



BEDFORD
BOROUGH COUNCIL



Scheme for Financing Schools

2023-2024

Chief Executive

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1. Introduction

1.1 The Funding Framework

Bedford's Scheme for Financing Schools is based on the legislative provisions in sections 45 – 53 of the School Standards and Framework Act 1998 (the Act) and the Schools and Early Years Finance (England) Regulations 2023.

Under this legislation, the Local Authority (LA) will determine for itself on an annual basis, the size of the schools budget and the non-schools education budget, although at a minimum the LA must appropriate its entire Dedicated Schools Grant (DSG) to the schools budget.

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

The LA may deduct funding in the schools budget for purposes defined in regulations made by the Secretary of State under Section 45A of the Act (centrally retained expenditure). The amounts to be deducted for these purposes are decided by the LA annually, subject to any limits or conditions (including gaining the approval of the Schools' Forum or the Secretary of State in certain circumstances) as prescribed by the Secretary of State. The balance of the schools budget remaining after deduction of the centrally retained expenditure is termed the Individual Schools Budget (ISB).

Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

The LA must distribute the ISB amongst all maintained schools, using a formula which accords with regulations made by the Secretary of State and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with Section 51 of the Act.

The financial controls within which delegation works are set out in Bedford Borough Council's Financial Regulations for Schools in accordance with Section 48 of the Act and regulations made under that section.

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

Subject to the provisions made by or under the scheme, governing bodies of schools are empowered to spend such amounts of their budget shares as they think fit for any purposes of their school* and for any additional purposes prescribed by the Secretary of State in regulations made under Section 50 of the Act (*Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (s50(3A) of the Act).

The LA may suspend a school's right to a delegated budget if the provisions of this scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. 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 Act) but in that case there is no right of appeal.

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

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

The LA Section 251 budget and outturn statements detailing centrally held expenditure along with the funding formula can be found on the Council website.

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

1.2 The role of the scheme

This scheme sets out the financial relationship between the LA and the maintained schools which it funds. A list of maintained schools covered by this scheme can be found in Appendix A.

This scheme and the requirements relating to financial management and associated issued as set out in Bedford Borough Council's Financial Regulations for Schools are binding on both the LA and on schools.

1.2.1 Application of the scheme to the authority and maintained schools

With effect from 1 April 2014 the following maintained schools have been subject to the requirements of this scheme:

- Community schools
- Community special schools
- Voluntary schools
- Foundation schools
- Foundation special schools
- Nursery schools
- Pupil Referral Units

It does not apply to schools situated in the authority's area which are maintained by another authority. Nor does it apply to academies.

Any new schools opening after 1 April 2014 will be subject to the requirements of this scheme by virtue of Section 48 of the Act.

1.3 Publication of the scheme

The scheme will be published on a website which is accessible to the general public and any revised version will be published by the date that revisions come into force, together with a statement that the revised scheme comes into force on that date.

1.4 Revision of the scheme

Any proposed revisions to the scheme will be subject to consultation with the governing body and the head teacher of every school maintained by the LA before they are submitted to the schools forum for approval by members representing maintained schools. Where the schools forum does not approve them or approves them subject to modifications which are not acceptable to the LA, the LA may apply to the Secretary of State for approval.

It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.

1.5 Delegation of powers to the Headteacher

The governing body is required to consider the extent to which it wishes to delegate its financial powers to the head teacher and to record its decision (and any revisions) in the minutes of the governing body.

However, the first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body.

1.6 Maintenance of schools

The LA is responsible for maintaining the schools covered by this 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 LA maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.

2. Financial Controls

2.1 Application of financial controls to schools

2.1.1 Further to paragraph 1.2 above, all schools are required, in the management of their delegated budgets, to abide by the LAs requirements on financial controls and monitoring, not only those in the scheme but also those requirement contained within the Bedford Borough Council's Financial Regulations for Schools. These regulations encapsulate approved financial management procedures appropriate to all phases and categories of schools in Bedford. These regulations cover the accounting procedures approved for operation in Bedford schools and associated banking arrangements, where appropriate.

2.1.2 Provision of financial information and reports

Provision by schools of financial information and reports to the LA will be detailed in the Fully Funded Bank Account Scheme, updated for April 2020. The scheme reflects the fact that as of 1st April 2020, all maintained schools will be fully funded.

2.1.2a Fully funded schools

Schools must satisfy the minimum requirements with regard to financial controls, procedures and systems in operation so far as necessary for the discharge of the LA's Assistant Chief Executive (Enabling Services)'s responsibilities under Section 151 of the Local Government Act 1972. As this option involves all financial records being maintained in school, these documents become the prime record and, therefore, are subject to a more rigorous LA and external audit.

Schools are required to provide the LA with various financial reports in order for the LA to consolidate school expenditure onto its own accounting system. These reports shall be returned to the LA, in accordance with the timetable set out in the Fully Funded Scheme.

In order for the Assistant Chief Executive (Enabling Services) (Section 151 officer) to prepare the annual accounts, schools will be required to provide financial information in accordance with the timetable determined by the Assistant Chief Executive (Enabling Services) in consultation with the LA external auditor.

The content and frequency of returns to the LA are prescribed through Bedford's Fully Funded Bank Account Scheme. From 1st April 2020, the LA will require fully funded schools to provide quarterly income and expenditure statements; cash flow forecasts and updates, in addition to budgeted and year end (actual) balance sheets. The frequency and format of returns will be subject to change in light of the fact that all maintained schools will have fully funded status as of 1st April 2020.

Financial reporting must be in line with the Consistent Financial Reporting (CFR) framework which standardises, simplifies and streamlines the coding and reporting of school finances in all maintained schools in England. It applies to all budgets, forecasts, recovery plans and outturn returns.

An annual return, in CFR format, is required to be submitted to the LA in accordance with the timetable issued each year.

2.1.3 Payment of salaries and invoices

The procedures for these will vary according to the choices schools make about the holding of bank accounts and buying back of services.

Where the LA's preferred payroll supplier is also used by schools, the Assistant Chief Executive (Enabling Services) will arrange for the completion and return of all payroll related financial statements which are required by law.

Where a school has elected to use an alternative provider of payroll services all associated responsibilities (e.g. effective administration, payments and submissions of returns) will rest with the school. Specific details of these requirements are included in Bedford's Financial Regulations for Schools.

Schools should use their best endeavours to ensure that payments can be made within 30 days of invoice date. This is both central government and Council policy. Where an invoice is disputed, the query should be raised, with the supplier, as soon as is known. The invoice should be promptly cleared for payment, once the query is resolved, or credit note received. All invoices should be cleared, or query made, prior to major holiday periods.

2.1.4 Control of assets

Each school must maintain an inventory of its moveable assets, in a form determined by the LA, setting out the basic authorisation procedures for disposal of assets. These procedures are set out in Bedford's Financial Regulations for Schools. The prescribed format must be used and in the form of an electronic spreadsheet. (This is available from the Schools' LA website) This should be downloaded and completed at 31 March each year and certified as verified and submitted to the LA as required. Schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000. Schools are encouraged to register anything that is portable and attractive, such as a camera. They should keep a register in some form.

2.1.5 Accounting policies (including year-end procedures)

Schools must abide by the procedures and timetables issued by the LA in relation to accounting policies and year-end procedures. The year-end procedures and timetable will be issued by the LA each year, during February.

2.1.6 Writing off debts

Governing Bodies are only authorised to write off debts up to £5,000.

In the case of larger debts the school must refer such cases to the Assistant Chief Executive (Enabling Services) or his nominated officer for approval.

2.2 Basis of accounting

Bedford Borough Council's accounting policies are based on the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in Great Britain and all accounts are prepared on an accruals basis.

Fully funded schools operating local accounting systems (as outlined in paragraph 2.1.2b above) are required to provide the LA with reports and accounts on an accruals basis in accordance with an agreed timescale.

Schools are free to use whatever software they wish, provided they meet any costs of modification to provide output require by the LA.

2.3 Submission of budget plans

Each school is required to submit at least a 3 year budget plan approved by the Governing Body or by a committee of the governing body to the LA no later than 15 June of each year.

The budget plan must show the school's intentions for expenditure in the current and the following financial years and details of any assumptions made underpinning the budget plan e.g. expected income. In determining the budget plan, schools are required to take into account estimates of any surplus or deficit projected for the previous year financial end.

The format of the budget plan and any supporting documents shall comply with that provided by the LA when distributing individual school budgets to take into account the CFR framework and the desirability of compatibility with that.

The LA may also require the submission of revised plans at any time where the LA deems it necessary. The intervals at which revisions may be required will not be more often than every 3 months.

The LA will supply schools with all income and expenditure data that it holds and which is necessary for efficient planning by schools.

2.3.1 Submission of financial forecasts

As part of budget management, schools are required to undertake regular forecasts of outturn against budget. Schools are required, to provide at least one forecast outturn return to the LA, once the October income and expenditure reports have been issued. These forecasts will be used to confirm if schools are undertaking effective financial planning or not.

2.4 School resource management

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

It is for heads and governors to determine at school level how to optimise the use of resources and maximise value for money. There are significant variations in the effective management of resources between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

2.5 Virements

Schools are free to vire between budget headings identified in the school's budget plan and governors are required in their Schemes of Delegation to establish criteria for virements and financial limits above which the approval of the governors is required. Decisions should be recorded in governing body minutes.

2.6 Audit: General

Schools are required to co-operate within the audit regime determined by the LA as regards internal audit, and also within the LA's external audit regime as determined by the Local Audit and Accountability Act 2014.

With regard to internal audit, all maintained schools are within the scope of the audit regime determined by the LA.

The internal audit of schools is an obligation imposed upon the Council by the Accounts and Audit Regulations 1996 which require the maintenance of an adequate and effective system of internal audit of the accounting records and systems of the Council.

The responsibility for internal audit has been delegated to the Assistant Chief Executive (Law and Corporate Governance).

Schools must allow both internal and external auditors full access at all times to all papers and records of the school and provide explanations the auditors consider necessary. Schools must pass on any information to the auditors that they should be aware of to carry out their audit.

In relation to external audit, all maintained schools are within the scope of the LA external audit regime as determined by the Local Audit and Accountability Act 2014. The governing body must bear in mind that whilst external auditors must plan, perform and evaluate their audit work to have a reasonable expectation of detecting material misstatements arising from error or fraud, the duty to deter and detect fraud rests primarily with the governing body.

2.7 Separate external audits

Where a school wishes to seek an additional source of assurance at its own expense; a governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process. Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also be subject to and co-operate with the LA's internal and external auditors. In the event of a difference of opinion between the LA's external auditors and a governing body appointed auditor, the views of the LA's external auditor will prevail.

2.8 Audit of voluntary and private funds

In addition to the normal internal and external audits, schools must provide annual audit certificates to the LA in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school. Where a school wishes to establish a trading organisation it must consult with the LA regarding the nature of the trading activity.

The procedures for providing the audit certificates and advice on the handling of such voluntary and private funds are set out in Bedford's Financial Regulations for Schools.

2.9 Register of business interests

The governing body of each school is required to maintain a register which lists for each member of the governing body, the Headteacher, and any member of staff involved in any way in the selection of suppliers:

- Any business interests they or any member of their immediate family have;
- Details of any other educational establishments that they govern;
- Any relationships between school staff and members of the governing body;
- And to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff, parents and the LA and to publish the register, for example on a publicly accessible website.

More detailed guidance on the maintenance of such a register can be found in Bedford's Financial Regulations for Schools.

2.10 Purchasing, tendering and contracting requirements

Schools are required to abide by Bedford's Financial Regulations for Schools, Contract Procedure Rules and Financial Procedure Rules in purchasing, tendering and contracting matters. Notwithstanding this, schools are required to assess in advance, where relevant, the health and safety competence of contractors, taking account of Bedford Borough Council's policies and procedures.

The policies and procedures will not require schools:

- a) to do anything incompatible with any of the provisions of the scheme, or any statutory provision;
- b) to seek LA Officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- c) to select suppliers only from an approved list;
- d) to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

Schools may seek advice on a range of compliant deals via Buying for schools.

2.11 Application of contracts to schools

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

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

2.12 Central funds and earmarking

The LA is authorised to make sums available to schools from central funds in the form of allocations which are additional to and separate from the schools' budget shares. Such allocations shall be subject to conditions setting out the purpose for which the funds may be used and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the LA itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

Such allocations might, for example, be sums for SEND or other initiatives funded from the central expenditure of the LA's Schools Budget or other authority budget.

Schools are required to spend such earmarked funding from centrally retained funds only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and it is not to be vired into the budget share.

Earmarked funds must be returned to the authority if not spent within any period stipulated by the authority over which schools are allowed to use the funding.

The authority is not permitted to make any deductions, in respect of interest costs to the authority, from payments to schools of devolved specific grant.

The declaration of Earmarked Funds form can be found as part of the Year End Pack at: <https://www.bedford.gov.uk/secure-school-area/finance/year-end-information/>.

Section B01 must include:

- a) any unspent revenue grant where the grant determination allows for a carry forward of unspent grant; and
- b) balances held for capital projects, where written contracts have been entered into.

Furthermore, schools may apply for funds to be earmarked and retained by the LA where balances relating to future significant capital projects meet the following criteria:

- a) the school scheme will be taking place within 3 years, and;
- b) it appears on the LA capital programme, or;
- c) is detailed on minutes of Governor's meetings and has received written support from the LA that the scheme is appropriate.

Schools that wish to transfer funds to the LA in line with the above criteria must apply in writing to the Chief Education Officer by 1 February preceding the financial year-end.

Subject to approval, arrangements will be made within the following month to transfer funds from the individual school to a ring-fenced reserve on the LA balance sheet for use against a specific future scheme. These funds can only be assigned towards capital schemes that meet the LA's definition of capital.

Supporting evidence must be submitted for the LA to authorise earmarking. Schools must maintain and present accounting records in support of such expenditure.

Schools will receive a statement when the first contribution is made and then at least annually thereafter confirming:

- the value of contributions made to date,
- the timescales for utilising funds and
- the mechanism for drawing down funds when expenditure occurs.

Interest is payable on funds held by the LA for this purpose. The current rate of interest on such loans is the Local Authority 7 day Rate.

Any unspent balances remaining at the end of the 3 year term will be transferred to the LA capital scheme and will no longer be available for use by the school.

However, in exceptional circumstances the Chief Education Officer may approve requests for an extension to the original 3 year expenditure deadline. Such circumstances may include (but are not exclusive to):

1. Capital works arising from 2 tier conversion or school expansion;
2. Unavoidable delays in completing the project(s) within the original timescales envisaged when the funds were originally transferred.

Any extension requests must be submitted to the Schools Finance Team by 3 February preceding the original 3 year deadline.

Requests will be approved by the Chief Education Officer.

Requests must:

- include brief, reasoned arguments for the extension request (up to a maximum of 2 years) and
- be supported by minutes of Governor meetings where the request was agreed.

Requests for extensions beyond 2 years will not be considered.

Any balances remaining thereafter will be transferred to the LA capital scheme and will no longer be available for use by the school.

2.13 Spending for the purposes of the school

Governing bodies are free to spend budget shares 'for the purposes of the school' (Section 50(A) of the Schools Standards and Framework Act 1998), subject to any provisions of this scheme and the regulations made by the Secretary of State

By virtue of Section 50(3A) (which came into force on 1 April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Under Section 50(3) (b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes) (England) Regulations 2002 (SI2002/378), which have been amended by the Schools Budget Shares ((Prescribed Purposes) (England) (Amendment) Regulations 2010 (SI2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.

2.14 Capital spending from budget shares

Governing bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises¹ in accordance with the Councils accounting procedures. However, schools are not permitted to use their budget shares to contribute to capital works if:

- a) this results in a revenue deficit or
- b) existing devolved formula capital balances are held by the school for the current or previous financial years.

Where the premises are owned by the LA, or the school has voluntary controlled status, then the Governing Body will seek the written consent of the LA to:

- the extension of existing buildings
- any internal or external alterations to existing buildings
- the construction of any new buildings
- any external works impacting on play areas or playing fields

However, consent for building work can only be withheld by the LA on health and safety grounds.

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

2.14a Devolved Formula Capital (DFC)

DFC is delegated to schools; however, this must only be used in line with the LA capital guidance and definition and not for revenue purposes e.g. repairs and maintenance.

Schools are required to return to the LA, on a timely basis as prescribed by the LA, control schedules identifying actual capital spend, supported by copy invoices.

DFC must be spent within the three year time frame or claw back may be applied.

Direct Revenue Finance (DRF) entries are not permitted where a school has a Licensed Deficit agreement or where sufficient capital balances are held. Exceptions will be made where earmarked funds authorised by the LA in a previous financial year have detailed a capital contribution.

1. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the Act.

Voluntary Aided (VA) Schools must ensure a separate bank account is held for DFC and only the contribution from the school budget share is shown in the LA school accounts. VA Schools must ensure that they follow LA guidance and definitions for capital. It is the responsibility of the school to comply with deadlines and returns as prescribed by the Diocese or the Department for Education (DfE).

2.15 Notice of concern

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

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

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that an appropriately trained / qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the LA;
- insisting on regular financial monitoring meetings at the school attended by local authority officers;
- requiring a governing body to buy into an LA's financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and / or financial monitoring reports on such activities.

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

Where the authority issues a notice of concern, the notice will be withdrawn once the governing body has complied with the requirements it imposes.

2.16 Schools Financial Value Standard (SFVS)

All LA maintained schools (including nursery schools and pupil referral units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the return on an annual basis.

Governors must demonstrate compliance through the submission of the SFVS signed by the Chair of Governors. This must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and 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 return to the LA annually by the 31st March.

2.17 Fraud

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

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

3. Instalments of the budget share and banking arrangements

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

As of 1st April 2020, all maintained schools will be fully funded using the school's own nominated bank account.

3.1 Frequency of instalments

The entire schools budget share will be made available to the governing body on a monthly basis. Top up payments for pupils with high needs will be made on a monthly basis unless alternative arrangements have been agreed with the provider.

3.2 Proportion of budget share payable at each instalment

Fully funded school budget shares will be transferred into the school bank account in 12 monthly instalments. Any re-determinations of school budget will result in amendments to the instalments lodged in the school's bank account.

Schools may request an adjustment to the proposed instalments by writing to the Manager (Business Partner) for Schools and Children, with a supporting cashflow, demonstrating the school's requirements. Any accelerated instalments will be deducted from future instalments. The operation of the bank account will be subject to the Fully Funded Bank Account Scheme.

3.3 Interest clawback

Where the LA standard proportion of instalments is used (Section 3.2), no deduction will be made from school budget share instalments for the estimated loss of interest.

3.3.1 Interest on late budget share payments

Where there is a delay in part or all of a scheduled payment, due to an error by the LA, interest will be paid on the unpaid amount at the relevant Bank of England base rates for the period.

3.4 Budget shares for closing schools

Budget shares of schools for which approval for discontinuation has been secured will be made available until closure on a basis agreed by the LA. This may either reflect the existing banking arrangements or an alternative arrangement that suits both the LA and the school concerned.

3.5 Bank and building society accounts

All maintained schools may have an external bank account into which their budget shares will be paid in accordance with the provisions contained at paragraphs 3.1 and 3.2 of this scheme. Where schools have such accounts they shall be allowed to retain all interest payable on the account and be subject to any bank charges arising.

New bank account arrangements may only be made with effect from the beginning of each financial year and any such change must be requested prior to 1 January preceding the start of the new financial year.

3.5.1 Restrictions on accounts

Fully funded bank accounts may only be held at either a bank or building society that has been approved by the LA's Assistant Chief Executive (Finance) and appears on the approved list held by the LA Treasury and Technical Accounting Team.

Any school closing an account used to receive its budget share and opening another must select the new bank or building society in line with the authority's treasury management policy.

The scheme allows schools to have accounts for budget share purposes which are in the name of the school rather than the LA. However, if a school has such an account the scheme requires that the account mandate provides that the LA is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the LA.

The LA can continue to have arrangements negotiated with certain banks whereby the accounts are in the name of the LA but specific to each school, and offer such arrangements to schools.

Budget share funds paid by the LA and held in school accounts remain LA property until spent (s49 (5) of the Act)

The LA may decide to restrict signatories for bank accounts, but should allow at least LA employees and school employees to be signatories. Such a provision should not be limited to authority employees only, because this is not practicable for foundation or aided schools. The LA may not allow governors who are not members of staff from being signatories. In this case the LA may choose to nominate a signatory.

The use of direct debits or standing orders for a bank account operated by a school is permissible, except where the account is part of an LA contract.

3.6 Borrowing by schools

Governing bodies may borrow money (which includes the use of finance leases) externally only with the written permission of the Secretary of State² following consultation with the LA.

The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances.

Schools are allowed to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.

This does not apply to loan schemes run by the authority (see section 4.10). Schools are not permitted to use interest bearing credit cards, which are regarded as borrowing. However, schools are encouraged to use procurement cards, as these cards can be a useful means of facilitating electronic purchase.

Charge cards are also permitted. However, no interest charges should be incurred by the school, with balances fully cleared on a monthly basis.

3.7 Other provisions

Bedford's Financial Regulations for Schools sets out in further detail the operational requirements of the banking schemes outlined in 3.1 above. In addition the Regulations include information on the Bank and Cash Imprest Schemes, which can be used in conjunction with centralised payments.

Where two or more schools are federated under Section 24 of The Education Act 2002, the LA may allocate a single budget share to the governing body of that federation. Applications to pool or un-pool budgets for federated schools must be received by 01 November to take effect from the following financial year.

2. This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budget, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the LA when repaying loans.

4. The treatment of surplus and deficit balances arising in relation to budget

4.1 The right to carry forward surplus balances

Schools may carry forward from one financial year to the next any surplus or deficit in net expenditure relative to the school's budget share for the year plus or minus any balance brought forward from the previous year.

4.2 Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2008:

- a. the LA shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b. the LA shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent grants for the previous financial year where the grant conditions allow carry forward to a future financial year;
- c. the LA shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the LA, and which the LA is satisfied are properly assigned. To be properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the LA. In considering whether any sums are properly assigned the LA may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
- d. if the result of steps a-c is a sum greater than 6% of the current year's budget share for secondary schools or 9% for nursery, lower, primary and special schools, and this is the 3rd consecutive occurrence, then the LA will consider the excess balances by review through the Surplus Balance Sub Group (a sub group of the Schools Forum) and may recommend the clawback of any excessive surplus or direct the use of these funds within the school for specific purposes in future financial years,.

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

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

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

To assist the LA in carrying out its financial monitoring role, governing bodies are required to report to the LA on the use which the school intends to make of surplus balances (after taking account of any earmarked funds, as per the annual CFR return) in cases where the total balance exceeds the threshold's set out in section d above.

Relevant evidence must support B02/B06 Uncommitted/Community Focused Revenue Balances and be in written form and examples may comprise of:

- Finance governors meeting minutes
- Three year plans
- Projected pupil numbers
- Correspondence with contractors
- Any other relevant information

4.3 Interest on surplus balances

Balances held by the LA on behalf of schools do not attract interest. Balances held by schools in their own bank accounts, (option b) referred to in paragraph 3), may attract interest for the school depending on the type of account.

4.4 Obligation to carry forward deficit balances

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share (see also 4.8).

4.5 Planning for deficit budgets

Schools may only plan for a deficit budget in accordance with the terms of paragraph 4.9 below. All schools must notify the LA immediately should it become apparent at any time that there will be a deficit budget in any of the years covered by the multi-year financial plan,

4.6 Charging of interest on deficit balances

Fully funded schools operating their own bank account are not permitted to allow their account to become overdrawn.

4.7 Writing off deficits

The LA has no power to write off the deficit balance of any school. Funds to support mainstream maintained schools in financial difficulty are available from a de-delegated contingency budget where this has been agreed through Schools Forum.

4.8 Balances of closing and replacement schools

When a school closes, any balance (whether surplus or deficit) shall revert to the LA; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under the provisions of the Academies Act 2010.

However, the LA may, if they wish, make allocations to schools, which have the effect of giving them the benefit of additional sums that are equal to or less than the surplus balances of relevant closing schools.

The LA may also recognise the deficit of the preceding school by reducing the amount of extra funding allocated to a new school, by an amount equal to the deficit from the previous school. Any deficit cannot be set against the 'normal' elements of funding the new school, such as elements of funding it would receive anyway if it were not new.

4.9 Licensed deficits

The general provision in paragraph 3.6 above forbidding governing bodies to borrow money shall not apply to schemes run by the LA as set out below.

The LA will permit schools which do not have a deficit at the start of a financial year to plan for a deficit budget in particular circumstances subject to the approval of the Chief Education Officer by delegation of the Director of Children's Services and the Assistant Chief Executive (Finance), or their nominated representative. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the LA on behalf of schools³.

The Licensed Deficit (LD) shall be in accordance with the following conditions / requirements:

- a. The normal maximum length of time over which schools may repay the deficit (i.e. to reach at least a zero balance), will be three years. Schools' requests for licensed deficits will need to be supported by a detailed recovery plan. Progress against the plan will be reviewed formally each month and schools are required to submit a formal [Licenced Deficit Outturn](#) which is available to download within the Licenced Deficit section of the Schools' secure website. This submission must be supported by a system report confirming expenditure to date. Should the financial position of the school deteriorate then schools will need to adjust their plans accordingly to achieve the terms of their agreed LD. If the school forecasts that the approved LD recovery cannot be met they should submit in writing a request for additional funds, supported by a revised recovery plan, as soon as possible.

In exceptional circumstances the recovery period may be extended, but only with the express approval of the Assistant Chief Executive (Finance) and the Chief Education Officer by delegation of the Director of Children's Services.

3. It is open to the LA, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant local authority finance legislation.

- b. Licensed deficits will normally only be agreed where circumstances affecting the school change in ways which could not have reasonably been foreseen and the school concerned needs a period in excess of one financial year in order to effect a reduction in its annual level of expenditure and / or an increase in its annual level of income sufficient to eliminate the budget deficit.
- c. Licensed deficits shall not normally exceed 10% of a school budget share.
- d. No more than one third of the collective balances held by the LA will be used to back these arrangements. The collective balances will include any balances held in external bank accounts where the funds were initially made available by the authority.
- e. The format of the Licensed Deficit Recovery Plan is shown in Appendix B. [This plan](#) is available to download from the Licensed Deficit section of the school's secure website. To accompany this plan, detailed notes are required to be submitted to support the recovery plan.

If the recovery period is less than three years, the plan only needs to cover the recovery period i.e. an additional one or two years. If exceptionally, a longer period has been agreed as set out above, the plan must be extended to the financial year of recovery.

4.10 Asset loan scheme

The LA operates an Asset Loan Scheme which does not operate by way of a licensed deficit but rather by way of expenditure by the LA, on asset purchases, in respect of a particular school on condition that repayments of principal and interest are repaid from the budget share. The current rate of interest on such loans is the Bank of England base rate.

The loan shall be in accordance with the following conditions / requirements:

- a. the maximum length of time over which schools may repay the loan will be three years. Schools' requests for loans will need to be supported by the School's Development Plan. At no stage will the loan period be extended beyond three years.
- b. loans will only be agreed if they meet the approval of the Assistant Chief Executive (Finance).
- c. the maximum permitted value of a purchase will be such that in the period over which the school elects to spread the cost, each annual payment (comprising both principal and interest) will not exceed one per cent of the total budget share (formula allocation excluding balance brought forward), as calculated in the year in which the agreement commences.
- d. the minimum value of a purchase considered to be appropriate to the loan scheme is £10,000.
- e. no more than one third of the collective balances held by the LA will be used to back these arrangements.

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

4.10.1 Credit union approach

Schools may wish to group together to utilise externally held balances for a Credit Union approach to loans. Where schools choose to borrow money through such a scheme the LA will require audit certification of the running of the scheme, unless the LA itself acts as the administrator of the arrangement. Details of the arrangements can be found in Bedford's Financial Regulations for Schools.

4.10.2 Salix energy efficient loan scheme

Funded by the DfE, Salix launched a Schools programme in 2012 providing 100% interest-free loans specifically for schools in England for Energy Efficiency Initiatives. There is a minimum value for any single project of £500 and a total minimum application and loan value of £5,000. There is not a maximum loan value. The repayment of the loan will be a minimum of 4 years up to a maximum of 8 years, dependent on the project payback. The loans must be paid back to Salix by direct debit every March and September over the confirmed period.

As noted in paragraph 3.6 above, Secretary of State approval is required for schools to borrow externally. In the case of Salix loans, blanket approval has been given for the scheme and schools are not required to obtain individual approval.

For detailed accounting guidance for this loan, please contact your School Financial Analyst.

5. Income

Schools shall be able to retain income except in certain specified circumstances.

5.1 Income from lettings

Schools may retain income from lettings of the school premises which would otherwise accrue to the LA, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided 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. Schools whose premises are owned by the LA shall be required to have regard to directions issued by the LA as to the use of school premises.

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

5.2 Income from fees and charges

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

5.3 Income from fund-raising activities

Schools may retain income from fund-raising activities.

5.4 Income from the sale of assets

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

5.5 Administrative procedures for the collection of income

Schools are required to comply with the LA's guidance on VAT as expressed in Bedford Borough's VAT Guide. (This is available from the school's secure website within the VAT section). The LA will inform schools of any changes to approved procedures, which may arise from time to time in the light of advice from HM Revenue and Customs.

5.6 Purposes for which income may be used

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

6. The charging of school budget shares

6.1 General provision

The budget share of a school may be charged by the LA without the consent of the governing body only in circumstances set out in 6.2 below. The LA shall consult schools as to the intention to so charge, and shall notify a school when it has been done.

Schools are reminded that the LA cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s496 of the Education Act 1996.

Should a school wish to challenge such a charge then they must set out their objections in writing to the Assistant Chief Executive (Finance) who shall make the final determination.

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

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

6.2 Circumstances in which charges may be made

- 6.2.1 Where premature retirement costs have been incurred without the prior written agreement of the LA to bear such costs (the amount chargeable being the excess over any amount agreed by the LA);
- 6.2.2 Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see paragraph 11.11);
- 6.2.3 Awards by courts and industrial tribunals against the LA, or out of court settlements, arising from action or inaction by the governing body contrary to the LA's advice. In framing its advice the LA will ensure that it has taken proper account of the role of aided school governing bodies under section 60(5) of the Act;
- 6.2.4 Expenditure by the LA in carrying out building repairs and maintenance, health and safety work or capital expenditure for which the LA is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work;
- 6.2.5 Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has voluntary controlled status;
- 6.2.6 Expenditure incurred by the LA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the LA. In each particular case the LA will first have considered that it has an insurable interest:
- 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the LA;
- 6.2.8 Recovery of penalties imposed on the LA by the Board of Inland Revenue, the Contributions Agency, HM Revenue and Customs, Teachers' Pensions, the Environment Agency or other regulatory authorities as a result of school negligence;
- 6.2.9 Correction of LA errors in calculating charges to a budget share (e.g. pension deductions);
- 6.2.10 Additional transport costs incurred by the LA arising from decisions by the governing body on the length of the school day, or failure to notify the LA of non-pupil days resulting in unnecessary transport costs;
- 6.2.11 Legal costs which are incurred by the LA because the governing body did not accept the advice of the LA (see also section 11);

- 6.2.12 Costs of necessary health and safety training for staff employed by the LA, where funding for training has been delegated but the necessary training not carried out;
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect;
- 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non-LA payroll contractors, the charge to be the minimum needed to meet the cost of the LA's compliance with its statutory obligations;
- 6.2.15 Costs incurred by the LA in securing provision specified in an Education Health and Care Plan where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEND and / or specific funding for a pupil with High Needs;
- 6.2.16 Costs incurred by the LA due to submission by the school of incorrect or late data;
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;
- 6.2.18 Costs incurred by the LA as a result of the governing body being in breach of the terms of a contract;
- 6.2.19 Where schools whose withdrawal from a cluster arrangement into which they entered voluntarily results in additional costs to the other schools in the cluster or to the LA; this removes any disincentive to the employment of shared staff in clusters and partnerships whereby a school may be able to withdraw without notice putting extra costs on the school actually employing the member of staff.

7. Taxation

7.1 Value Added Tax

The LA has established procedures to enable schools to utilise the LA's ability to reclaim VAT on expenditure relating to non-business activity. Amounts so reclaimed will be passed back to schools. The procedures are outlined in Bedford Borough's VAT Guide, published on the Schools' website. Accounting for VAT is additionally included in the LA's Bank Account Schemes.

7.2 CIS (Construction Industry Taxation Scheme)

After negotiations between industry and HMRC a major change was agreed for LA maintained schools with delegated budgets which came into effect from 5th April 2007. This exemption means that where a contract is between the school / governing body and the subcontractor (i.e. not with the LA) CIS reporting is not required. This means that fully funded schools can pay the subcontractor direct and do not have to report these invoices via the Tax Officer (as per previous scheme).

Where there are major capital works, the contract is usually (but not in all cases) between the subcontractor and the LA. Where this is the case, invoices are paid by the LA and will be reported for CIS purposes.

8. The provision of services and facilities by the LA

8.1 Provision of services from centrally retained budgets

The LA shall determine on what basis services and payments, including existing Premature Retirement Compensation (PRC) and redundancy payments, from centrally retained funds will be provided to schools. The LA is barred from discriminating in its provision of services on the basis of categories of schools, except where this would be permitted under the School and Early Years Finance Regulations or the DSG conditions of grant.

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

The term of any arrangement with a school to buy services or facilities from the LA shall be limited to a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services. In the case of catering contracts the contract period may be up to seven years in duration.

The provision of services or facilities by the LA, which are bought back using delegated budgets and not retained centrally by the LA under the Regulations made under section 45A of the Act, must be offered at prices that are intended to generate income that is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

This provision complements the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or profit is not always achievable over fixed financial years; it is for the LA to show during audit tests that the charging policy can reasonably be expected to avoid central subsidy of services.

Centrally arranged premises and liability insurance are excluded from these requirements.

8.2.1 Packaging

The LA may provide any service for which funding has been delegated. Where the LA is offering the service on a buyback basis, it will do so in a way which does not unreasonably restrict schools' freedom of choice among the services available, and where practicable, this will include provision on a service-by-service basis as well as in packages of services.

8.3 Service level agreements

Where the LA utilises service level agreements, schools must be provided with, at a minimum, one month to consider the terms of the agreement.

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

Services, if offered at all by the LA, shall be available on a basis which is not related to an extended agreement, as well as on the basis of such agreements.

Centrally arranged premises and liability insurance are excluded from these requirements.

8.4 Teachers' Pensions

Governing bodies of schools which provide payroll services should submit a monthly return of salary and service to the LA.

In order to ensure that the performance of the duty on the LA to supply Teachers' Pensions with information under the Teachers' Pensions Regulations 2014, the following conditions are imposed on the LA 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 that have not entered into an arrangement with the LA to provide payroll services.

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

9. Private Finance Initiative / Public Private Partnerships (PFI/PPP)

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

10. Insurance

10.1 Insurance cover

If a school does not buy back cover for insurance from the LA, then the school is required to demonstrate that cover relevant to an LA's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LA.

Those schools who do not buy back insurance from the LA must produce evidence to the LA that the appropriate level of cover has been arranged prior to 1 April of the financial year for which delegation of insurance funds is sought.

The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.

The LA is required to take due regard to actual risks which might reasonably be expected to arise at a school wishing to make their own insurance arrangements. This is to ensure that an appropriate level of insurance is arranged.

From 1 April 2020, instead of taking out insurance, a school may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. It is also possible for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.

11. Miscellaneous

11.1 Right of access to information

Governing bodies shall supply to the LA all financial and other information which might reasonably be required to enable the LA to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the LA (e.g. earmarked funds) on the school.

11.2 Liability of governors

Because the governing body is a corporate body⁴, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

11.3 Governors' expenses

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

Only allowances in respect of purposes specified in regulations⁵ may be paid to governors from a school's delegated budget share. Schools are expressly forbidden from paying any other allowances to governors.

Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

11.4 Responsibility for legal costs

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

It may, very occasionally, be the case that there is a conflict of interest between the governing body and the LA where the governing body would wish to obtain separate legal advice and in such a situation the Legal Services section of the LA would be available to advise the governing body as to practitioners with the necessary expertise.

4. and because of the terms of s50(7) of the Act.

5. section 19 of the Education Act 2002.

11.5 Health and safety

In expending the school's budget share, governing bodies are required to have due regard to duties placed on the LA in relation to health and safety, and the LA's policy on health and safety matters in the management of the budget share.

Under Section 39(3) of the School Standards and Framework Act the LA may issue directions to the governing body and Headteacher of a community, community special or voluntary controlled school on health and safety matters.

These directions are enforceable, so far as governing bodies are concerned, via s497 of the Education Act 1996 if not complied with.

11.6 Right of attendance for Assistant Chief Executive (Finance)

Governing bodies are required to permit the Assistant Chief Executive (Finance), or his nominated representative, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

The attendance of the Assistant Chief Executive (Finance) or his representative shall normally be limited to items which relate to issues of probity or overall financial management of the school and shall not be regarded as routine.

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

11.7 Special Educational Needs and Disability (SEND)

When spending their budget share, schools are required to use their best endeavours to secure the special educational needs of their pupils and ensure that they meet all the requirements of the Special Educational Needs and Disability (SEND) Code of Practice.

11.8 Interest on late payments

Schools are required to ensure compliance at all times with legislation in relation to interest on late payments. Further guidance on this issue is provided in the LA's Bank Account Schemes.

11.9 'Whistleblowing'

Any person working at a school or a school governor who wishes to complain about financial management or financial propriety at the school shall do so in accordance with the Confidential Reporting Policy as set out in the School Personnel Handbook.

11.10 Child protection

Schools are encouraged to release staff as appropriate in relation to child protection case conferences and other related events. Costs in relation to this are borne by the school budget share.

11.11 Redundancy / early retirement costs

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded.

The default position is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charges to the LA's budget.

However, 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. These exceptions are clearly defined by the LA and discussed with the Schools Forum.

Redundancy costs will not be centrally funded and will be charged to delegated school budgets in the following circumstances:

- a. a school has decided to offer more generous terms than the LA's policy, then the excess will be charged to the school;
- b. provided by the LA;
- c. the school is making staffing reductions which the LA does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit;
- d. staffing reductions arise from a deficit caused by factors within the school's control;
- e. a school has excess surplus balances and no agreed plan to use these balances;
- f. a school has refused to engage with the LAs redeployment policy.

In the case of premature retirement costs, the LA has to agree otherwise for costs to be centrally funded. Premature retirement costs may be charged to the LA non-schools budget in the following circumstances:

- a. a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards;
- b. a school is closing, does not have sufficient balances to cover the costs, and where the central school's budget does not have capacity to absorb the deficit;
- c. where charging such costs to the school's budget would prevent the school from complying with a requirement to recover from a licensed deficit within the agreed timescale;
- d. 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 LA or government intervention to improve standards.

Costs may not exceed the amount budgeted in the previous financial year.

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 of the Education Act 2002 states:

(7) Where a local education authority incur costs-

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

they shall recover those costs from the governing body except in so far as the authority agrees with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

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

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

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

12. Responsibility for repairs and maintenance

- 12.1 Illustrative examples of capital expenditure items in line with the DfE's interpretation of the CIPFA code of practice are included at Appendix C.
- 12.2 The LA school de minimis limit for the definition of capital and revenue in assigning responsibility for the types of work is £4,000.
- 12.3 For voluntary aided schools, the liability of the LA for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as for other maintained schools, and no separate list of responsibilities is necessary for such 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 Bedford Borough LA.

13. Community facilities

Introduction

- 13.1 Community facilities are defined in the Education Act 2002 as “any facilities or services whose provision furthers any charitable purpose for the benefit of:
- a. pupils at the school or their families, or
 - b. people who live or work in the locality in which the school is situated.”

Schools which choose to exercise the power conferred by s27 (1) of the Education Act 2002 to provide community facilities will be subject to controls. Regulations made under s28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power.

Section 88 of the Children and Families Act 2014, has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its LA and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their LA when offering this type of provision.

Under section 28(1), the main limitations and restrictions on the power will be those contained in the LA’s scheme for financing schools made under section 48 of the School 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 therefore subject to prohibitions, restrictions and limitations in the scheme.

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

Where a school is already carrying out any of the activities covered by this power, under the terms of an existing funding or management agreement with the LA, then the terms of that agreement continue to apply.

- 13.2 Section 4 of the Children, Schools and Families Act 2010 enables schools to use their delegated budgets for both pupil and community focused facilities. Mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

A schools budget share, or delegated budget, is ring-fenced, in statute, ‘for the purposes of the school’. This covers all the activities that the school is required to deliver in respect of the teaching and learning of the pupils registered at the school. This includes purposes for the pupils registered at the school or at other maintained schools and community facilities.

Consultation with the LA – financial aspects

- 13.3 Changes made by the Children and Families Act 2014 mean that schools no longer need to consult the LA when establishing community facilities under Section 27 of the Education Act 2002. Nor do they have to have regard to advice given to them by their LA.

However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions that they make.

Funding agreements – authority powers

- 13.4 The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with one or more third parties, which will either be supplying funding and / or taking part on the provision. A wide range of bodies and organisations are potentially involved.
- 13.5 Any funding agreements with third parties (as opposed to funding agreements with the LA itself) should be submitted to the LA for comment and advice. Such draft agreements should form part of the consultation with the LA. Schools must have regard to the advice.

Schools are reminded that if an agreement has been or is to be concluded against the wishes of the LA, or has been concluded without informing the LA, which is judged to be seriously prejudicial to the interests of the school or the LA, that may constitute grounds for suspension of the right to a delegated budget.

Other prohibitions, restrictions and limitations

- 13.6 Where a school makes a proposal for a community facility which carries significant financial risks, the LA may require that the governing body shall make arrangements for the activity concerned to be carried out through the vehicle of a limited company formed for the purpose, or obtain appropriate indemnity insurance.
- 13.7 Section 28 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme of financing schools. Restrictions should safeguard the financial position of the LA or school, or to protect pupil welfare or education.

Supply of financial information

- 13.8 The LA may require schools which exercise the community facilities power to provide the LA with a summary statement, in a form determined by the LA, showing the income and expenditure for the school arising from the facilities in question.
- 13.9 The LA, on giving notice to the school that it believes there to be cause for concern as to the school's management of the financial consequences of the exercise of community facilities power, to require such financial statements to be supplied every three months. The LA, if it sees fit, may also require the submission of a recovery plan for the activity in question.

Audit

- 13.10 Schools are required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure. This will include the audit requirements of any external funding body.
- 13.11 In concluding funding agreements with third parties, schools must ensure that such agreements contain adequate provision for access by the LA to the records and other property of those parties which are held on the school premises, or held elsewhere in so far as they relate to the activity in question. Access is required in order for the LA to satisfy itself as to the propriety of expenditure on the community facilities in question.

Treatment of income and surpluses

- 13.12 Schools may retain all surpluses derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person.
- 13.13 When a surplus has been derived after the charging of all relevant costs and crediting of all relevant income, then that surplus may be carried over from one financial year to the next as a separate community facilities surplus.

Health and safety

- 13.14 The health and safety provisions of the main body of the Scheme for Financing Schools (section 11.5) will also apply to the use of the community facilities power.
- 13.15 The governing body has a responsibility for the costs of securing Disclosure Barring Service clearance for all adults involved in community activities taking place during the school day. Governing bodies are free to pass on such costs to a funding partner as part of an agreement with that partner.

Insurance

- 13.16 It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities. The governing body concerned must make arrangements to protect the financial interest of the LA by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question. A school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary.
- 13.17 The LA may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school. This is particularly to safeguard the LA against possible third party claims.

Taxation

- 13.18 Schools should seek the advice of the LA's Tax Officer on any issues relating to the possible imposition of Value Added Tax (VAT) on expenditure in connection with community facilities including the use of the LA VAT reclaim facility. The VAT rules in this area are complicated and VAT should be considered before the implementation of any new scheme to ensure that there are no adverse consequences for the school.
- 13.19 If any member of staff employed by the school or LA in connection with community facilities at the school, is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not) the school will be held liable for the payment of income tax and national insurance, in line with HM Revenue and Customs rules.
- 13.20 Schools who exercise the community facilities power are required to follow the procedures issued by the LA in connection with the Construction Industry Scheme.

Banking

- 13.21 The regulations relating to bank and building society accounts, as detailed in section 3.5 and 3.5.1 of the main body of the Scheme for Financing Schools also apply to the community facilities power. Schools must ensure that adequate internal accounting controls are in place to maintain separation of funds, where separate accounts are kept.
- 13.22 Provisions in relation to the banks which may be used, signing of cheques, the title of bank accounts, the contents on bank account mandates and similar matter are as detailed in the main part of the scheme.
- 13.23 Schools must not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by the LA.

Appendix A

Schools to which the scheme applies

School	Location	Status
Nursery		
Bedford Nursery Schools Federation	Bedford	Community
Lower / Primary		
Balliol	Bedford	Community
Bedford Road	Bedford	Community
Brickhill	Bedford	Community
Broadmead	Stewartby	Community
Bromham	Bedford	Voluntary controlled
Camestone	Bedford	Community
Carlton	Carlton	Voluntary controlled
Christopher Reeves	Podington	Voluntary aided
Cotton End	Cotton End	Community
Edith Cavell	Bedford	Foundation
Eileen Wade	Upper Dean	Foundation
Great Denham	Great Denham	Foundation
Hazeldene	Bedford	Foundation
Kempston Rural	Kempston	Community
King's Oak	Bedford	Community
Kymbrook	Keysoe	Foundation
Lakeview	Wixams	Community
Livingstone	Bedford	Foundation
Milton Ernest	Milton Ernest	Voluntary controlled
Pinchmill	Felmersham	Foundation
Priory	Bedford	Foundation
Renhold	Renhold	Voluntary controlled
Riseley	Riseley	Voluntary aided
Scott	Bedford	Community
Sheerhatch	Cople / Willington	Community
St Lawrence	Wymington	Voluntary aided
Thurleigh	Thurleigh	Foundation
Turvey	Turvey	Foundation
Westfield	Bedford	Community
Wilden	Wilden	Voluntary aided
Wilstead	Wilstead	Foundation
Wootton	Wootton	Community
Primary / Secondary		
Castle Newnham Federation	Bedford	Foundation
Secondary		
Biddenham	Bedford	Foundation
Special		
Ridgeway	Bedford	Community

Appendix B

Licensed Deficit Recovery Plan

CFR CODE	DETAILS	2023/24	2024/25	2025/26	2026/27	2027/28
REVENUE						
	INCOME					
I01	Funds Delegated by the LA	0	0	0	0	0
I02	Funding for Sixth Form Students	0	0	0	0	0
I03	High Needs Top-Up Funding	0	0	0	0	0
I04	Funding for Minority Ethnic Pupils	0	0	0	0	0
I05	Pupil Premium	0	0	0	0	0
I06	Other Government Grants	0	0	0	0	0
I07	Other Grants and Payments Received	0	0	0	0	0
I08	Income from Facilities & Services	0	0	0	0	0
I09	Income from Catering	0	0	0	0	0
I10	Receipts from Supply Teacher Insurance Claims	0	0	0	0	0
I11	Receipts from Other Insurance Claims	0	0	0	0	0
I12	Income from Contributions to Visits etc	0	0	0	0	0
I13	Donations and/or Voluntary Funds	0	0	0	0	0
I15	Pupil Focused Extended School Funding &/or Grants	0	0	0	0	0
I16	Community Focused School Funding and/or Grants	0	0	0	0	0
I17	Community Focused School Facilities Income	0	0	0	0	0
I18	Additional Grant for Schools	0	0	0	0	0
	TOTAL REVENUE INCOME	0	0	0	0	0
EXPENDITURE						
E01	Teaching Staff	0	0	0	0	0
E02	Supply Teaching Staff	0	0	0	0	0
E03	Education Support Staff	0	0	0	0	0
E04	Premises Staff	0	0	0	0	0
E05	Administrative and Clerical Staff	0	0	0	0	0
E06	Catering Staff	0	0	0	0	0
E07	Cost of Other Staff	0	0	0	0	0
E08	Indirect Employee Expenses	0	0	0	0	0
E09	Staff Development and Training	0	0	0	0	0
E10	Supply Teacher Insurance	0	0	0	0	0
E11	Staff Related Insurance	0	0	0	0	0
E12	Building Maintenance and Improvement	0	0	0	0	0
E13	Grounds Maintenance and Improvement	0	0	0	0	0
E14	Cleaning and Caretaking	0	0	0	0	0
E15	Water and Sewerage	0	0	0	0	0
E16	Energy	0	0	0	0	0
E17	Rates	0	0	0	0	0
E18	Other Occupation Costs	0	0	0	0	0
E19	Learning Resources	0	0	0	0	0
E20	ICT Learning Resources	0	0	0	0	0
E21	Examination Fees	0	0	0	0	0
E22	Administrative Supplies	0	0	0	0	0
E23	Other Insurance Premiums	0	0	0	0	0
E24	Special Facilities	0	0	0	0	0
E25	Catering Supplies	0	0	0	0	0
E26	Agency Supply Teaching Staff	0	0	0	0	0
E27	Bought in Professional Services - Curriculum	0	0	0	0	0
E28	Bought in Professional Services - Other	0	0	0	0	0
E29	Loan Interest	0	0	0	0	0
E30	Direct Revenue Financing	0	0	0	0	0

E31	Community Focused School Staff	0	0	0	0	0
E32	Community Focused School Costs	0	0	0	0	0
	TOTAL REVENUE EXPENDITURE	0	0	0	0	0
	IN YEAR SURPLUS/(DEFICIT)	0	0	0	0	0
	SURPLUS/(DEFICIT) B/FWD	0	0	0	0	0
B01 B02 B06	CUMULATIVE SURPLUS/(DEFICIT) C/FWD	0	0	0	0	0

CAPITAL

	INCOME					
CI01	Capital Income	0	0	0	0	0
CI03	Voluntary or Private Income	0	0	0	0	0
CI04	Direct Revenue Financing	0	0	0	0	0
	TOTAL CAPITAL INCOME	0	0	0	0	0

	EXPENDITURE					
CE01	Acquisition of Land and Existing Buildings	0	0	0	0	0
CE02	New Construction, Conversion & Renovation	0	0	0	0	0
CE03	Vehicles, Plant, Equipment and Machinery	0	0	0	0	0
CE04	Information and Communication Technology	0	0	0	0	0
	TOTAL CAPITAL EXPENDITURE	0	0	0	0	0

	IN YEAR SURPLUS/(DEFICIT)	0	0	0	0	0
	SURPLUS/(DEFICIT) B/FWD	0	0	0	0	0
B03 B05	CUMULATIVE SURPLUS/(DEFICIT) C/FWD	0	0	0	0	0

AUTHORISED BY HEADTEACHER.....

DATE...../...../.....

AUTHORISED BY CHAIR OF GOVERNORS.....

DATE...../...../.....

Appendix C

Schedule of works deemed capital which are the responsibility of the LA

Works which can be classified as capital are those where a whole and total replacement is required to the following building elements:

Demolition

Demolition works of whole building structures including taking down, removal and clearance of sites or buildings, sealing off all drains and engineering services, when undertaken as part of a construction project.

Foundations (below top of ground floor slab)

All structural work to walls or wall supports below and including damp-proof courses, underpinning, propping, piles, ground beams, piers, bases and brick or concrete footings (includes internal ducts and duct covers).

Structural frames

All structural members in steel, timber, or concrete frame including ties, bracing, connection, bolts base plates and wedging and internal structural walls.

Floor structures

Floor structures and ducting together with their screeds but excluding bonded woodblock and all other floor finishes, soffits and ceiling finishes.

Roofs, structures

Roof structures including top floor ceiling timbers, eaves and verge construction, and catwalks. This includes glazing structures.

Roofs, coverings

Weather-proof roof coverings including eaves, verge finishing and catwalks. This excludes all applied rainwater goods above ground and roof glazing.

External walls

Load bearing, structural, framed, panelled and curtain walls, chimney stacks and flues, including refractories, masonry stonework, heads, sills, strings, steps etc.
Applied surface finishes, i.e.: renderings, tile pointing, balcony rails; and cavity wall insulation.

Staircase and landing structures

Staircase and landing structures but excludes handrails, balustrades and finishes.

Whole elevation windows and external doors

Complete replacement of external windows and doors, including associated ironmongery, architraves and shutters.

Ceiling structures

Suspended ceiling structures (grids and wires) including fire stops and insulation (excluding all finishing).

Roads, playgrounds, car parks, and paths

Complete reconstruction of patios, drying areas, steps, fire appliance hard stands, car parking, garage approaches and roads including rebuilding foundation layers. Access paths, courts and playgrounds where no vehicle damage.

Underground drainage

Drains, gullies, grease traps and manholes between buildings and sewers. Includes all internal floor gratings, channels, covers etc. (excludes cleansing).

Asbestos removal or encapsulation

Except where works are instigated by the user / tenant. Including fees for testing etc.

Main electrical switchgear

All switchgear and interconnecting cables, protective conduits and trunking and fixings, including labels and circuit lists.

Electrical power and lighting circuits

Fixed sub-circuit wiring and conduit, trunking or other means of mechanical protection including fixings, wiring accessories and conduit boxes. All interconnecting wiring and control equipment, time switches, photo-electric cells to external lighting including columns, floodlights and road lighting.

Intruder, security and fire alarm systems

All battery units including batteries, inter-connections, cabinets and control equipment used for emergency lighting, fire detection and alarm systems, intruder alarm systems (except resulting after activating), master clock systems and call bell systems. All wiring systems associated with these systems including low voltage types. All emergency lighting luminaires including self-contained types, operating relays and associated controls.

All call bell systems including pushes, reset units, meter and indicator boards, sounders, relays, handsets. All intruder alarm systems including detectors, sounders, alarm lights, control panels, electric override switches and wiring, including CCTV installations, cameras and monitors. All door access systems including pushes, card readers, power supply, electric door releases and wiring.

Boilers

LP and MPHW heating and HWS boilers including cleaning access doors, door seals, hinges, fasteners, boiler casing and flue clean brushes. Boiler house steel flues including dampers, explosion relief doors, draught diverters and flue stabilisers.

Forced draught and atmospheric gas fired burners

Forces draught and atmospheric gas fired heating and HWS burners including burner train, flame failure controls, thermostats, gas booster sets and refractories.

Pressure jet oil fired burners

Pressure jet oil fired heating and HWS burners including burner train, flame failure controls, thermostats and refractories.

Automatic coal fired stoking equipment

Automatic coal fired heating and HWS stoking plant including direct controls, thermostats, feed works/tubes, gearboxes, fans, motors, transfer boxes, tuyers, draught tubes, induced draught fans, fuel delivery tubes and refractories.

Automatic controls and boiler plant electrics

Heating and HWS heating controls, including zone controls, optimum start controls, energy management controls, control panels, detectors, motorised valves and actuators.

Automatic controls and boiler plant electrics

Smoke density alarms, including sensors and control panels. Gas detectors, including sensors, control panels, thermal safety devices, thermal links, emergency stop switches and solenoid valves. Mains signalling systems controlling heating and HWS systems. General mains power, low voltage and lighting in boiler house.

Steel chimneys

Main steel chimney structure, including basis, guy ropes, holding down bolts, flanges, webs and gussets, cladding and insulation, trims and cowls, access doors and condense drain points and external protective finishes.

Water storage tanks and cylinders and associated pumps

Water storage tanks (excludes cleaning). Heating circulating pumps, HWS primary and secondary pumps and sump pumps. HWS storage cylinders and calorifiers, isolating valves, pipework and fittings, thermal insulations, temperature/altitude and oil tank contents gauges. Oil storage tanks, including emergency shut-off devices, valves and thermal linkages, trace heating devices and associated electrical wiring, heating elements, control panel, thermostats and detectors, (including oil storage tanks for electrical generators).

Repair and maintenance of kitchens and kitchen equipment

The LA can retain monies centrally for the repair and maintenance of kitchens and kitchen equipment in schools which have not had school meals delegated.

Heating - water, gas and oil distribution systems

LP and MPHWH heating, hot and cold water, gas and oil distribution services including mild steel, copper, polyethylene, ABS and PVC pipework, valves and fittings at tap, appliance or service point. Feed expansion tanks, remote HWS storage cylinders and calorifiers, thermal insulation, radiators, natural convector emitters, pipe coils and heated towel rails. All external mains distribution services (gas, water, etc.).

Direct gas fired hot water units

Replacement of direct gas fired hot water heating units including flues where appropriate.

Air conditioning equipment

All equipment including electrical controls.

Direct fired air handling unit room heaters

Direct oil or gas fired heater units including guards, flues, controls, thermostats, dedicated oil storage tanks, oil contents gauges, oil pipework services and fittings.

Lifts, hoists, barriers, lifting aids

The whole of the passenger or goods lift installation including wiring, controls, doors, guides, motor, gearbox, pulleys, cables, safety equipment, and lift car finishes. Window cleaning cradles, beams, cables and winches.

Under floor heating installations

Underfloor heating cables, ceiling heating systems including all elements, wiring, controls and isolator thermostats.

In addition, the LA will make good any consequential damage it causes that affects the areas for which the governing body is responsible, and will undertake other directly associated and beneficial improvements which may sensibly be implemented at the time of a capital repair and maintenance project, subject to the availability of funding.

De minimis level (further clarification)

Replacement works identified as capital expenditure by inclusion in the above list but which cost less than £10,000 will be the responsibility of the school governors. However, such works may be considered for LA funding, but:

- only in the event of total replacement; and,
- where applicable to the whole school.

Partial replacement / repair / maintenance works are a revenue item and are, therefore, the responsibility of the governing body.

However, where such works:

- are expected to cost in excess of £10,000;
- cannot be phased in two or more stages;
- comply with the CIPFA Code of Practice for the definition of capital maintenance;
- are included in the above list as a LA responsibility for total replacement; and,
- can be justified by the school as being a more cost effective solution to replace,

rather than undertake partial repairs, then the LA may consider funding the works as a capital item, as soon as resources are available, on the following basis:

- that schools pay the first 10% of capital maintenance works up to a total of £10,000 and that it is to be funded from capital balances held or capital income received in the financial year the capital maintenance takes place. However, if there are no remaining capital balances available, then an equivalent contribution should be made via Direct Revenue Financing (DRF) transfer.

The new framework for schools

The above detailed breakdown of retained responsibilities is to be applied to all Bedford Borough controlled schools (community, foundation and trust schools) but will additionally identify those areas applicable to the LA for voluntary aided schools (aided schools) and should be read in conjunction with the DfE's letter and responsibilities list of 1 July 1998. Those items identified as LA responsibility which are not covered by the above will be deemed to have been delegated to the school and the governing body.

Voluntary aided governing bodies continue to be eligible for grant from the DfE in respect of their statutory responsibilities. The Voluntary Aided and Special Agreement Schools - Determination of Financial Liability List will be used to establish responsibility for payment of liabilities. In addition, voluntary aided schools will have responsibility for other repair and maintenance items on the same basis as community and foundation schools.

