. Both types of statement are subject to audit certification by external audit, and information in them may be collated and published by the Secretary of State. Regulations also require a local authority to publish their scheme and any revisions onto a website accessible by the public.
- 1.1.8 The detailed requirements for financial statements and for schemes are set out in regulations issued each year from the Secretary of State, but the authority will make available to each school a copy of the scheme and any amendment, and each year's budget and out-turn statements so far as they relate to that school or central expenditure.

1.2 The Role of the Scheme

The scheme sets out the financial relationship between the authority and the maintained schools which it funds, and puts in place requirements relating to financial management and associated issues which are binding on both the authority and on schools.

1.3 Application of the Scheme to the Authority and Maintained Schools

The scheme applies to all schools maintained by the authority, i.e. all Community, Voluntary, Foundation, Community Special and Foundation Special Schools and PRU's. It does not apply to schools situated in the authority's area which are maintained by another authority, nor does it apply to Academies.

1.4 Publication of the Scheme

The authority will make available a copy of the scheme to the head teacher and to the governing body of each school covered by the scheme, and, in addition, will notify each such school of any approved revisions to the scheme. The scheme will also be available to view on the authority's website. Revised versions must be published by the day they come into force, together with a statement that the revised scheme comes into force on that date.

The authority will comply with regulations made by the Secretary of State in relation to publication of the scheme.

1.5 Revision of the Scheme

Should it be necessary at any time to revise all or part of the scheme; the authority will ensure that any proposed revisions are the subject of consultation with schools and the Schools Forum. Where a schools forum does not approve the revisions or approves them subject to modifications that are not acceptable to the authority, the authority can apply to the Secretary of State for approval.

1.6 Delegation of Powers to the Head Teacher

The governing body of each school covered by the scheme is required to consider the extent to which it wishes to delegate its powers to the head teacher, and to record its decision (and any subsequent revisions) in the minutes of the governing body.

Such decisions by the governing body are subject to any requirements of regulations made under section 38 of the Act, and Schedule 11 thereto.

The first formal budget plan of each financial year must be approved by the governing body. To assist governing bodies with this, the authority has provided guidance on levels of delegation as part of the Manual of Financial Procedures.

1.7 Maintenance of Schools

The 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 the authority maintains its schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

2 FINANCIAL REQUIREMENTS; AUDIT

2.1 General Procedures

2.1.1 Application of Financial Controls to Schools

The Strategic Director, Corporate Resources is responsible for the proper administration of the authority's financial affairs in accordance with section 151 of the Local Government Act 1972.

Each school governing body shall comply with the requirements of the Strategic Director, Corporate Resources on the financial controls and monitoring arrangements to be applied in the management of their delegated budget.

The Strategic Director, Corporate Resources requirements are contained:-

- In this Scheme
- In the authority's Financial Regulations
- In the Manual of Financial Procedures
- In such additional instructions as the Strategic Director, Corporate Resources may consider appropriate in particular circumstances.

Any school which operates its own external bank account, under para 3.4 of this Scheme, shall be required to comply with financial and administrative controls specified by the Strategic Director, Corporate Resources to ensure that the interests of the authority and its staff are adequately protected through the operation of a robust system of internal control.

2.1.2 Provision of Financial Information and Reports

The school's governing body shall provide to the authority, in a form determined by the Strategic Director, Corporate Resources, copies of accounts and records and any other relevant documents and information that the authority may, from time to time, require from the governing body.

Details of anticipated and actual income and expenditure shall be provided to the authority, in a form and at times determined by the Strategic Director, Corporate Resources, but no more than once every three months, by any school which operates its own external bank account and/or does not utilise the authority's on-line financial reporting system. Details of these requirements are set out in the Manual of Financial Procedures.

2.1.3 Payment of Salaries; Payments of Accounts

Procedures for the payment of salaries and for the payment of accounts shall be in accordance with the authority's Financial Regulations, the Manual of Financial Procedure and any additional instructions issued by the Strategic Director, Corporate Resources.

Separate regulations are specified according to the position at each school on the bank account arrangements and/or the buy-back of services from the authority. These will ensure that any school which does not use the authority's corporate systems provides all the necessary information to

enable the Strategic Director, Corporate Resources to discharge his/her responsibilities in relation to statutory returns which the authority is obliged to provide to other bodies, including the Department of Health and HM Revenue and Customs.

2.1.4 Control of Assets

Inventories shall be maintained by all schools and kept up to date. They must contain an adequate description of furnishings, fittings, equipment, plant, machinery, vehicles and other property of the authority. The extent of the record and the form of the inventory is to be determined by the Strategic Director, Corporate Resources.

Each school governing body is responsible for making checks of such inventories not less than once per year. Any shortages or surpluses, including those arising out of the disposal of surplus or obsolete items are to be formally authorised by the governing body, all such authorisations to be retained at the school for inspection by the Strategic Director, Care Wellbeing and Learning and the Strategic Director, Corporate Resources. Procedural guidance is given in the Manual of Financial Procedures for Schools.

Each school governing body is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under their control. They shall consult the Strategic Director, Corporate Resources in any case where security is thought to be defective or where it is considered that special security measures may be needed.

2.1.5 Accounting Policies (Including Year-End Procedures)

The Strategic Director, Corporate Resources shall be responsible for the production of financial management information and shall keep the authority informed of the financial implications of all new policies and changes of policies.

The governing body of the school shall consult the Strategic Director, Corporate Resources with respect to any matter within their purview which is liable materially to affect the finances of the authority before any provisional or other commitment is incurred.

The governing body shall ensure that delegated budgets are managed in accordance with accounting policies and procedures determined by the authority. Specific requirements for any school which operates its own external bank account and/or does not utilise the authority's on-line financial reporting system are set out in the Manual of Financial Procedures.

2.1.6 Writing Off Debts

Sums due to the authority exceeding £500 shall not be written off in the books of account except by the authority of the governing body concerned. Sums of less than £500 may be written off on the joint authority of two persons duly authorised by the governing body if they are both satisfied that the debt is irrecoverable or it is not worth attempting further to recover in view of the costs involved. Details of amounts written off shall be submitted to the Strategic Director, Corporate Resources for his/her information.

Alternatively the governing body may wish to agree a lower amount for debt write offs. This should be formally agreed on an annual basis.

2.1.7 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.

2.1.8 Schools Financial Value Standard (SFVS)

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

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

Maintained schools must submit the form to the local authority annually before 31 March.

2.2 Basis of Accounting

The authority's financial year runs from 1 April to 31 March.

The authority prepares its accounts on an accruals basis. Any school which does not utilise the authority's on-line financial reporting system shall provide accounting information on an accruals basis in accordance with the Manual of Financial Procedures for Schools and the instructions of the Strategic Director, Corporate Resources.

2.3 Submission of Budget Plans

Each school governing body shall submit to the authority a budget plan, prepared in accordance with the requirements of the Strategic Director, Corporate Resources, as soon as possible but no later than 1st May. An example budget plan is included in the Manual of Financial Procedures and takes account of the Consistent Financial Reporting framework.

In consultation with the authority schools can take account of an estimate of surplus at the previous 31 March in their budget plan. Schools must take account of any estimate of deficit at the previous 31 March in their budget plan.

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

Any school which is scheduled to close during the financial year must include with its budget plan a profile of the projected expenditure, and also submit to the authority monthly monitoring statements of actual expenditure and all commitments against the budget share.

Revised plans shall be submitted to the authority at quarterly intervals by any school which operates its own external bank account and/or does not utilise the authority's own on-line financial reporting system.

The authority shall provide to the school governing body all income and expenditure data which it holds which is necessary for efficient planning by the school in a form determined by the Strategic Director, Corporate Resources. For those schools using the authority's online financial system this will be on a daily basis. For those schools with external bank accounts it will be at the end of each quarter.

2.4 Submission of financial forecasts.

Schools may be required to submit a revised indicative budget plan and financial forecast covering each year of a multi-year period, taking into account the latest information about both income and expenditure and known adjustments to budget share.

2.5 Efficiency and Value for Money

Given the very high proportion of local authority spending which flows through delegated budgets, the government considers it desirable that schools should demonstrate efficiency and value for money principles in their expenditure.

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

2.6 Virement

A school governing body will have freedom to exercise a virement between budget heads within their delegated budget. Individual instances of virement shall be authorised in accordance with levels of delegation approved by the governing body and shall be formally documented in accordance with the Manual of Financial Procedures.

The school governing body must, however, ensure that costs are correctly coded against the appropriate budget. If insufficient budget remains to accommodate such costs, then it will be necessary to vire funds from another budget head.

2.7 Audit: General

2.7.1 The Accounts and Audit Regulations 2015 require that the 'authority must undertake an effective internal audit to evaluate the effectiveness of its risk

management, control and governance processes, taking into account public sector internal auditing standards or guidance’.

A continuous internal audit under the independent control of the Strategic Director, Corporate Resources shall be maintained. It shall be the responsibility of internal audit to review, appraise and report upon:

- (a) The soundness, adequacy and application of internal controls.
- (b) The extent to which the authority's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
 - (i) Fraud and other offences.
 - (ii) Waste, extravagance, inefficient administration, poor value for money or other cause.
- (c) The suitability, reliability and effectiveness of financial and other management data developed within the schools.

2.7.2 The Strategic Director, Corporate Resources or his/her authorised representative shall have authority to:

- (a) Enter at all reasonable times on any school premises or land.
- (b) Have access to all records, documents and correspondence, including those in an electronic form, and any other sources of relevant information relating to any financial and other transactions of the school.
- (c) Require and receive such explanations as are necessary concerning any matter under examination.
- (d) Require any employee of the authority to produce cash, stores or any other authority property under his/her control

2.7.3 The authority and its schools shall be subject to external audit. Each school governing body shall be required to co-operate in the conduct of the statutory audit process.

2.8 Separate External Audits

A school governing body may spend funds from its budget share to obtain specific external audit certification of its official accounts, separate from the normal audit coverage by the authority's external auditors.

2.9 Audit of Voluntary and Private Funds

All voluntary unofficial funds held by the school, and the accounts of any trading organisations controlled by the school, must be audited every year by two independent auditors. The school governing body should consider appointing a firm of accountants as auditors, where extensive funds are maintained. Any cost incurred must be met from the fund itself and not from the school's budget share.

an audit certificate in the approved form must be completed and forwarded to the Strategic Director, Corporate Resources within three months of the year end of the fund.

2.10 Register of Business Interests

Each school governing body must establish a register which lists for each member of the governing body, the Head Teacher and other staff with financial responsibility:

- Any business interests they or any member of their immediate family have. The register must include all business interests such as directorships, shareholdings and other appointments of influence within a business or other organisation which may have dealings with the school.
- Details of any other educational establishments that they govern.
- Any relationship between school and staff members of the governing body.

The governing body shall ensure that the register is kept up to date with notification of changes and through annual review of entries. The register shall be made available for inspection by governors, staff and parents, and by officers of the authority and be published on a publicly accessible website i.e. the school's website.

2.11 Purchasing, Tendering and Contracting Requirements

Every contract, whether made by the governing body, or by any person appointed to them to act on their behalf, shall comply with the authority's Financial Regulations for Schools, including the requirement on schools to assess in advance, where relevant, the health and safety competence of contractors, taking account of the authority's policies and procedures. No exception from any of the regulations shall be made other than by the direction of the authority. Every exception shall be recorded in the minutes of the next meeting of the governing body.

Detailed procedures, including financial limits for obtaining quotations and tenders, are set out in the Financial Regulations and in the Manual of Financial Procedures.

Schools are exempt from any section of those regulations and standing orders which 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 authority 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. or would permit schools to seek fewer than four tenders or quotations in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions

2.12 Application of Contracts to Schools

Where responsibilities and the corresponding funding are delegated, schools are free to opt out of contracts arranged by the authority. Before entering into any new contracts, schools are encouraged to seek and follow the advice and guidance of the authority.

Where schools agree or have agreed to enter into a contract or service level agreement with the authority for services paid for out of delegated budgets irrespective of the detail of delegation, schools may not make alternative arrangements until that contract or agreement expires, except with the specific written agreement of the authority. Where a school agrees to be covered by contractual arrangements in respect of services for their school and where these are entered into by the authority on their behalf, it may not make alternative arrangements until those contracts expire.

Under paragraph 3 of schedule 1 of the Education Act 2002 the governing body has the power to enter into contracts, but in mostly it does so, on behalf of the authority as maintainer of the school and the owner of the funds in the budget share. However, 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.

2.13 Central Funds and Earmarking

The authority may make sums available to schools from central funds in the form of allocations which are additional to and separate from the schools' budget shares, e.g. Additional Grants.

Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used, and shall not be vired into the school's budget share.

The authority retains the right to have returned to it any earmarked funds not spent in-year by any school subject to the grant terms and conditions.

Where a school expends earmarked funding for purposes other than those for which the funding was originally allocated, the authority will recover such sum from the budget share in the same or following financial year.

There will be no deduction made to devolved specific or special grant for loss of interest to the authority.

2.14 Spending for the Purposes of the School

It shall be the responsibility of the school governing body to ensure that its budget share is spent only for the purposes of the school (for the educational benefit of the school's pupils), and in accordance with the provisions of this Scheme.

From April 2011, section 50(3a) of the Schools Standards Framework Act 1998, 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.

A school governing body can use its budget share to meet the cost of capital expenditure.

2.15 Capital Spending from Budget Shares

Governors may spend part of their budget share to meet the cost of capital expenditure on the schools premises.

Where such expenditure in any one year will exceed **£15,000** the governing body must inform the authority in advance and take into account any advice from the authority as to the merits of the proposed expenditure. In the case of voluntary controlled school or if the premises are owned by the authority then the governing body should seek the consent of the authority to the proposed works, but such consent can be withheld only on health and safety grounds.

2.16 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 Strategic Director, Corporate Resources and the Strategic Director of Care Wellbeing and Learning, 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 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, but are not limited to:

- 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 the school.
- Insisting on regular financial monitoring meetings at the school attended by the authority officers.
- Requiring a governing body to buy into the authorities 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 the requirements placed upon the school by the authority as well as expected timescales and any other conditions which need to be met 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.

2.17 Schools Financial Value Standard (SFVS)

All authority maintained schools (including nursery schools and PRUs' that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standards (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at which time of 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 authority before 31 March each year.

2.18 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 those controls. This information must also be included in the induction for new school staff and governors. All schools must take account of the authorities Counter Fraud and Corruption Policy.

3 INSTALMENTS OF THE BUDGET SHARE, BANKING ARRANGEMENTS

Schools that choose not to operate their own bank account will have access to their entire budget share from 1 April each year. This will include any commissioned place led funding.

All schools may operate their own independent bank account and the provisions of the paragraphs below only apply to schools that choose to operate their own independent bank accounts.

3.1 Frequency of Instalments

Schools that request their budget share to be paid into a bank account will receive an instalment at the beginning of each month. Top up funding will be paid on a termly basis, as agreed locally, however individual schools that have bank accounts can request monthly top up payments.

3.2 Proportion of Budget Share

The proportion of budget share will be equal to $\frac{1}{12}$ th of the non-staffing budget payable on the first working day of the month. The staffing budget will be available on the relevant pay dates, on a basis to be determined by the Strategic Director, Corporate Resources.

3.3 Interest Claw Back

The authority will deduct from the budget share instalments an amount equal to the estimated interest lost by the authority in making available the budget share in advance.

Advances are calculated as follows to discount the loss of cash flow to the authority and are credited monthly.

Budget Share instalment (A) minus loss of interest (B)
where B = loss of cash flow based upon the formula as follows:

$$A \times \left[\begin{array}{l} \text{Bank Base Rate} - 0.25\% \\ \text{(Wednesday midday)} \end{array} \right] \times 0.0325 = B$$

This claw back will not apply to devolved funds or specific grants.

3.3.1 Interest on late budget share payments

Were the authority to pay a monthly instalment after the due date, interest would be due to the school at the same rate as in 3.3 above.

3.4 Bank and Building Society Accounts

Schools will be permitted to have external bank accounts into which their budget share instalments are paid. The account must commence from the beginning of the financial year. Where such accounts attract interest, the school will retain interest payable/receivable on the account.

- (a) notify the authority 4 months in advance of the proposed date of opening the account (i.e. four months in advance of the commencement of a financial year).
- (b) have no deficit balance on 31 March of the preceding year.
- (c) meet their own bank charges

On opening an external bank account, if a school desires, there will be an estimate of any surplus balance held by the authority in respect of the schools budget share, agreed between the authority and school. This balance will be deposited into the account and adjusted up or down when the actual final balance is known.

3.4.1 Restriction on Accounts

Schools wishing to set up their own external bank account must seek advice from the authority's Treasury Management Department for a list of approved banks/financial institutions to choose from.

If a school has such an account a mandate should provide that the authority is the owner of the funds in the account, that it is entitled to receive statements and can take control of the account if delegation is withdrawn.

Budget share funds paid by the authority and held in school's accounts remain authority property until spent.

Governors, unless they are members of staff, may not be signatories on a school bank account.

3.5 Borrowing by Schools

Governing bodies may borrow money including bank overdrafts and finance leases, only with the written permission of the Secretary of State, after discussion with the authority. The Secretary of State has stated that the Salix Scheme introduced to support energy savings is available to schools without specific prior approval.

Schools must not hold credit cards or overdrafts as this is also classed as borrowing.

However there is an in-house loan scheme (see para. 4.8).

3.6 Other Provisions

3.6.1 School Payment Cards

Schools have the option to participate in the School Payment Card scheme. The Payment card is no substitute for ordering goods through the official order procedures. The card should only be used where it offers better value for money and is to be regarded as a 'supplement' to such systems where the opportunity arises to purchase goods at the point of sale.

3.6.2 Insurance

Any increase in insurance premium deemed payable by the authority's insurers as a direct result of a school operating an external bank account, will be recharged to the respective budget share.

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

4.1 Right to Carry Forward Surplus Balances

The governing body of the school will be allowed to carry forward from one financial year to the next any surplus balance relative to the school's budget share for the year, plus/minus any balance brought forward from the previous year.

A school's surplus balance on 1 April will be equal to that at the previous 31 March.

4.2 Reporting on the Intended Use of Surplus Balances

The governing body must notify the Strategic Director, Corporate Resources, by 31 July of any balances in excess of 10% of the school's budget share for secondary schools and 16% or £20,000 for primary and special schools.

In addition, the governing body is required to report to the authority on the use which the school intends to make of surplus balances in excess of 10% and 16% respectively.

Detailed guidance can be found in the Schools' procedure note 001- Control of surplus balance procedure.

4.3 Interest on Surplus Balances and Cash Flow

Schools which continue to utilise the authority's banking arrangements, will accrue interest on any surplus balance and on their cash flow. The calculation will apply the Bank of England Base Rate less ¼% to the school's average weekly balance.

Interest will be credited quarterly in arrears.

4.4 Obligation to Carry Forward Deficit Balances

A school with a deficit balance must carry the deficit from one financial year to the next plus/minus any balance brought forward from the previous year. Deficit balances will be deducted from the following year's budget share.

A school's deficit balance on 1 April will be equal to that on 31 March previous.

4.5 Planning for Deficit Balances

The governing body of a school cannot plan for or set a deficit budget. However, in extenuating circumstances, with the prior permission of the authority, a licensed deficit over 2 years may be allowed and in exceptional cases 3 years. The deficit will be deducted from the following year's budget share and any interest adjusted accordingly.

Detailed guidance can be found in the schools procedure note – Challenge and support process for schools with a deficit budget.

4.6 Writing Off Deficits

The authority cannot write off the deficit balance of any school.

4.7 Balances of Closing and Replacement Schools

When a school closes, any balance (whether surplus or deficit) will revert to the authority.

Other than in exceptional circumstances, the balance will not be transferred as a balance to any other school, even where the school is a successor to the closing school/s, except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

4.8 Licensed Deficits

On the advice of the Strategic Director, Corporate Resources and with the prior permission of the authority, a licensed deficit over 2 years may be allowed. This will be a very rare occurrence and the authority will work with the governing body concerned over the whole of the period the school remains in deficit.

Approval for a deficit will only be approved where a governing body produces firm and realistic proposals to bring its spending into line with available resources within one financial year. In exceptional circumstances this period can be up to 3 years.

Where ever possible schools shall take the opportunity to pay off deficits more quickly than the agreed term.

Detailed guidance can be found in the schools procedure note –Challenge and support process for schools with a deficit budget.

4.9 Loan Scheme

In support of school improvement and raising achievement, the authority will operate a Loans Scheme for schools covered by the scheme.

- The purpose of the Loans Scheme is to provide schools with another method of financing the cost of large one-off projects of capital expenditure. Loans are not available to support day-to-day expenditure within a school's revenue budget.
- The maximum amount loaned to any individual school will be limited to 5% of the delegated budget of the school concerned. Primary schools with a budget share of £650,000 or less will be exempt from this limit in recognition that a 5% limit places a restriction on the benefit to be gained from the scheme by such small schools.
- The repayment period for a loan will be 3 years, although this may vary in the case of a small primary school which is granted a loan in excess of the 5% (of Delegated budget) limit. Each application for a loan will be appraised by the Strategic Director, Care, Wellbeing and

Learning and the Strategic Director, Corporate Resources, who jointly, will determine applications following consultation with the relevant portfolio holders.

- The authority will limit the Loans Fund each year to 25% of the previous year's collective schools' balances held by the authority, and not in an external bank account.
- The Loans Scheme is not applicable to a school which operates an external bank account.

5 INCOME

5.1 Income from Lettings

Schools are required to have regard to directions issued by the authority as to the use of school premises.

Schools can retain income from the letting of the school premises and can cross-subsidise lettings for community and voluntary use provided there is no net cost to the school budget share.

Lettings of school premises not owned by the authority are not affected by this provision except that a school's budget share must not subsidise non-school activities.

All income from school lettings must be paid, intact, into the school's budget share.

5.2 Income from Fees and Charges

Schools are required to have regard to any policy statements on charging produced by the authority.

Schools can retain income from fees and charges except where these arise from a service which is provided by the authority from centrally retained funds.

Schools must ensure that all relevant income is collected and paid, intact, into the school's budget share and that the school budget share does not subsidise non-school activities.

5.3 Income from Fund-Raising Activities

Schools can retain income from fund-raising activities. This should be held separate from the school budget share.

5.4 Income from the Sale of Assets

Schools can retain the proceeds of sale of assets except in cases where the asset was purchased with non-delegated funds (in which case it is for the authority to decide whether the school can keep the proceeds or not). Such income must be paid into the school's budget share. Where the asset concerned is land or buildings forming part of the schools premise is owned by the authority, the authority shall retain the income.

5.5 Administrative Procedures for the Collection of Income

5.5.1 School governing bodies are required to follow the directions and requirements contained in the authority's Financial Regulations. Procedural guidance for schools is provided in the Manual of Financial Procedures for Schools.

5.5.2 Schools should take advice from the authorities VAT advisor as to whether schools should charge VAT on lettings or the services that lead to fees and

charges and the VAT implications of fund raisings activities and the sale of assets.

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

6 THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General Provision

- 6.1.1 The authority can levy a charge on a school's budget share without the consent of the governing body only in circumstances permitted by the scheme and requires the authority to consult schools as to the intention of the charge, and notify the schools when it has been done. This is to ensure the authority can protect its financial position from liabilities caused by the action or inaction of governing bodies.

The authority does not wish to act unreasonably in the exercise of this power given by the scheme or it may be the subject of a direction under section 496 of the Education Act 1996.

The authority will consult schools as to the intention to do so, and notify schools when the recharge is made.

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

Some of the main circumstances where charges may occur are listed below:

- 6.1.2 Charging of salaries at actual cost.

The authority must charge salaries for school-based staff, to the school budget shares at actual cost including National Insurance, pension contributions and any other attributable costs.

- 6.1.3 Costs Incurred in Securing the Termination of Employment Contracts

Any school considering the termination of the employment contract of a member of staff employed to work at the school must seek the specific advice of the authority before making any formal commitment to terminate the contract whether or not the school has access to any other source of relevant advice, see appendix B.

6.2 Circumstances In Which Charges Will Be Made

- 6.2.1 Where premature retirement costs have been incurred without the prior written agreement of the authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the authority).
- 6.2.2 Other expenditure incurred to secure resignations where the school had not followed the authority's advice.
- 6.2.3 Awards by courts and industrial tribunals against the authority or out of court settlements arising from action or inaction by the governing body contrary to the authority's advice.

Awards may sometimes be against the governing body directly and would fall to be met from the budget share. Where the authority is joined with the governing body in the action and has expenditure as a result of the

governing body not taking authority advice, the charging of the budget share with the authority expenditure protects the authority's position.

- 6.2.4 Expenditure by the authority in carrying out health and safety work or capital expenditure for which the authority is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work.
- 6.2.5 Expenditure by the authority incurred in making good defects in building work funded by spending from budget shares, where the premises are owned by the authority or the school has voluntary controlled status.
- 6.2.6 Expenditure incurred by the authority 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 authority.
- 6.2.7 Recovery of monies including interest (where this is deemed to be appropriate by the disputes procedure contained within the terms and condition of the provision of services to schools document) 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 buy-back agreement, and the result is that monies are owed by the school to the authority.
- 6.2.8 Recovery of penalties or assessments including interest imposed on the authority by the Board of Inland Revenue, the Environment Agency the Contributions Agency or HM Customs and Excise, Teachers' Pension or other regulatory authority as a result of school errors, omissions or negligence.
- 6.2.9 Correction of authority errors in calculating charges to a budget share (e.g. pension deductions).
- 6.2.10 Additional transport costs incurred by the authority arising from decisions by the governing body on the length of the school day, and failure to notify the authority of non-pupil days resulting in unnecessary transport costs.
- 6.2.11 Legal costs which are incurred by the authority because the governing body did not seek or accept the advice of the authority.
- 6.2.12 Costs of necessary health and safety training for staff employed by the authority if the funding for training has been delegated but the necessary training not carried out.
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect (including authorised and unauthorised overdrafts).
- 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non-authority 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 Cost incurred by the authority in securing provision specified in a statement of SEN where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN and/ or specific funding for a pupil with high needs.
- 6.2.16 Costs incurred by the authority 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 authority as a result of the governing body being in breach of the terms of a contract.
- 6.2.19 Costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.

TAXATION

7.1 Valued Added Tax (VAT)

The authority is able to reclaim VAT on behalf of schools any VAT incurred on non-business activities. However this does not include expenditure by the Governors of a Voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their building.

All schools must comply with the instructions of the Strategic Director, Corporate Resources with regard to recovery of VAT. Schools utilising the authority's financial systems must both adhere to the Coding of Expenditure requirements outlined in the Manual of Financial Procedures and maintain supporting records for the refund VAT processed.

Schools not utilising the authority's financial systems must:-

- (a) Submit to the Strategic Director, Corporate Resources on a monthly basis a VAT Return in a format designated within the Manual of Financial Procedures in strict adherence to a timetable laid down at the commencement of each financial year.
- (b) Maintain all records to support this claim as detailed in the Manual of Financial Procedures for a period of not less than six years.
- (c) Ensure that all items included in the VAT Return are authority related expenditure as defined in the Manual of Financial Procedures.
- (d) Ensure that all records are available for inspection by HMRC at their discretion.

All Input VAT claimed on behalf of a school will be passed back to the school net of any Output VAT due, in accordance with systems outlined in the Manual of Financial Procedures.

If schools are unclear on any VAT issue, they should seek advice from the authority on VAT related matters to ensure that the correct VAT treatment is applied to transactions.

7.2 CIS (Construction Industry Taxation Scheme)

In order to facilitate both the necessary tax deductions and provide the required returns to the HMRC schools utilising the authority's financial systems must adhere to the instructions of the Strategic Director, Corporate Resources within the Manual of Financial Procedures when processing contractor's invoices for payment.

Schools not utilising the authority's financial system must:

- (a) Establish a register of contractors.
- (b) Inspect contractor's registration cards to ascertain whether the contractors are exempt or whether tax deductions are required, with all decisions being documented.

- (c) Ensure accurate deduction of tax at the appropriate rates.
- (d) Maintain detailed records of payments made to each contractor.
- (e) Make a monthly return of all vouchers directly to the HMRC or each contractor, together with details of gross amount, cost of materials, net amount and tax deducted.
- (f) Provide the Strategic Director, Corporate Resources with details of tax deducted and payments made to contractors as specified in the Manual of Financial Procedures, to facilitate the authority's annual consolidated return to the HMRC.
- (g) Retain all related documents for inspection purposes for a period of not less than six years, making them available for inspection by the HMRC at their discretion.

8 THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of Services from Centrally Retained Budgets

It is for the authority to determine the basis upon which services from centrally retained funds including premature retirement costs and redundancy payments, will be provided to schools.

The authority will not discriminate in its provision of centrally-funded services on the basis of categories of schools except where (a) funding has been delegated or devolved to some schools only, and/or (b) such discrimination is justified by differences in statutory duties.

8.2 Timescales for the Provision of Services Bought Back from the Authority Using Delegated Budgets

The authority wishes to support schools by offering services on a buy-back basis. The type of service, terms and conditions will be determined by the authority.

Buy-back service arrangements will be available for a variety of contract periods. They will not exceed five years in duration and will be reviewed at least every 3 years.

Contracts for supply of catering services will not exceed 7 years and will be reviewed at least every five years.

Where a service is provided for which expenditure is not retainable centrally by the authority under the Regulations made under section 45a of the Act, it should be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total cost of the service should be met by the total income, even if schools are charged differentially.

8.3 Packaging

In respect of any services for which funding has been delegated, and where the authority is offering to schools the service on a buy-back basis, the authority will package such services in a way which does not unreasonably restrict schools' freedom of choice among the services available, subject to any preferences expressed by a majority or phase of schools covered by the scheme.

8.4 Service level agreements

The terms of any services or facilities offered by the authority, whether free or on a buy back basis, will be reviewed annually. Centrally funded premises and liability insurances are specifically excluded from this requirement.

Schools will be given at least a month to consider the terms of the agreement. The prices for each service agreement will be set at a level that ensures that the total income generated is at least equal to the cost of providing that service.

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

8.5 Teachers Pensions

Governing bodies not using the in-house payroll provider must submit an annual return of salary and service to the authority. Governing bodies must also ensure that details of Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit showed in the AVC scheme.

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 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.

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.

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

9.1 Governing Body Agreements

The authority will set out provisions relating to PFI or PPP agreements within Governing Body Agreements with relevant schools. These agreements will include details of the basis of charges and the treatment of monies withheld from contractors due to poor performance.

9.2 Powers to Charge School Budget Shares

The authority shall have the power to charge a school's budget share with any amounts agreed due under any Governing Body Agreement entered into by the governing body in respect of any a PFI/PPP agreement entered into by the governing body of a school relating to that school.

10 INSURANCE

10.1 Insurance Cover

Insurance requirements for schools relevant to the authority's insurable interests will be arranged by the Strategic Director, Corporate Resources.

Funding for insurance has been delegation to all maintained schools. For schools that wish to arrange their own insurance, the governing body must demonstrate to the authority that the cover relevant to the authority's insurable interests is at least as good as the relevant minimum cover arranged by the Strategic Director, Corporate Resources. Failure to do so will result in the Strategic Director, Corporate Resources arranging cover and recharging the school's budget share.

11 MISCELLANEOUS

11.1 Right of Access to Information

All school governing bodies are required to supply the authority with 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; of any devolved funding (e.g. additional grant allocations), and the use made of any central expenditure by the authority on the school (e.g. earmarked funds).

11.2 Liability of Governors

The governing body of a school has a separate legal existence as a corporate body. Providing governors act in good faith in exercising their power to spend the delegated budget, any liability will fall on the governing body, rather than on any individual governor(s).

Acting in good faith means acting honestly, without ulterior motives, and reasonably, i.e. within the scope of the governing body's functions and procedures, with care and forethought, taking account of all relevant matters and disregarding irrelevant ones.

11.3 Governors Expenses

Should circumstances permit, the authority can delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses, where deemed appropriate to do so.

School governing bodies can pay to governors from the school's delegated budget only those allowances in respect of purposes specified in regulations under section 19 of the Education Act 2002.

Similarly, school governing bodies may not make payment of expenses which duplicate those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

11.4 Responsibility for Legal Costs

In any instance where a school governing body incurs legal costs, which may be deemed to be the responsibility of the authority as part of the cost of maintaining the school (unless they relate to the statutory responsibility of aided school governors for buildings), these costs will be charged to the school's budget share unless the governing body has acted in accordance with the advice of the authority.

Should circumstances be such that there is a conflict of interests between the authority and a school governing body, the school concerned should seek appropriate legal advice from a suitably qualified person who is not an employee of the authority and who has appropriate professional indemnity cover.

11.5 Health and Safety

The authority (and the governors in Voluntary Aided schools) retains primary responsibility as the employer for health and safety. The authority will issue health and safety directives for community schools and advice for all schools.

In expending the school's budget share, the governors of schools with delegated budgets must comply with the authority's written health and safety policy; individual staff will continue to be responsible for any breaches of the authority's duty caused by them. The categories of health and safety provision which will fall to governors will be:

- purchasing, storage, use, condition and maintenance of all equipment and materials (this includes fire-fighting equipment and electric testing of portable equipment and stage lighting)
- repairs which are the governors responsibilities.

Where a governing body fails to comply with the authority's policy, the authority has the right to arrange for the work to be done and to charge the school's budget accordingly. Any officer of the authority concerned about a health and safety matter in the school shall immediately notify the Head Teacher of his concern. The officer shall notify the Service Director, Learning and Schools, or his representative, who will arrange for the problem to be inspected. If necessary, the Service Director, Learning and Schools will arrange for the work to be carried out if not already put in hand by the governing body of the school.

The power to charge the school will not apply however, where any failure to comply is attributable to inherited conditions rather than demonstrable action or omission by the governing body.

11.6 Right of Attendance for Chief Finance Officer

The Strategic Director, Corporate Resources, or his/her representative shall have the right to attend any meeting of a school governing body with the purpose of giving advice, or reporting on any matter which affects the probity and regularity of the authority's financial activities.

11.7 Delegation to New Schools

The authority will delegate powers, selectively and optionally, to the governing bodies of schools which are yet to receive a delegated budget.

11.8 Optional De-Delegation

Where a school exercises an option to have funds de-delegated for an item (for example, maternity credits) that option may only be exercised once in a year.

11.9 Special Educational Needs (SEN)

Schools are required to use their best endeavours in spending the budget share, to secure the special educational needs of their pupils. Although this is a statutory requirement, the inclusion of it in this scheme makes it possible to suspend delegation where a situation is serious enough to warrant it (this would not normally relate to an individual pupil).

11.10 Whistleblowing

Any employee or governor of a school wishing to complain about financial management or financial propriety at the school should do so by following the authority's Whistleblowing policy. The policy is available on the authority's website.

11.11 Child Protection

Schools should release staff to attend child protection case conferences and other related events.

11.12 Redundancy/Early retirement costs

Section 37 of the 2002 Education Act sets out the position relating to the charging of voluntary early retirement and redundancy costs. Annex B sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual schools budget, the central schools budget or the local authority's non schools budget.

12 RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

All repair and maintenance costs relating to existing buildings other than rectification of major structural defects or major capital projects are met from delegated or devolved budgets and governing bodies will have to finance the costs of all such repairs and maintenance from their budget shares or from devolved formula capital.

For voluntary aided schools, the liability of the authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools. However, eligibility for capital grant from the secretary of state for capital works at voluntary aided schools depends on the de-minimis limit applied by DFE to categorise such work, not the de-minimis limit used by the authority.

Illustrative examples of capital and revenue expenditure items in line with the DfES' interpretation of the CIPFA code of practice on local authority accounting are included at Annex C. Expenditure may be treated as capital only if it fits with definition of capital used by the local authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting.

13 COMMUNITY FACILITIES

13.1 INTRODUCTION

Any school that chooses 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.

- (i) Regulations made under Section 28(2), if made, can specify activities that may not be undertaken at all under the main enabling power.
- (ii) Schools are obliged to consult the authority and have regard to its advice.
- (iii) The Secretary of State will issue guidance to governing bodies about a range of issues connected with exercise of the power, and schools must also have regard to that advice.

However under section 28(1), the main limitations and restrictions on the power will be those contained in Gateshead's Scheme for Financing Schools made under section 48 of the Schools Standards and Framework act 1998 as amended by paragraph 2 of schedule 3 to the Education Act 2002. This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

Schools are subject to the prohibitions, restrictions and limitations in the Scheme for Financing Schools.

In this context the Scheme does not extend to joint-use agreements, transfer of control agreements, or agreements between the authority and designated schools to secure the provision of adult and community learning and Youth Service provision.

Schools may not use their delegated budget to fund community facilities, whether for start-up costs, on-going expenditure or to meet any deficits that might arise.

13.2 CONSULTATION WITH THE AUTHORITY: FINANCIAL ASPECTS

In accordance with Section 28(4) of the Education Act 2002, before exercising the community facilities power, governing bodies must consult the authority regarding their proposals and have regard to their advice.

Schools are encouraged to seek the authority's advice and submit their proposals as soon as possible, but no later than 3 months before the intended start date. When submitting their proposals formally, schools must include a detailed plan containing the following information:

- the school's vision and a detailed description of the service
- details of any capital expenditure and the sources of income to fund it

- a detailed profile of projected income and revenue expenditure over the first 12 months of operation of the project. In particular, this should include
 - ◆ one-off start-up costs
 - ◆ details of staffing and associated costs (pay, on-costs, payroll and personnel overheads, etc.)
 - ◆ sources of revenue income and the assumptions underlying it
- an outline profile of the projected income and revenue expenditure in years 2 to 5 of the project
- the time it will take for the project to break-even and come into surplus, and if this is not expected within 12 months of starting, an explanation of why this cannot be achieved within this timescale
- how the governing body will cover any shortfall if the project fails and leaves a deficit
- details of the cash flow of the project, and how any shortfall will be met given that schools cannot borrow from external sources
- proposed banking arrangements
- proposed audit arrangements
- details of the Health and Safety arrangements and of the risk assessments the school has undertaken
- details of the analysis of insurance requirements for the venture and of any additional cover that is to be arranged
- whether or not VAT is to be reclaimed, the justification for this and what consultation there has been with the authorities VAT section.

Schools are encouraged to seek professional advice as they develop their plans and to ensure that any submission is complete before formally seeking the authority's advice about their proposals.

The authority will respond to the school's proposals as soon as practically possible, in most circumstances within 6 school weeks of receipt of complete information. Where the authority offers advice to a school, the school must inform the authority of the action it has taken in response to that advice before embarking upon the scheme.

13.3 FUNDING AGREEMENTS: AUTHORITY POWERS

Where the provision of community facilities in a school is 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, the school shall not enter into such an agreement until it has submitted the proposed agreement to the authority and taken proper account of its advice and comments. Proposed agreements should be submitted to the authority as soon as possible, but no later than 3 months prior to the proposed date of signing. The authority will not be a signatory to any such agreement, unless this is a requirement imposed by the third party or by the governing body itself.

If such an agreement has been or is to be concluded against the wishes of the authority, or has been concluded without informing the authority, and in the view of the authority the agreement 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

Whereas the authority does not have the right of veto to either funding agreements with third parties or other proposed uses of the community facility powers, the authority reserves the right, in specific instances, to require that the governing body shall protect the financial interests of the authority by obtaining indemnity insurance for the risks associated with the project, as specified by the authority.

The authority does not intend to impose any additional prohibitions, restrictions or limitations on the use of the community facilities power.

13.5 SUPPLY OF FINANCIAL INFORMATION

Schools that exercise the community facilities power are required to submit statements at least quarterly to the Strategic Director, Corporate Resources. The format of the statement will be determined by the Strategic Director, Corporate Resources and will include a summary of actual income and expenditure, and give an explanation of any significant variations indicated by the figures from the previously submitted planned profile. In addition, the statement will include projections of income and expenditure for the facilities in question for the following 6 months.

During the first 6 months of operation of any venture schools will be required to submit statements on a monthly basis. Furthermore, where the authority has given notice to the school that it believes that there is cause for concern as to the school's management of the financial consequences in the exercising of the community facilities power, schools will be required to submit statements on a monthly basis, and in addition submit a recovery plan to bring the activity back into financial viability.

All statements and returns must be certified by the Head Teacher and be sent to the Strategic Director, Corporate Resources within two weeks of the end of the quarter (or month).

All income and expenditure relating to community facilities must be included within the Consistent Financial Reporting Framework returns of the school.

Schools should note that Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the School Standards and Framework Act 1998 to make mismanagement of funds received for community facilities the possible basis for suspension of the right to delegation of the budget share.

13.6 AUDIT

As with a schools budget share Internal Audit has the right to visit any school, to inspect all records relating to the exercise of the community facility powers and to receive the co-operation of Governors and employees. Governors are required to respond in writing stating how they propose to address any matters raised in the audit report. The authority's external auditor will have the same rights of access and inspection as Internal Audit. Auditors will also report to the Strategic Director, Corporate Resources and the Audit and Standards Committee on any matters of significance or where governing bodies fail to take appropriate remedial action.

Where schools enter into agreements with other persons or bodies pursuant to the exercise of the community facilities power, they shall 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, 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 income derived from community facilities except where otherwise agreed with a funding provider, whether that be the authority or some other person. Any surplus income over expenditure generated during the financial year will be carried forward over into the following financial year in the community facilities account. Similarly, any deficit accrued during the financial year will be carried forward over into the following financial year in the community facilities account. Where a school wishes to transfer all or part of any accumulated surplus and add it to the budget share balance, the school should seek the agreement of the authority before doing so.

If a deficit arises from the provision of community facilities and the authority needs to recover funds to meet third party liabilities, the authority will seek to recover the deficit from the governing body. However, any such deficit cannot be met from the school budget share.

Where 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 third party funding provider.

13.8 HEALTH AND SAFETY MATTERS

When exercising the community facilities power, the governing body must discharge its Health and Safety responsibilities in the same way as it does in relation to the budget share. All the Health and Safety provisions of the main part of the scheme apply to the community facilities power.

When exercising the community facilities power, the governing body are responsible for securing and meeting the costs of any necessary Disclosure and Barring clearance for adults involved in the activity.

13.9 INSURANCE

When exercising the community facility power, the governing body must undertake an assessment of the insurance implications and costs, seeking professional advice if necessary, and demonstrate that it has made adequate arrangements for insurance cover. The school must seek the authority's advice before finalising any insurance arrangements. Any additional costs cannot be met from the school's budget share.

The authority will undertake its own assessment of the insurance arrangements made by a school in respect of community facility powers, and if it judges those arrangements are inadequate, it will make the necessary arrangements itself and charge the resultant cost to the school. Such costs cannot be met from the school's budget share.

13.10 TAXATION

Schools must seek the advice of both the authority on any issues relating to the possible imposition of VAT on expenditure in connection with any community facility including the use of the authority's VAT reclaim facility.

Schools are also reminded that if any member of staff employed by the school or authority in connection with community facilities at the school is paid from funds held in the school's own bank account set up for the purpose (see section 11), the school will be liable for payment of income tax and National Insurance, in line with HMRC rules.

Schools are reminded that they are required to follow the authority's advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

13.11 BANKING

Where a school exercises the community facility power and the school already operates an independent bank account for its budget share, it shall open a separate independent bank account for transactions relating to community facilities. Where a school exercises the community facility power and the school uses the authority's bank account for its budget share, it shall either open an independent bank account for transactions relating to community facilities or use the authority's banking facilities but ensure that all transactions are kept separate from budget share transactions.

Any independent bank account relating to community facilities expenditure can be in the name of the school or jointly in the name of the school and authority. The school should seek advice from the authorities Treasury Management Department before undertaking this.

All financial transactions must be undertaken in accordance with the authority's Financial Regulations, governing bodies are reminded that they may borrow money from an external source only with the written permission of the Secretary of State.

Annex A-List of Schools covered by the scheme

	DFE No
<u>Nursery</u>	
BENSHAM NURSERY SCHOOL	1000
<u>PRIMARY</u>	
CARR HILL COMMUNITY PRIMARY SCHOOL	2008
KELVIN GROVE COMMUNITY PRIMARY SCHOOL	2012
SOUTH STREET COMMUNITY PRIMARY SCHOOL	2036
BEDE COMMUNITY PRIMARY SCHOOL	2039
OAKFIELD JUNIOR SCHOOL	2049
LARKSPUR COMMUNITY PRIMARY SCHOOL	2051
OAKFIELD INFANT SCHOOL	2055
RAVENSWORTH TERRACE PRIMARY SCHOOL	2056
PORTOBELLO PRIMARY SCHOOL	2162
BIRTLEY EAST COMMUNITY PRIMARY SCHOOL	2163
DUNSTON HILL COMMUNITY PRIMARY SCHOOL	2164
EMMAVILLE PRIMARY SCHOOL	2167
HIGH SPEN PRIMARY SCHOOL	2168
SWALWELL PRIMARY SCHOOL	2172
WINLATON WEST LANE COMMUNITY PRIMARY SCHOOL	2177
GREENSIDE PRIMARY SCHOOL	2181
BLAYDON WEST PRIMARY SCHOOL	2182
FRONT STREET COMMUNITY PRIMARY SCHOOL	2184
HIGHFIELD COMMUNITY PRIMARY SCHOOL	2186
RYTON COMMUNITY INFANT SCHOOL	2188
RYTON COMMUNITY JUNIOR SCHOOL	2193
WASHINGWELL COMMUNITY PRIMARY SCHOOL	2194
BILL QUAY PRIMARY SCHOOL	2197
FALLA PARK COMMUNITY PRIMARY SCHOOL	2198
BRANDLING PRIMARY SCHOOL	2200
LINGEY HOUSE PRIMARY SCHOOL	2205
THE DRIVE COMMUNITY PRIMARY SCHOOL	2213
WHITE MERE COMMUNITY PRIMARY SCHOOL	2214
CLOVER HILL COMMUNITY PRIMARY SCHOOL	2216
CROOKHILL COMMUNITY PRIMARY SCHOOL	2219
BRIGHTON AVENUE PRIMARY SCHOOL	2221
LOBLEY HILL PRIMARY SCHOOL	2222
WARDLEY PRIMARY SCHOOL	2224
GLYNWOOD COMMUNITY PRIMARY SCHOOL	2225

BARLEY MOW PRIMARY SCHOOL	2226
WINDY NOOK PRIMARY SCHOOL	2227
COLEGATE COMMUNITY PRIMARY SCHOOL	2228
ROMAN ROAD PRIMARY SCHOOL	2229
FELLSIDE COMMUNITY PRIMARY SCHOOL	2231
FELL DYKE COMMUNITY PRIMARY SCHOOL	2232
CAEDMON COMMUNITY PRIMARY SCHOOL	2233
KELLS LANE PRIMARY SCHOOL	2234
CHOPWELL PRIMARY SCHOOL	2235
PARKHEAD COMMUNITY PRIMARY SCHOOL	2236
ST AIDAN'S CHURCH OF ENGLAND PRIMARY SCHOOL	2237
HARLOW GREEN PRIMARY SCHOOL	2238
ROWLANDS GILL PRIMARY SCHOOL	2239
WHICKHAM PAROCHIAL CHURCH OF ENGLAND PRIMARY SCHOOL	3001
CORPUS CHRISTI CATHOLIC PRIMARY SCHOOL	3313
ST JOSEPH'S ROMAN CATHOLIC VOLUNTARY AIDED PRIMARY SCHOOL, GATESHEAD	3317
ST OSWALD'S ROMAN CATHOLIC VOLUNTARY AIDED PRIMARY SCHOOL	3318
ST PETER'S ROMAN CATHOLIC VOLUNTARY AIDED PRIMARY SCHOOL	3319
ST ANNE'S CATHOLIC PRIMARY SCHOOL	3322
ST JOSEPH'S CATHOLIC JUNIOR SCHOOL, BIRTLEY	3324
ST JOSEPH'S CATHOLIC INFANT SCHOOL, BIRTLEY	3325
ST AGNES' CATHOLIC PRIMARY SCHOOL	3326
ST JOSEPH'S ROMAN CATHOLIC VOLUNTARY AIDED PRIMARY SCHOOL, HIGHFIELD	3327
ST MARY AND ST THOMAS AQUINAS CATHOLIC PRIMARY SCHOOL	3328
ST PHILIP NERI ROMAN CATHOLIC PRIMARY SCHOOL	3330
ST JOSEPH'S CATHOLIC PRIMARY SCHOOL, BLAYDON	3331
ST MARY'S ROMAN CATHOLIC PRIMARY SCHOOL	3333
ST ALBAN'S CATHOLIC PRIMARY SCHOOL	3335
ST AUGUSTINES R.C. PRIMARY SCHOOL	3336
ST WILFREDS R C PRIMARY SCHOOL	3339

SECONDARY

HEWORTH GRANGE COMPREHENSIVE SCHOOL	4036
KINGSMEADOW COMMUNITY COMPREHENSIVE SCHOOL	4041

SPECIAL SCHOOLS

FURROWFIELD	7006
GIBSIDE	7007
HILLTOP	7008
DRYDEN	7009
ESLINGTON	7010

PRU's

MILLWAY	1102
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Annex B -Guidance on Responsibility for Redundancy and Retirement Costs

The 2002 Education Act states that the cost of redundancies should ***normally*** fall to the authority while the cost of premature retirements should ***normally*** fall to the school's delegated budget. There can be locally determined exceptions to these and it is also the case that costs can be charged to the central part of the schools budget if there are resultant savings to the schools budget and the Schools Forum agree. It is important that any exceptions to the norm are clearly defined by authorities and discussed with schools forums.

The following guidance 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 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 authority's budget. In the former case, the 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 authority's policy
- Where the school is making staffing reductions which the 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 authority's redeployment policy

Charge of premature retirement costs to 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 authority or government intervention to improve standards

Costs of new early retirements or redundancies can also be charged to the central part of the Schools Budget if the Schools Forum agree and the authority can demonstrate that the "revenue savings achieved by any termination of employment are equal to or greater than the costs incurred". The Schools Forum must agree to any increase in this budget over the previous financial year. If the Schools Forum does not agree with the authority's proposal, then the authority can appeal to the Secretary of State. The Schools Forum would also be involved if the additional expenditure resulted in a breach of the central expenditure limit, whereby central expenditure increases faster than the Schools Budget as a whole.

An example of where a charge to the central Schools Budget might be appropriate would be a school reorganisation. A reorganisation involving the closure of a number of schools would be likely to result in savings because there would be a reduced amount being allocated through the formula for factors such as flat rate amounts to all schools or floor area. If the savings in the formula exceeded the on-going costs of the voluntary early retirement (VER) or redundancy then this would qualify.

It would be possible to consider savings at an individual school level as well, but this needs to be carefully managed so that there are clear ground rules in place for applications, recommendations and approval. It may be sensible to agree criteria for eligibility which are consistent with the general approach as to when costs should be centrally funded.

It is important that the 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.

There are clearly difficulties in setting a budget, whether inside or outside the Schools Budget, at a point prior to the beginning of the financial year before schools have set their budgets and made staffing decisions. Local authorities can only make a best estimate of what may be needed, based on past experience, local knowledge of the financial position of individual schools and the context of that year's funding settlement. There are dangers in raising expectations that costs will be met centrally if the budget is set too high, and so an alternative would be to keep the budget tight and use contingency or schools in financial difficulties budgets if there is an unexpected need for staffing reductions and it is not appropriate for delegated budgets to fund VER/redundancy costs. To achieve best use of resources, local authorities should also have an active redeployment policy, to match staff at risk to vacancies.

One of the permitted uses of the contingency is where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share" while authorities are also allowed to retain funding for schools in financial difficulties "provided that the authority consult the Schools Forum on their arrangements for the implementation of such support."

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*
 - (a) *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 Subection (7B) is met.*
- (7B) *The condition is that the governing body are satisfied that meeting the amount out of the schools 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.*
- (9) *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 - AUTHORITY CAPITAL /REVENUE SPLIT AND ITEMS WHICH ARE THE SEPARATE RESPONSIBILITY OF GOVERNORS IN VA SCHOOLS

ILLUSTRATIVE EXAMPLES IN LINE WITH DfES 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		
<u>Flat</u>	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

<u>Pitched</u>	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	
<u>Other</u>	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

	Rebuild or substantially repair structure of existing porch	Structure
Floors		
<u>Ground Floor</u>	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.
<u>Upper Floor</u>	Structure - as ground floor	As ground floor
	Screed and Finish - as ground floor	Repairs of finishes/ Replacement - as ground floor
Ceilings		
<u>Top/ only storey</u>	Suspension	Repair/ replacement Incl. From water damage, & necessary decoration
	Membrane	
	Fixed	Repair/ replacement Inc. from water damage
	Access panels	Repair/ replacement
<u>Lower storeys</u>	Suspension	Repair/ replacement
	Membrane	
	Fixed	Repair/ replacement

<u>All</u>	Specialist removal/ replacement of damaged/ disturbed Asbestos based materials, planned or emergency	Inspection/ air testing Applying sealant coats to asbestos surfaces for protection
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**External
walls**

<u>Masonry/ cladding</u>	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.
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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

<u>Windows and Doors</u>	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.

<u>Masonry chimneys</u>	Structure	
	Jointing including expansion and mortar joints/ pointing	Repair/ re-pointing

DPC

Internal walls

<u>Solid</u>	Complete including various internal finishes, linings and decorations	Repairs and redecoration to internal plaster/ linings tiles, pin boards etc.
	Refurbishment and alterations	Minor alterations
<u>Partitions</u>	Complete structure including linings, framing, glazing, decoration etc.	Repairs and redecoration.
	Refurbishment and alterations	Minor alterations
<u>Doors & Screens</u>	Framing/ Screens/ Doors to new buildings including glazing, ironmongery, jointing and internal decorations	Internal maintenance and redecoration. Repair/ replacement of defective doors and screens
<u>All</u>	Glazing to meet statutory Health & Safety requirements	Replacement of broken glass

Sanitary Services

<u>Lavatories</u>	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
General refurbishment	Cleaning out drainage systems Redecoration Repairs
Large and costly items of equipment	Repairs/ replacement parts

Mechanical services

<u>Heating/ hot water</u>	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 their useful life	Replacement of defective parts
	Emergency replacement of boiler plant/ systems	
<u>Cold water</u>	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.
<u>Gas</u>	Distribution on new and major refurbishment's, terminal units	Repairs, maintenance and gas safety All servicing
<u>Ventilation</u>	Mechanical ventilation/ air conditioning to major projects	Provision of local ventilation. Repair/ replacement of defective systems and units
<u>Other</u>	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

<u>General</u>	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.

<u>Power</u>	Control gear, distribution, fixed equipment, protection etc.	All testing, repair and replacement of small items of equipment
<u>Lighting</u>	Provision of luminaires and emergency	Replacement of luminaires, all testing, adjustments and improvements to emergency
<u>Other</u>	Lightning protection in new build Alarm systems, CCTV, lifts/ hoists etc.,	Repair/ replacement 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		
<u>Pavings</u>	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.
<u>Miscellaneous</u>	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.
<u>Drainage</u>	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.
<u>Open air pools</u>	Structure, Hygiene/ safety in new build	Hygiene, cleaning, maintenance and repairs, including replacement parts. Simple energy saving systems.
<u>Services distribution</u>	Heating mains gas mains water mains electricity mains, renewal of any above.	Annual servicing

Notes

This illustrative list is the DfEE 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.